

# CGF Forest Positive Coalition of Action

## Soy DCF Methodology

Version 1

September 2024



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# Anti-trust



- ▶ All work of The Consumer Goods Forum is carried out in accordance with the CGF's Antitrust Guidelines, and in compliance with all competition laws, thus ensuring independence of activity, collaboration only on non-competitively sensitive issues, and protection of confidentiality of information. All reporting will be made subject to the applicable competition rules. The methodologies and approaches referred to in the document are recommended and non-binding. In the document, 'standards' refers to existing standards not developed by the Coalition that companies can decide to use independently. Participating companies will undertake their own decisions on IF and HOW to implement the elements of this proposal in their individual supply chains.

# Guidance: Deforestation-and Conversion-free (DCF) Methodology



The CGF Forest Positive Coalition has developed guidance on best practice for reporting on **%DCF volumes**. This document provides a framework for credible reporting by companies.

The CGF FPC Soy Roadmap includes a **KPI to track %DCF volumes**. The Coalition will also work to further **socialize** the methodology with the **wider sector**.

The Soy DCF methodology was developed in 2023\*, led by the Coalition's Soy Working Group with Proforest's support and inputs via a **stakeholder consultation**.

*This guidance should be considered 'a living document' and will be updated as more progress is made by the Coalition.*

\*First published in the [Guidance on the Forest Positive Soy Roadmap](#)

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# Overview of methodology

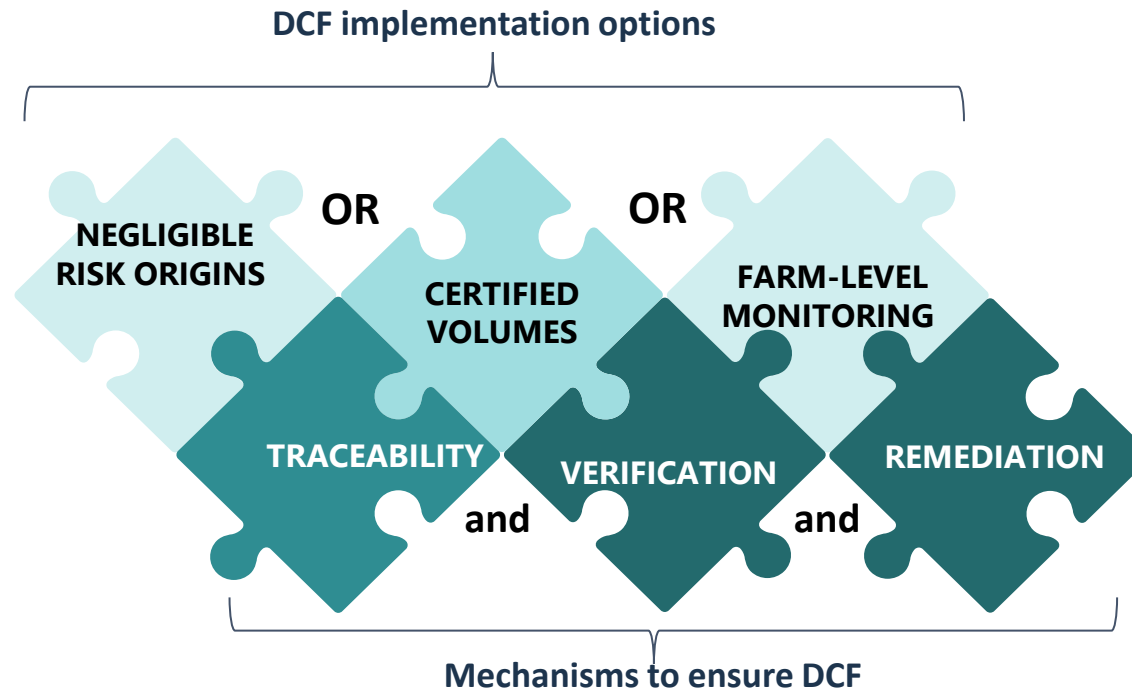
# Overview of methodology



It is important to emphasize that sourcing DCF commodities is only one pillar in the Coalition's recommended strategy towards a Forest Positive future. While the sole focus on companies' own volumes could lead to segregation of supply, the combined actions at multiple levels enables the Coalition to contribute to tackling the complex challenge of commodity-driven deforestation and conversion.

