Soft Commodities Forum
→ *2024 Progress Report*

World Business Council *for Sustainable Development*

Contents

Executive Summary

World Business Council for Sustainable Development (WBCSD)'s Soft Commodities Forum (SCF), enables pre-competitive collaboration between six leading agri-businesses to identify solutions that aim to eliminate soy-driven deforestation and conversion of native vegetation in the Brazilian Cerrado.

Our progress highlights from December 2023 to December 2024 include:

a. **Scope expansion and enhanced methodology on disclosure of deforestation- and conversion-free (DCF) soy sourcing:** In 2024, SCF expanded its land use monitoring and reporting to cover the entire Cerrado biome, an area of over 200 million hectares, with an enhanced risk assessment methodology to improve transparency and sustainability of soy supply chains. This significant expansion, from the initial 25 municipalities in 2019 to now over 800, aligns with the Agriculture Sector Roadmap to 1.5°C and aims to promote sustainable agriculture and environmental conservation across a much larger geographic area, focusing on DCF soy sourcing and enhanced traceability for both direct and indirect suppliers. Pages 11-22 present SCF members' 2024 DCF disclosures according to this new scope and renewed methodology.

b. **Farmer First Clusters (FFC) Initiative first annual report:** Following the publication of preliminary results in Q1 and Q2 of 2024, the FFC initiative is now releasing its first annual report, highlighting the initiative's impact. The enrolled 178 farms representing around 700,000 hectares adopting more sustainable practices have achieved the conservation of 5460 hectares of native vegetation that could be legally converted to agriculture, 177 hectares of ecological restoration and over 1.3 gigatons of CO_2-eq emissions avoided. Beyond these immediate impacts, the FFC initiative is establishing a financial model for producer incentivization to reduce the opportunity cost of DCF production in the long-term. The model's development explores a revolving structure that repays initial investments while funding ongoing activities, creating an approach that can be scaled to other regions and taps into the potential of catalytic capital to de-risk public and private investments.

c. **Launch of the Sustainable Landscapes Partnership:** At New York Climate Week 2024, the SCF and Consumer Goods Forum Forest Positive Coalition (CGF FPC), in collaboration with the Tropical Forest Alliance, announced their Partnership. They will focus on driving investment to transition priority commodity-producing landscapes to forest positive resilient sourcing areas. The initiative supports pillars 2 and 3 of the Agriculture Sector Roadmap to 1.5°C, which are respectively dedicated to forest-positive land-use management in critical landscapes and stakeholder engagement to achieve sectoral transformation.

Context

01.

01. Context
SCF and the Agriculture Sector Roadmap

As part of the Agriculture Sector Roadmap to 1.5℃, released during the United Nations Climate Change Conference (COP27) in November 2022, all six SCF members, along with two other co-signatories, signed the Soy Roadmap to 1.5℃. This collaborative effort aims to accelerate the elimination of deforestation in soy supply chains in line with a 1.5℃ pathway. The Agriculture Sector Roadmap is built on three pillars of action for agri-businesses:

→ Accelerate supply chain action to reduce emissions from land use change

→ Drive transformation of commodity-producing landscapes

→ Support positive sector transformation

SCF has remained committed to its strategic objectives, while seeking opportunities to align its activities with the Agriculture Sector Roadmap's ambitions, through three distinct initiatives:

1. SCF actively sought to advance the harmonization of the soy sector's DCF reporting parameters and disclosure scope by expanding to the entire Cerrado and applying a revised risk assessment methodology.
2. SCF continued to significantly invest in at-risk sourcing regions as part of the FFC initiative which encourages sustainable land use and helps producers transition toward forest-positive practices in crucial soy producing areas.
3. SCF maintained continuous collaboration with key soy value chain stakeholders to pursue common goals and seek solutions that simultaneously support producer livelihoods and contribute to DCF soy supply chains.

Monitoring *Land Use*

02.

