

Cerrado Manifesto Statement of Support (SoS)

External stakeholder update
with implementation roadmap

July 2019



Welcome

This briefing note has been drafted by the SoS Steering Group to update key external stakeholders on current activity and priorities

It also provides information on the new SoS Implementation Roadmap 2019, launched in July, to encourage more joined up delivery of goals and objectives – so far as law & best practice allows

Progress against the Implementation Roadmap will be externally communicated every 6-months

A monthly SoS Newsletter is also available – to be added to the distribution list contact the facilitator, below

Any queries, feedback or suggestions please contact the SoS Facilitator:

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Reminder of SoS signatories' commitment

Signatories are “committed to working with local and international stakeholders to halt deforestation and native vegetation loss in the Cerrado” associated with soy and cattle production



Statement of support for the objectives of the Cerrado Manifesto

We, the undersigned companies, are committed to halting forest loss associated with agricultural commodity production and to working with industry, producers, governments and civil society to protect globally important natural landscapes within a framework of good governance and land planning policy.

We recognise the critical importance of the Cerrado for its role in climate change mitigation, as a repository for biodiversity, as the source of many of Brazil's fresh water systems, and additionally as a production region for the agricultural commodities used in our products. However, we also recognise the extent and pace of native vegetation loss resulting from cattle and soy expansion in the Cerrado poses a significant threat to these social, environmental and economic values.

The Brazilian Forest Code is designed to ensure agricultural production and environmental protection are balanced. It is an important legislative mechanism requiring, for example, land registration and compensation for historical forest loss, however it offers little protection in the Cerrado where only 20% of each private property is required by law to be set aside for conservation.

This wide gap between tackling "illegal" deforestation and achieving zero net deforestation goals is a cause for major concern. 85%¹ of the conversion of native vegetation for soy in the Cerrado is legal under the Forest Code. So while compliance with regulation is essential, at the same time, regulation on its own is currently insufficient for the protection of the Cerrado.

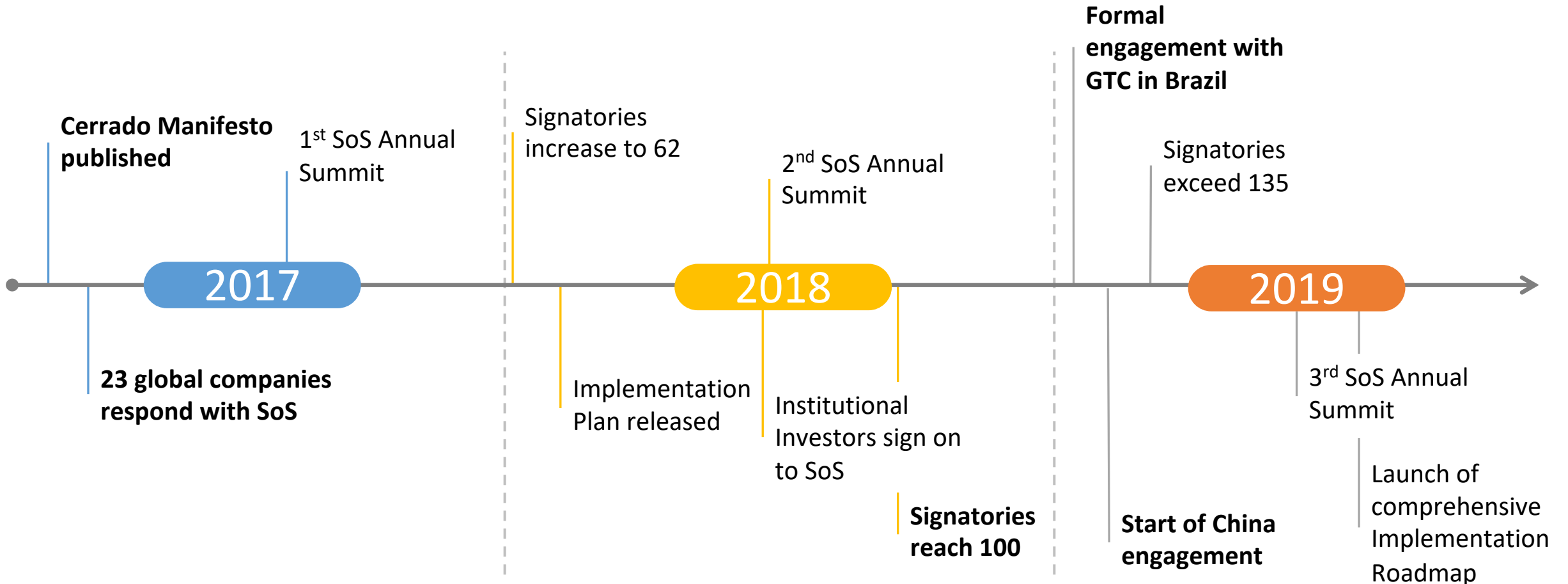
Recent research indicates the availability of substantial areas of already cleared land. Incentivising expansion onto these areas rather than further conversion of native vegetation, alongside the improvement of the cattle sector's current low productivity (to make room for soy expansion), offers a viable and more sustainable pathway forward for agricultural production in the Cerrado. It is increasingly clear that development need not be incompatible with the protection of globally important landscapes.