Soy sourced volumes can be classified as DCF via any of the implementation options: negligible risk, certification or farm-level monitoring. The compliance of DCF implementation options is ensured through a combination of systems for traceability, verification and remediation. While certification schemes already have these systems integrated through Chain of Custody (CoC), assurance and verification and occasionally remediation systems, when adopting other implementation options these systems should be added. Note that DCF implementation options can be implemented by suppliers, and that downstream companies do not need to have primary information on origins. Also, when a direct supplier is DCF across their entire business, all and any soy volume sourced from them can be considered DCF. Each company can decide if and how they will use each solution as well as how they will combine them with compliance with market requirements such as the EUDR.

## Overview DCF Approach:





# DCF implementation options

# Implementation Options to Deliver DCF



## Negligible Risk:

The Coalition, in collaboration with Trase and AFi Secretariat, developed a recommended methodology for classifying soy origins based on deforestation and conversion risk to soy, resulting in a distinction between negligible risk (defined as very close to no risk) and at-risk origins. This methodology was tested at municipality-level in Brazil and will be tested at country-level. Subsequent versions of this document will be updated to include the full recommended methodology and a list of negligible risk origins. The risk assessment of soy origins will be reviewed regularly (e.g. annually). Below are general recommendations for a credible methodology based on the methodology developed with Trase and AFi Secretariat :

- Adopt a territorial approach, e.g., to identify negligible risk origins in Brazil, all municipalities need to be assessed and ranked against the total conversion to soy in Brazil. Companies can use their supply chain data to identify their level of exposure to at-risk origins.
- The risk classification of subnational regions should consider effects of scale and spatial concentration of soy conversion. For example, in Brazil, biomes are subnational regions of different sizes and different levels of contribution to total soy conversion. Therefore, subnational risk classification is recommended at municipality or equivalent level, rather than at biome level.
- Use soy conversion, rather than all ecosystem conversion, as the basis for analysis in the case of Brazilian soy. Annual soy expansion data are available for Brazil, allowing area-based estimates of the direct conversion of native vegetation to soy each year (which may not be correlated with total ecosystem conversion). Given the role of crop expansion in indirect land-use change additional, secondary information on risk exposure is provided by estimates of total ecosystem conversion.
- Soy-driven deforestation and conversion is usually not immediate, soy is planted a few years after conversion. Therefore, it is recommended to consider a time-lag of 5 years, i.e., soy conversion is given by cumulative area of native vegetation converted between years 0-5 that was planted with soy in year 6.
- Data sources should consider official and credible soy conversion data and political boundaries. When data availability or quality is not ideal, higher risk should be assumed.
- Negligible risk origins are identified as the origins that together represent a small fraction (below a % threshold) of total soy conversion.
- Risk analysis should be updated annually, and methodology should be reviewed every 3 years.

*Note: Companies can use other methodologies (e.g., SNDI in France, SCF methodology to define high-risk areas for the Cerrado)*



# Implementation Options to Deliver DCF



## Certification:

The current Coalition approach considers standards approved by European Feed Manufacturers' Federation (FEFAC) as DCF as an entry point. This list includes both certification schemes (like RTRS, Proterra, ISCC) and company's standards that may not have robust assurance and transparency mechanisms. The Coalition developed additional recommended criteria on assurance and transparency (see criteria below). FEFAC approved standards that also meet all recommended "essential" criteria can be considered as recommended DCF standards. The other FEFAC approved standards will be classified as progressing. The Coalition also added "desired" criteria to encourage standards to improve and follow best practices. These criteria might be recommended as essential criteria in the future.

The Coalition produced a list of recommended DCF certification schemes and Voluntary Sustainability Standards (VSS) using the criteria below. **Currently the recommended DCF standards are RTRS (when Chain of Custody is Segregated or site-level Mass Balance), Proterra (when Chain of Custody is Identity Preserved, Segregated or site-level Mass Balance), ADM Responsible Soybean Standard (when Chain of Custody is Segregated), Amaggi Origins Field (when Chain of Custody is Segregated or site-level Mass Balance), Cargill Triple S (when Chain of Custody is site-level Mass Balance), Bunge Pro-S Assuring Sustainable Sourcing (when Chain of Custody is site-level Mass Balance) and LDC Program for Sustainable Agriculture (when Chain of Custody is site-level Mass Balance).** For an overview of the results for each standard that was assessed against the Coalition's criteria\*, see pp.13-15. Each company can also define which certification schemes and VSS are acceptable for them following the criteria below.