02. Monitoring Land Use

Why we do it

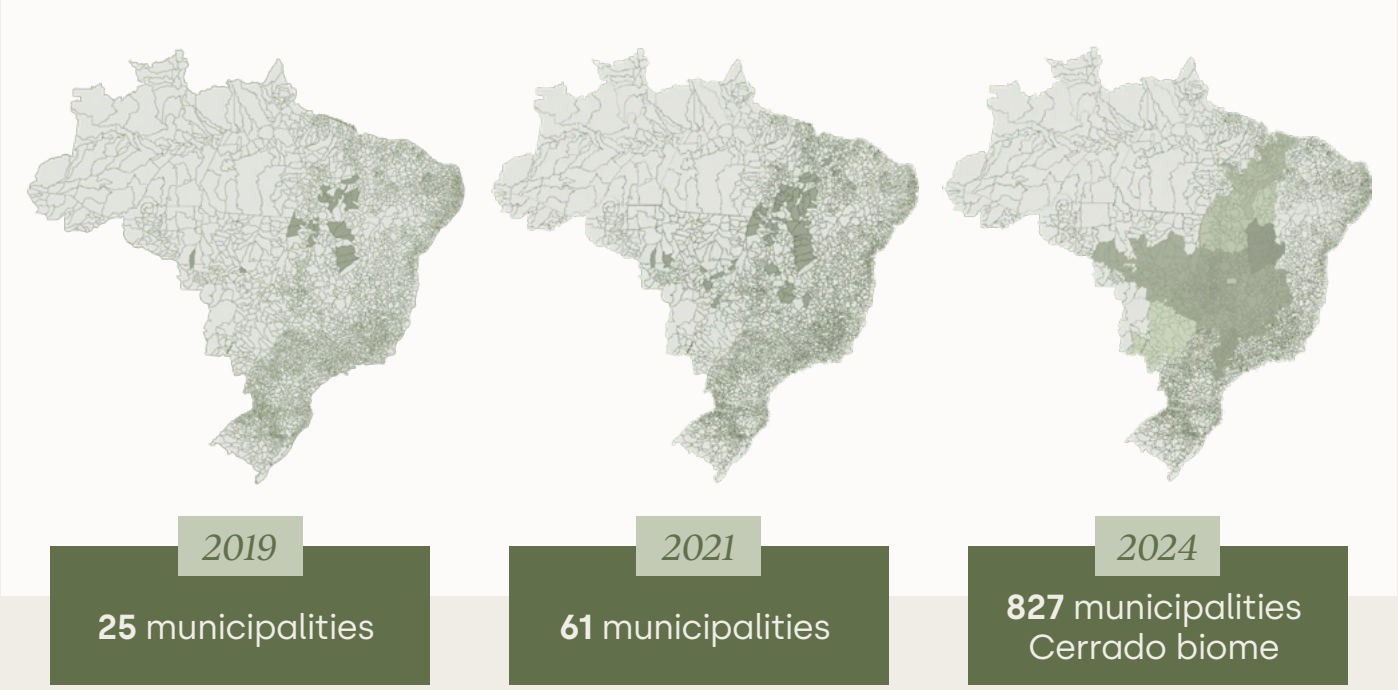
Addressing deforestation and conversion risks starts with a transparent and credible understanding of where farmers grow soy. By tracing soy to its farm origin and identifying links to deforestation, conversion or other environmental and social risks, our members can target their efforts and measure progress toward eliminating soy-driven conversion and deforestation in the Cerrado.

Where we are

DCF reporting scope

In 2024, SCF deepened its commitment by significantly expanding its land use monitoring and reporting to the entire Cerrado biome, covering over 200 million hectares (Mha), an area equivalent to the combined size of England, Germany, Spain, France and Italy. Starting with an initial scope of 25 municipalities in 2019 (covering 17.79 Mha), this expansion represents a remarkable 1,124% increase. These initial 25 municipalities were selected to prioritize SCF's efforts in areas with the greatest deforestation risk linked to soy cultivation. By 2021, following a public consultation, the monitoring and reporting scope expanded to 61 municipalities, capturing a significantly larger portion of converted native vegetation.

Figure 1: SCF scope expansion over the years



With SCF's land use monitoring and reporting expansion to the entire Cerrado, this report also introduces an enhanced risk assessment methodology tailored for indirect suppliers to classify non-traceable soy.

To ensure transparency and comparability of DCF data results, SCF members are disclosing performance according to both the original 61 focus municipalities scope and the entire Cerrado biome scope. Both scopes and applied methodologies consider a 2020 deforestation and conversion reference date as used in previous SCF reports. Applying the previous methodology to the expanded scope ensures continuity, providing consistency and comparability in disclosure results.