The companies below support the objectives defined in the Cerrado Manifesto and commit to working with local and international stakeholders to halt deforestation and native vegetation loss in the Cerrado.

Market-facing companies cannot achieve this on our own and we call on other supply chain actors, government, investors and civil society to share our goal. We seek to collaborate to develop the policies needed to steer all actors towards a more sustainable land use pathway, and the monitoring and verification systems to give us confidence that our actions are having the desired outcome of protecting the unique landscape of the Cerrado.

¹ Rausch et al. submitted

Snapshot of activity since inception in 2017



135+ members in six distinct sectors

Largest sector has become the Finance signatories and has overtaken Retail & food service – [see full list](#).

Farming, Food Processing & Packaged Consumer Goods - continue to show most new interest - likely to grow quickest

Agro-industrial (3)	Farming & food processing (14)	Finance (51)	Packaged consumer goods (16)	Retail & food service (49)	Supporter (4)
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Snapshot highlights of activity over past 12 months

- ✔ Increased membership from over 60 to nearly 140 signatories
- ✔ Engaged institutional investors who manage US\$7.5trn in combined assets
- ✔ Became the largest business group focussed on halting soy & cattle deforestation in Brazil
- ✔ Directly engaged with key Brazilian stakeholders, like the Cerrado Working Group (GTC)
- ✔ Began engagement and communication with key Chinese soy using companies
- ✔ Kept up momentum, grown every month & created a new Implementation Roadmap



Overview of Steering Group activity

- Steering Group has met over twenty times in the past year & members include Ahold Delhaize, APG, CGF, FAIRR, Marks & Spencer, McDonald's, PRI, Tesco, Unilever & Walmart – facilitated by ETANTE Ltd.
- Since the Joint Financial Task Force launch, members have temporarily increased to also include Bimbo, BNP Paribas Asset Mgmt, Green Century, Nestlé, Robeco & SIM to better reflect all signatory sectors
- Met with or held webinars with key stakeholders to share activity & upskill, including:
 - Chinese Meat Association (CMA) / Chinese Sustainable Meat Declaration
 - Cerrado Working Group (GTC)
 - Collaboration for Forests & Agriculture (CFA)
 - Multiple soy traders
 - Soft Commodities Forum (SCF)
- New monthly Newsletter of activity to update signatories & key external stakeholders





SoS Implementation Roadmap 2019

Implementation Roadmap to align activity

Key objective

To develop a tangible – yet easy to engage – series of activities for SoS signatories to get behind and implement and so help deliver on the key objective to eliminate further conversion of Cerrado native vegetation

Benefits from aligning behind a Roadmap

- Align activity to maximise an individual business's impact - as allowed by competition law and best practice
- Help transition SoS commitment into action on the ground in Brazil
- Provides options for tangible action steps by signatories
- Provide a framework to enhance engagement with external groups on implementation activity

The Roadmap currently defines activity for calendar year 2019 and will be updated in November by the SoS Steering Group to reflect 2020 priorities

Progress will be externally communicated every six months, starting in January 2020



Development of a theory of change

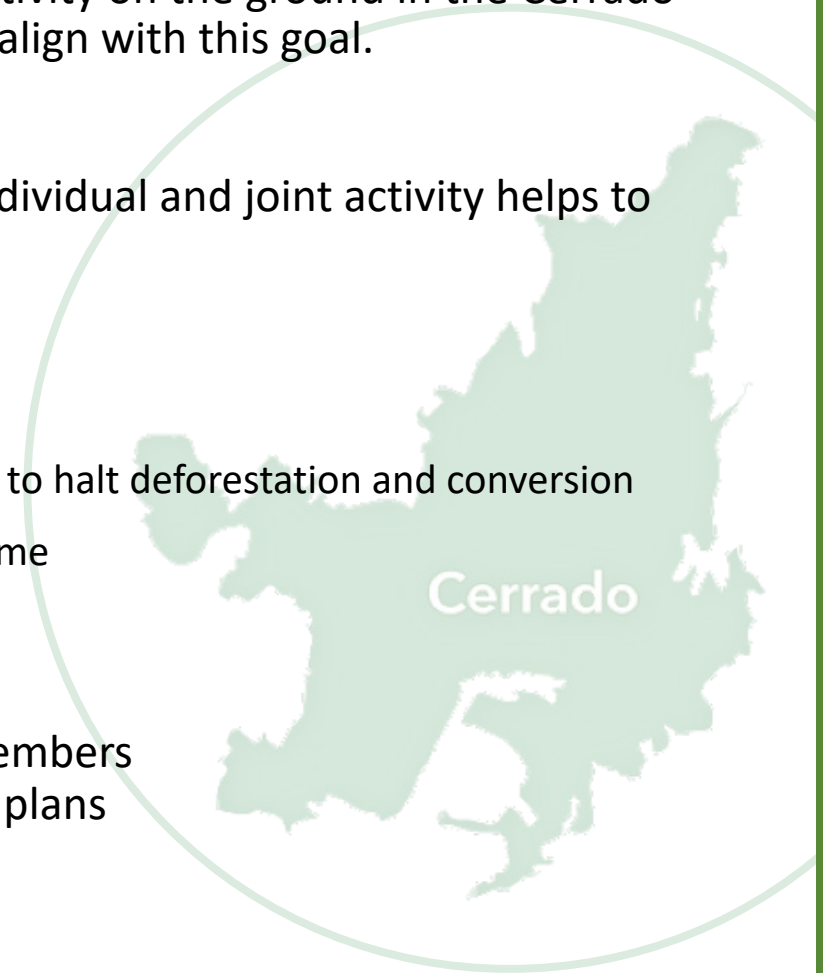
The SoS was created to support and lend its weight and energy to existing activity on the ground in the Cerrado and the Roadmap provides the tangible steps for an SoS signatory to take to align with this goal.