### **\*Notes:**

- *The standards selected for the assessment were standards offered by suppliers as DCF solutions for high-priority countries*
- *Assessments are based on publicly available information. Evidence needs to be publicly available in order to meet the recommended criteria.*
- *All assessments were shared with the standards for feedback and revised where needed*
- *For the full assessment, please reach out to [forestpositive@theconsumergoodsforum.com](mailto:forestpositive@theconsumergoodsforum.com)*

# Implementation Options to Deliver DCF



## 1. The DCF standard should include criteria to ensure:

- The unit of certification as the production unit in line with AFi definition (essential)
- Certified unit has a policy and reporting actions to ensure a zero tolerance approach for threats and violence against Forest, Land and Human Rights Defenders (desired)
- Certified unit has mechanisms in place to improve gender equality (desired)
- No-deforestation of natural forests, and the definition of natural forest is aligned with AFi (covered by FEFAC)
- No-conversion of natural ecosystems, and the definition of natural ecosystem is aligned with AFi (covered by FEFAC)
- A cut-off date of 2020 or earlier when law or sectoral agreements determine (covered by FEFAC)
- Compliance with forest laws in country of soy origin (covered by FEFAC)
- Soy is not linked with worst labour practices, and complies with the ILO fundamental Conventions (covered by FEFAC)
- Soy is not linked with land conflicts especially with indigenous peoples and local communities, and complies with United Nations Declaration on the Rights of Indigenous People (covered by FEFAC)
- Free Prior and Informed Consent of indigenous and local communities covering activities on their customary lands where plantations are planned for development (covered by FEFAC)
- Certified unit has a transparent conflict resolution system and grievance system that is open to all stakeholders to identify and remedy adverse social impacts linked to operations (covered by FEFAC)

# Implementation Options to Deliver DCF



## 2. The DCF standard should include a chain of custody or traceability system that:

- Collects and controls information on traceability to origin (essential)
- Allows Identity Preserved, Segregated or at least Mass Balance at site level (essential)
- Ensures volume control and avoids double counting (desired)
- Include minimum performance requirements for non-certified when allowing Mass Balance models (desired)

## 3. The DCF standard deploys assurance mechanisms at audit level that includes:

- An assurance methodology that includes guidelines for determining compliance and time for renewal of certificate (essential)
- Minimum performance level accepted: all items listed under 1 above are considered 'core' (essential)
- Specific qualifications and competencies for verification team, that include environmental and social expertise (essential)
- Requirement for auditors to solicit external stakeholder input, conduct field verification of compliance at the farm level and conduct document review during the audit process (desired)
- A written procedure or guidance on sampling is provided as a requirement to auditors (essential)
- A procedure to detect and address non-compliances in the audited unit (essential)
- Includes a grievance mechanism open to all stakeholders to identify and address non-compliances (essential)

# Implementation Options to Deliver DCF



## 4. The DCF standard has an accreditation or oversight mechanism which:

- Ensures independent verification of company's systems which requirements match the verification of the certified units (essential)
- Is a legal entity and has a defined organisational structure (essential)
- Conforms to relevant standards for independent assurance, such as ISO/IEC 17021-1:2015, ISO/IEC 17065:2012, ISO 9001 (desired)
- Has a mechanism to identify and address conflicts of interest (desired)
- Includes stakeholder consultation to develop/review the standard (desired)

## 5. The DCF standard ensures transparency by:

- Publicly disclosing the production standard criteria and assurance system criteria (essential)
- Making the certification or verification summary reports publicly available, including the verification scope, metrics, process, and results (desired)
- Publicly disclosing the list of certified units, including names, size, location and expiry date of certificate (desired)

It is important to note that certification is not only a tool to deliver on DCF, but can deliver on other aspects of the Soy Roadmap such as supplier mapping, traceability, verification and certification is a farm level assessment.