SCF members' DCF performance data is calculated to cover:

- → Direct and indirect soy sourcing,
- → A risk assessment methodology, and
- → The application of a robust verification protocol.

Disclosing DCF performance

In this report, SCF implements an enhanced risk assessment methodology for indirect sourcing. This approach is designed to optimize resource allocation by focusing on high-risk areas while maintaining ongoing monitoring of established, low-risk agricultural zones, thereby maximizing impact to combat deforestation and land conversion.

A new set of seven reporting indicators has been introduced to cover both direct and indirect sourcing. With an expanded geographic scope now covering the entire Cerrado biome, a renewed verification protocol, and the adoption of a risk-based assessment framework, these changes aim to streamline and standardize reporting processes. This approach supports supply chain and agri-trader operations in their transition to the 2025 commitments of the Agriculture Sector Roadmap to 1.5°C.

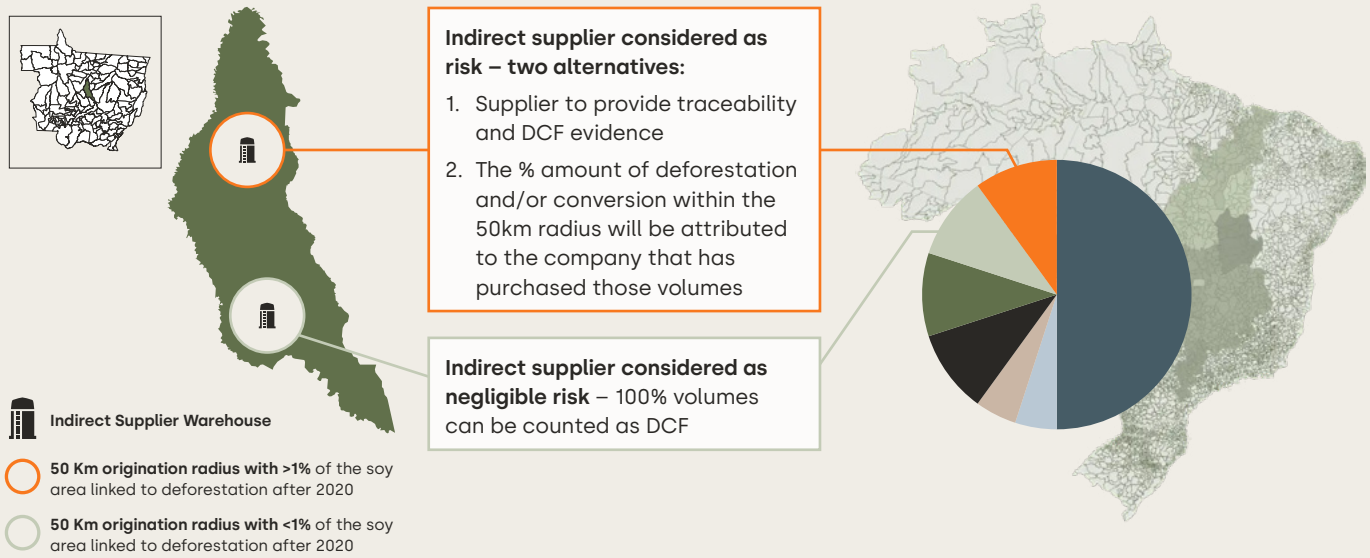
The risk assessment logic integrates traceability to sourcing farms as the preferred method for accuracy and introduces a risk-based approach which allows sourcing from indirect suppliers located in municipalities with less than 1% soy-driven deforestation to be considered as DCF.

Figure 2: Disclosing DCF performance

Indirect suppliers

Risk assessment logic integrates traceability to sourcing farms as the preferred method for accuracy. However, on a risk assessment approach the company may also consider:

1. **For municipalities with ≤1% of their soy over deforestation/c,** they are to be **considered DCF;**
2. **For municipalities with >1% of their soy over deforestation/c,** the **elevator** would be **subjected to a 50km-radius analysis to further assess risk,** allocating proportion of soy over deforestation as deduction on its DCF.