The Roadmap also begins to develop the SoS 'theory of change' as to how individual and joint activity helps to halt deforestation and conversion of native vegetation in the Cerrado

Aligning with the Consumer Goods Forum (CGF):

- CGF members have advanced thinking on how to create and support lasting change to halt deforestation and conversion
- They recognise 7 levers that together can effectively achieve the desired outcome
- Each of the levers is underpinned by a coherent and comprehensive strategy

Whilst SoS signatories are separate to CGF activity - not all signatories are members of the CGF - aligning to this thinking is helpful in minimising competing work plans



Activity to support others not create new work

Since its inception SoS signatories have been focussed on lending its support, weight and convening authority towards existing activity in order to enhance its success – not to create new workstreams unless crucial to success

Support for the CGF 7 Levers is an example of this in action as well as working with the Cerrado Working Group (GTC) members in Brazil

SoS signatories support credible soy certification schemes - such as RTRS and equivalent - and they are considered aligned to SoS objectives.

Credible certification schemes go beyond the sole deforestation and conversion-free focus of the SoS signatories and so activity such as the purchasing of RTRS Credits supports SoS activity and objectives

Roadmap defines three priority areas for 2019



Priority 1 overview: Support

Support Cerrado biome-wide transformative initiatives, currently prioritising the GTC

SoS signatories want to lend their weight, authority and convening power behind the key initiatives that can drive achievements of their objectives

For 2019, the Cerrado Working Group (GTC) is the key focus for signatory support and so is a priority area for activity and engagement

The Roadmap lays out activity for each quarter – by signatory sector – that supports the GTC's success towards the development and launch of an agreement to halt deforestation and conversion of native vegetation associated with the production of soy in the Cerrado

Work is already underway and is advanced

Priority 2 overview: Engage & develop

Engage with & develop partnership with non-Brazilian key stakeholders – China & Financial Institutions

Whilst the SoS is the largest industry group of its kind it does not represent every country and sector relevant to halting deforestation and conversion from soy and cattle production in the Cerrado

To support success, SoS signatories need other supply chain stakeholders at the table not currently engaged / vocal, such as Chinese companies

Financial institutions, particularly banks, could also accelerate success and so are a priority for engagement

The SoS Steering Group is engaging with key Chinese groups to develop links and to identify opportunities for collaboration and the Roadmap aligns all signatories behind this objective

Investors within the SoS are also leading on outreach to banks and other financial institutions during 2019

Priority 3 overview: Work in partnership

Work in partnership to develop financial incentives – Cerrado Joint Financial Task Force

During early engagement of the GTC under priority 1 it was identified that there was a key gap in activity – to create innovative financial initiatives that support Brazilian soy farmers to go beyond legal deforestation

At the end of 2018 work began to create a Cerrado Joint Financial Task Force to provide a focus for this activity – members include representatives of the GTC, SoS and the wider soy supply chain

This Joint Task Force began operations in early 2019 and has developed a Cerrado Conservation Mechanism (CCM)

Under the Roadmap, activity will continue throughout 2019 to finalise the CCM and to identify sources of capital to support its launch and ongoing activity

This is extremely innovative and challenging activity

The whole is greater than the sum of the parts...

- ✔ The Implementation Roadmap adopts the ethos that the whole is greater than the sum of the parts and so every action per quarter across each signatory sector is aligned – yet individually relevant
- ✔ Signatories now have one key step per quarter in each priority area – so three steps each quarter that align with their colleagues in different sectors
- ✔ Guidance, templates and other advice is available through the Steering Group
- ✔ Activity will be reviewed every quarter to ensure it remains relevant and strategic