# Implementation Options to Deliver DCF

FPC criteria	RTRS	Proterra	ADM	Amaggi	Bunge	Cargill	LDC
<b>1. The DCF standard should include criteria to ensure:</b>							
1.1 The unit of certification as the production unit <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
1.2 Certified unit has a policy and reporting actions to ensure a zero tolerance approach for threats and violence against Forest, Land and Human Rights Defenders (desired)	N	N	Y	N	Y	Y	N
1.3 Certified unit has mechanisms in place to improve gender equality (desired)	Y	Y	Y	Y	Y	Y	Y
1.4 No-deforestation of natural forests, and the definition of natural forest is aligned with AFi (covered by FEFAC)	Y	Y	Y	Y	Y	Y	Y
1.5 No-conversion of natural ecosystems, and the definition of natural ecosystem is aligned with AFi (covered by FEFAC)	Y	Y	Y	Y	Y	Y	Y
1.6 A cut-off date of 2020 or earlier when law or sectoral agreements determine (covered by FEFAC)	Y	Y	Y	Y	Y	Y	Y
1.7 Compliance with forest laws in country of soy origin (covered by FEFAC)	Y	Y	Y	Y	Y	Y	Y
1.8 Soy is not linked with worst labour practices, and complies with the ILO fundamental Conventions (covered by FEFAC)	Y	Y	Y	Y	Y	Y	Y
1.9 Soy is not linked with land conflicts especially with indigenous peoples and local communities, and complies with United Nations Declaration on the Rights of Indigenous People (covered by FEFAC)	Y	Y	Y	Y	Y	Y	Y
1.10 Free Prior and Informed Consent of indigenous and local communities covering activities on their customary lands where plantations are planned for development (covered by FEFAC)	Y	Y	Y	Y	Y	Y	Y
1.11 Certified unit has a transparent conflict resolution system and grievance system that is open to all stakeholders to identify and remedy adverse social impacts linked to operations (covered by FEFAC)	Y	Y	Y	Y	Y	Y	Y



# Implementation Options to Deliver DCF

FPC criteria	RTRS	Proterra	ADM	Amaggi	Bunge	Cargill	LDC
<b>2. The DCF standard should include a chain of custody or traceability system that:</b>							
2.1 Collects and controls information on traceability to origin <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
2.2 Allows Identity Preserved, Segregated or at least Mass Balance at site level <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
2.3 Ensures volume control and avoids double counting (desired)	Y	Y	Y	Y	Y	Y	Y
2.4 Include minimum performance requirements for non-certified when allowing Mass Balance models (desired)	N	Y	Y	N	N	N	N
<b>3. The DCF standard deploys assurance mechanisms at audit level that includes:</b>							
3.1 An assurance methodology that includes guidelines for determining compliance and time for renewal of certificate <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
3.2 Minimum performance level accepted: all items listed under 1 above as essential or covered by FEFAC are considered 'core' <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
3.3 Specific qualifications and competencies for verification team, that include environmental and social expertise <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
3.4 A written procedure or guidance on sampling is provided as a requirement to auditors <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
3.5 A procedure to detect and address non-compliances in the audited unit <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
3.6 Includes a grievance mechanism open to all stakeholders to identify and address non-compliances <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
3.7 Requirement for auditors to solicit external stakeholder input, conduct field verification of compliance at the farm level and conduct document review during the audit process (desired)	Y	N	N	Y	N	N	Y

# Implementation Options to Deliver DCF

FPC criteria	RTRS	Proterra	ADM	Amaggi	Bunge	Cargill	LDC
<b>4. The DCF standard has an accreditation or oversight mechanism which:</b>							
4.1 Ensures independent verification of company's systems which requirements match the verification of the certified units <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
4.2 Is a legal entity and has a defined organisational structure <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
4.3 Conforms to relevant standards for independent assurance, such as ISO/IEC 17021-1:2015, ISO/IEC 17065:2012, ISO 9001 (desired)	Y	Y	Y	N	Y	Y	Y
4.4 Has a mechanism to identify and address conflicts of interest (desired)	Y	Y	Y	N	Y	Y	Y
4.5 Includes stakeholder consultation to develop/review the standard (desired)	Y	Y	N	N	Y	Y	N
<b>5. The DCF standard ensures transparency by:</b>							
5.1 Publicly disclosing the production standard criteria and assurance system criteria <b>(essential)</b>	Y	Y	Y	Y	Y	Y	Y
5.2 Making the certification or verification summary reports publicly available, including the verification scope, metrics, process, and results (desired)	Y	N	N	N	N	N	N
5.3 Publicly disclosing the list of certified units, including names, size, location and expiry date of certificate (desired)	Y	N	N	N	N	N	N