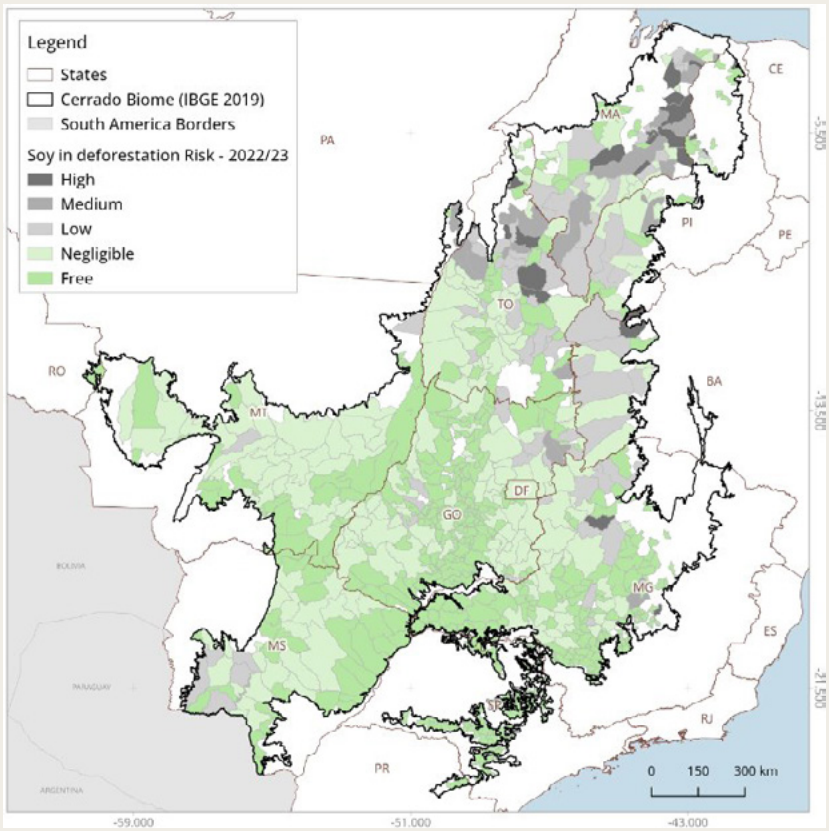


DCF methodology: KPIs

Members report annually using the following key performance indicators (KPIs):

- **Soy volume sourced in the Cerrado.** The proportion (in tons) of soybean volume sourced by members from the Cerrado, compared with the total volume sourced in other biomes of Brazil. This information is reported as the percentage of soy sourced in the Cerrado and the percentage of soy sourced in other Brazilian biomes.
- **Soy volume sourced in focus municipalities in the Cerrado.** The percentage of soybean volume produced in the 61 focus municipalities (by considering the origination municipality) applied to the total soybean volumes from the Cerrado biome identified in step 1. This information is reported as the percentage of soy sourced in focus municipalities and the percentage of soy sourced in other Cerrado municipalities.
- **Percentage of direct and indirect sources.** For the entire Cerrado, the percentage of soybeans sourced directly from farmers and the proportion sourced from indirect suppliers, by considering the type of activity of the supplier. This information is reported as the percentage of direct sourcing in the Cerrado and the rate of indirect sourcing in the Cerrado.
  - All soy sourced from direct suppliers, i.e., producers located within the IBGE official Cerrado biome boundary map (2019), will be monitored and verified for traceability and DCF status.
  - Soy sourced from indirect suppliers will be assessed if the supplier is located within a municipality primarily in the Cerrado biome.
- **Traceable and non-traceable.** From the total in the third step, the percentage of traceable soybean, both from direct and indirect sources, is calculated by identifying whether the soybean directly sourced can be traced to its farm of origin through farm polygons and purchase records, or if the soy indirectly sourced can be traced to the point of aggregation of the indirect supplier. This information is then verified by third-party auditors and is reported as the percentage of soy sourced as traceable.

Figure 3: Soy deforestation risk in the Cerrado biome based on SCF risk assessment (2022/23)



These new reporting indicators are informed by the Accountability Framework Initiative (AFI), which promotes transparency, accuracy and risk-based approaches in monitoring supply chains. By distinguishing between non-traceable soy and NDCF soy, the framework ensures greater precision in tracking and categorizing deforestation risks – a core principle inspired by AFI guidelines.

Box 1: Types of indirect suppliers

Soy Resellers are intermediaries who purchase soy from producers and then sell it to other entities in the supply chain. They often aggregate soy from multiple sources and play a role in transporting soy from farms to processing facilities.

Cooperatives are organizations formed by groups of farmers who pool their resources and collectively manage various aspects of soy production, including cultivation, processing, and marketing.

Warehouses are storage facilities for soybeans and related products. They can hold soybeans for extended periods, allowing for efficient logistics and distribution within the supply chain.

Trading Sources are entities involved in the buying and selling of soybeans and soy-related products. They often act as intermediaries or brokers who facilitate transactions between different supply chain stakeholders, including producers and processors.

Table 1: DCF parameters

	Previous SCF methodology to the 61 focus-municipalities	New SCF methodology to 61 focus-municipalities	New SCF methodology to the whole Cerrado biome
Geographic Scope	**61 FMs**	**61 FMs**	**All Cerrado (biome map)**
Indicators reported	→ Soy volume sourced from: **Cerrado (61 FMs direct, 61 FMs indirect** and non **61 FMs), Other biomes** (% only) → **Verified DCF** soy out of total volume of soy purchased directly and indirectly in the 61 focus municipalities (% only) → **Non-verified DCF** soy out of total volume of soy purchased directly and indirectly in the 61 focus municipalities (% only)	→ Direct sourcing: % of soy out of total volume of soy purchased that is: – Traceable & DCF – Traceable & NDCF – Not traceable → Indirect sourcing: % of soy out of total volume of soy purchased that is: – Not traceable – Traceable & NDCF (risk assessment) – Traceable & NDCF (plot of land) – Traceable & DCF (plot of land) – Traceable & DCF (risk assessment)	→ Direct sourcing: % of soy out of total volume of soy purchased that is: – Traceable & DCF – Traceable & NDCF – Not traceable → Indirect sourcing: % of soy out of total volume of soy purchased that is: – Not traceable – Traceable & NDCF (risk assessment) – Traceable & NDCF (plot of land) – Traceable & DCF (plot of land) – Traceable & DCF (risk assessment)
Reporting period	**Soy crop 2022/23 using PRODES 2021, 2022, and 2023 (August 2020 to July 2023)***	**Soy crop 2022/23 using PRODES 2021, 2022, and 2023 (August 2020 to July 2023)***	**Soy crop 2022/23 using PRODES 2021, 2022, and 2023 (August 2020 to July 2023)***
Reference date for DCF	**December 31, 2020**	**December 31, 2020**	**December 31, 2020**
Monitoring Farm area (polygon)	→ Based on **data available for each company supply chain** → Conversion monitoring data: **PRODES Cerrado,** or similar private monitoring service	→ Based on **data available for each company supply chain** → Conversion monitoring data: **PRODES Cerrado,** or similar private monitoring service	→ Based on **data available for each company supply chain** → Conversion monitoring data: **PRODES Cerrado,** or similar private monitoring service
Verification	3rd party verification	3rd party verification	3rd party verification

**Utilizing a reference date filter to eliminate deforestation and conversion data up to December 31st, 2020. Reporting calculations will be based on the executed volumes of the calendar year 2023.*

Verifying DCF performance

SCF uses third-party auditing for both direct and indirect supply volumes based on the verification protocol provided below, which is further explained in the Methodologies & References section of this report.

Box 2: SCF 2024 verification protocol of data for traceability and deforestation- and conversion-free performance

Purpose:

→ Verify the accuracy of the disclosed data.

Scope and frequency:

→ Applied annually within the whole Cerrado biome, using data from the calendar year prior to the current year of disclosure.

→ The KPIs disclosed in 2024 refer to the soy crop year of 2022/2023 (soy purchase contracts executed in calendar year 2023).

Method of verification:

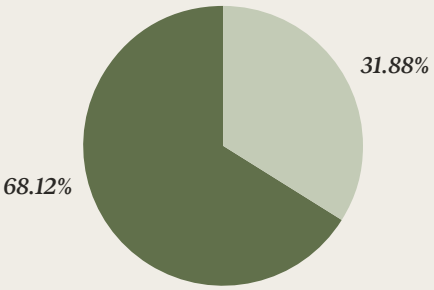
"Verification" considers that the information is validated with reasonable assurance by individuals other than those involved in the monitoring operation or entity being assessed:

→ **Third-Party Verification (non-affiliated party):** Conducted by an external entity independent from the company being audited.