# Implementation Options to Deliver DCF



## Farm-level Monitoring:

The criteria for farm-level monitoring is under discussion with key soy stakeholders, including SCF. The objective is to reach a whole farm approach aligned with AFi guidance, in which soy volumes can only be reported as DCF under this implementation option if no conversion of native vegetation after 2020 took place anywhere in the farm, regardless of the area being used for soy or not. However, the Coalition recognises that:

- i. The Amazon Soy Moratorium (ASM) verifies compliance at the production level only, not the whole farm. Still, is an important DCF mechanism.
- ii. Upstream traders are still progressing in mapping soy farms and face technical challenges
- iii. The EU Regulation on Deforestation-free Products considers the plot of land as a unit to ascertain compliance

Therefore, the soy plot approach will be accepted to report DCF soy volumes for the moment.

Since 2023, the Soy Working Group has been working with traders through the Soft Commodities Forum (SCF) to identify and overcome barriers work towards traceability to production unit even when traders source from intermediaries (indirect sources).



# **Mechanisms to ensure DCF**

# Mechanisms to Ensure DCF



## Traceability:

Regardless of the DCF implementation option, volumes can only be reported as DCF if there is a system in place to control supply chain flows, which do not need to be a full chain of custody but rather ensure traceability. Note that this does not only apply to certification but to the other DCF implementation options as well (negligible risk and farm-level monitoring), although certification schemes will already have CoC systems in place. **The following systems are accepted as DCF:**

- Systems that ensure 100% of volume purchased is physically DCF, which can be achieved when:
  - the supplier is DCF across their entire business;
  - through Identity Preserved (IP), Segregated (SG), or DCF Controlled CoC models under certification schemes (currently under development by RTRS and Proterra); or
  - through suppliers' physical segregation of DCF volumes.
- Systems that inform the % known as DCF in a mix (regardless of implementation option adopted) to encourage suppliers to become DCF across entire business by gradually increasing % DCF.
- Mass Balance (MB) Chain of Custody or equivalent systems that allow mix of DCF and non-DCF soy only at site-level **accepted until 2025**. MB at site-level (see resource below for the different types of MB) is accepted as a transition pathway to DCF, and more details on how companies will transition to DCF will be added to this guidance. MB at site-level will be accepted as DCF until 2025 given the Coalition's recognition that IP and SG are not widely available in the market, DCF Controlled CoC and % known as DCF in a mix are not currently available, and that the Coalition's strategy is a combination of actions to progress towards DCF volumes, suppliers and landscapes. When sourcing MB, companies should recognise that they are still at risk for uncertified volumes and can take steps to control the risk (e.g., through supplier management systems). During the transition to DCF, companies are encouraged to support suppliers, certification schemes and others in the development of solutions that fully deliver DCF soy. *For the different types of Mass Balance, see [ISEAL Guidance Chain of custody models and definitions: Batch-level MB \(p.10\); Site-level MB \(p.12\); Group/country level MB \(p.14\)](#).*

Any other systems (e.g., group/country level or area mass balance) are considered progressing towards DCF (see next page).



# Mechanisms to Ensure DCF



## Volume Reporting

Figure on how volumes sourced could be classified as DCF or progressing towards DCF:

### % volume Progressing towards DCF

Volume sourced is under any of the following situations:

Standards considered DCF by FEFAC benchmarking exercise but not by FPC, regardless of the CoC mechanism

DCF solutions recommended by FPC but with DCF control systems as country/group MB, area level MB

For embedded soy, combination of action and traceability

'Progress' is a temporary stage. Companies should include in their timebound action plan how they will move volumes to DCF.

### % volume DCF

Volume sourced is under any or a combination of different DCF implementation options:



AND

Supplier has any of the below systems in place to ensure DCF control:

Site-level Mass Balance (until 2025)

% of DCF in a mix is known per site

100% of volume sourced is physically DCF (DCF supplier; IP/SG/DCF controlled)

# Mechanisms to Ensure DCF



## **Verification:**

There is a very active discussion within the soy sector about what ‘verification’ means for reporting on deforestation and/or conversion free volumes. It seems likely that claims of verified DCF will increasingly be based on verification of the consolidated DCF information being published. However, it is not clear whether there will also be expectations for verification of the various data being used (e.g. of the mapping, the monitoring, the response to deforestation alerts etc.). The minimum verification criteria for DCF soy data will be discussed in the Soy Working Group and subsequent versions of this document will be updated to reflect their outcomes.