DCF Performance Disclosure

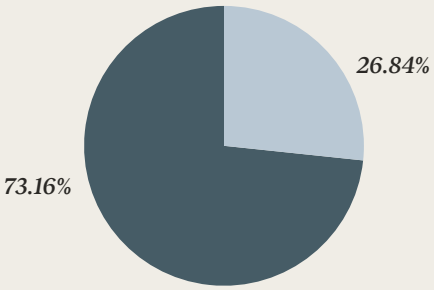
2023

Soy volume (%) sourced from the Cerrado biome and the rest of Brazil



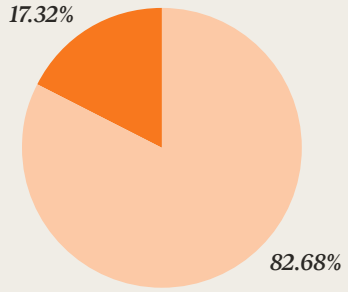
- Soy volume sourced from other biomes ***(31.88%)***
- Soy volume sourced from the Cerrado biome ***(68.12%)***

Soy volume (%) sourced from the 61 focus municipalities within the Cerrado biome



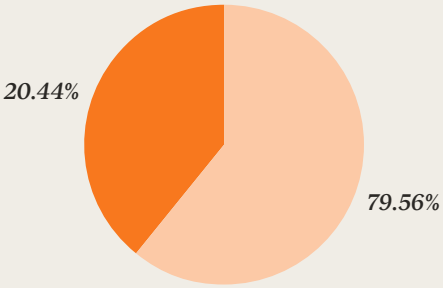
- Soy volume sourced from the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(26.84%)***
- Soy volume sourced outside the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(73.16%)***

Soy volume (%) sourced from direct or indirect suppliers within the 61 focus municipalities



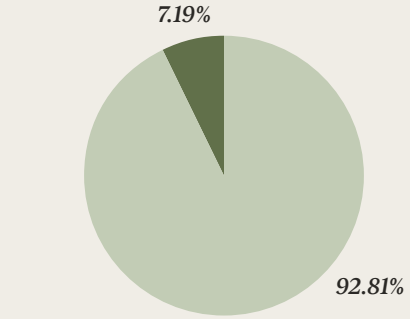
- Soy volume sourced in the 61 focus municipalities from direct suppliers ***(82.68%)***
- Soy volume sourced in the 61 focus municipalities from indirect suppliers ***(17.32%)***

Soy volume (%) sourced from direct or indirect suppliers within the Cerrado biome



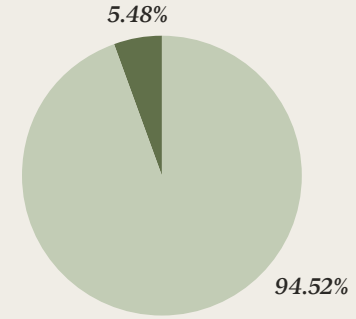
- Soy volume sourced in the Cerrado biome from direct suppliers ***(79.56%)***
- Soy volume sourced in the Cerrado biome from indirect suppliers ***(20.44%)***

Soy purchased from direct suppliers in the 61 focus municipalities



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(92.81%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(7.19%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(0.00%)***

Soy purchased from direct suppliers in the Cerrado biome



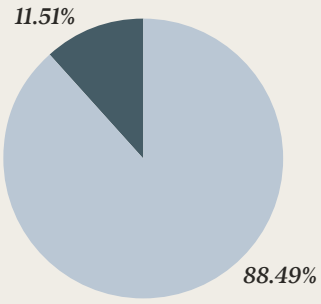
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(94.52%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(5.48%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.00%)***

The percentual DCF performance may vary based on the absolute DCF volumes sourced