## **Remediation:**

The operationalization of DCF criteria includes identification of non-compliances and adequate response, which can include remediation plans that, if implemented, can allow previously non-compliant production units to become DCF again. The criteria to identify and respond to DCF non-compliances as well as to monitor and close remediation plans will be discussed and the outcomes of these discussions will be reflected in subsequent versions of this document.

**Note:** The Coalition recognises the need for flexibility for embedded soy users and have developed guidance on how embedded soy users can make progress towards DCF (see [Annex 2](#) of Soy Roadmap Guidance).

# Annex 1

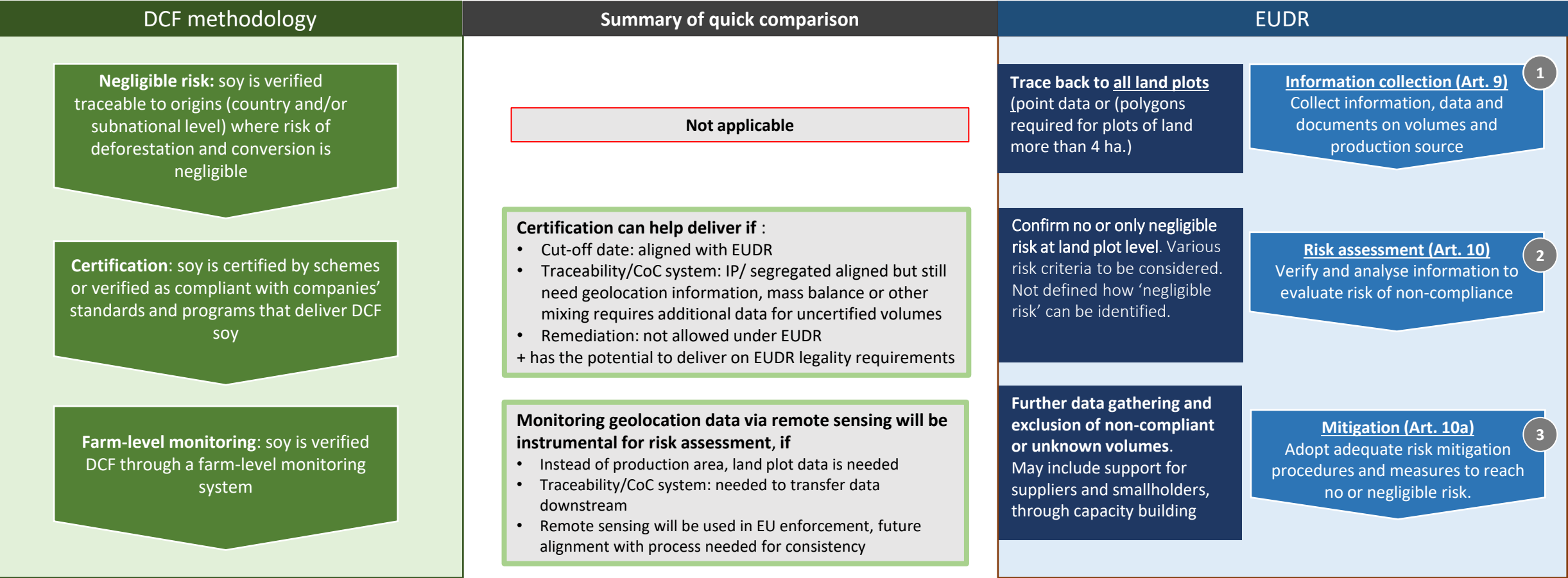
The DCF Methodology and the  
European Union Deforestation  
Regulation (EUDR)

# DCF Methodology and the EUDR Due Diligence Process



The figure below assesses DCF pathways and means towards EUDR compliance but each company can decide if and how they will use each DCF solution as well as how they will combine them with compliance with market requirements such as the EUDR.

*\*tentative analysis based on evolving information on EUDR implementation and compliance*



**A combination of certification data, remote assessments, and mapping of individual producers** are likely the most effective mix towards DCF claims AND EUDR compliance **IF traceability and data management systems from all suppliers are in place** (upstream actors are able to pass on required EUDR information to their customers)

# Annex 2

Tracker of Updates



# Tracker of Updates to the Soy DCF Methodology



Version of the Soy Roadmap Guidance	Updated Content	Date
v.1	First publication	August 2024
v.1	Minor updates to language	September 2024