DCF Performance Disclosure

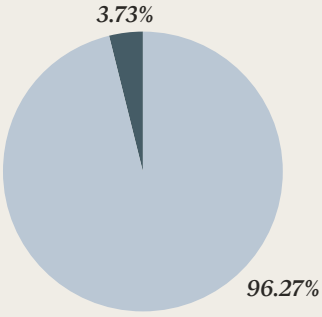
2023

Soy purchased from indirect suppliers in the 61 focus municipalities



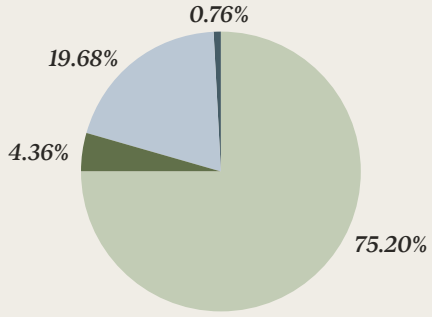
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(88.49%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the 61 focus municipalities ***(11.51%)***

Soy purchased from indirect suppliers in the Cerrado biome



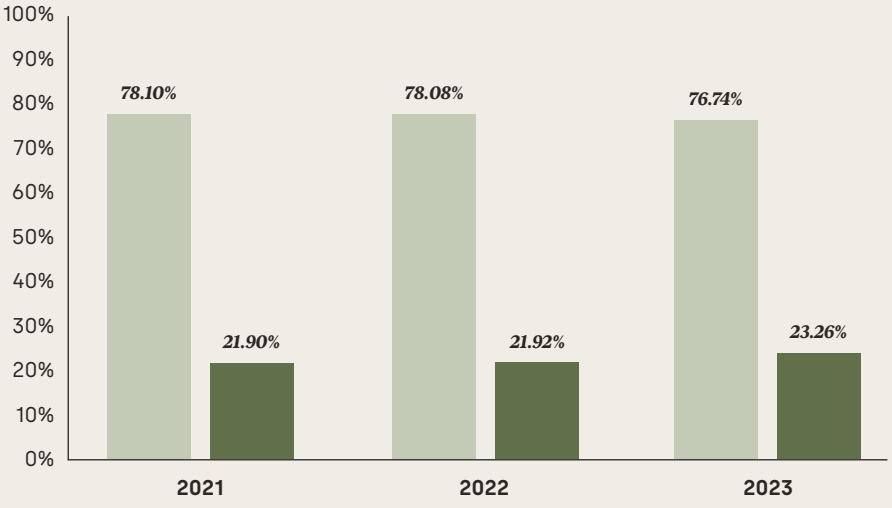
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(96.27%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(3.73%)***

Soy purchased from direct and indirect suppliers in the Cerrado biome



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(75.20%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(4.36%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(19.68%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(0.76%)***
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***

Verified deforestation- and conversion free soy out of total volume of soy purchased from direct and indirect suppliers in the 61 focus municipalities 2021-2023



- Verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities
- Non-verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities

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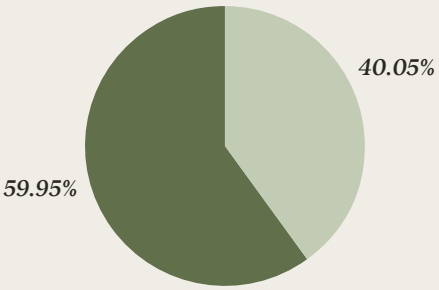
DCF Performance Disclosure

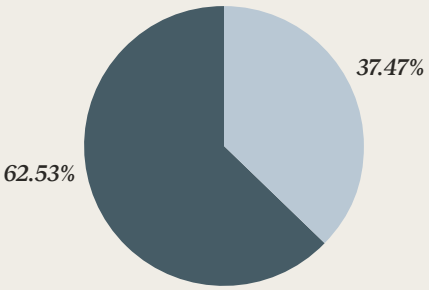
2023

Soy volume (%) sourced from the Cerrado biome and the rest of Brazil



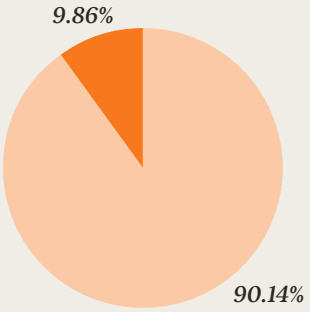
- Soy volume sourced from other biomes ***(40.05%)***
- Soy volume sourced from the Cerrado biome ***(59.95%)***

Soy volume (%) sourced from the 61 focus municipalities within the Cerrado biome



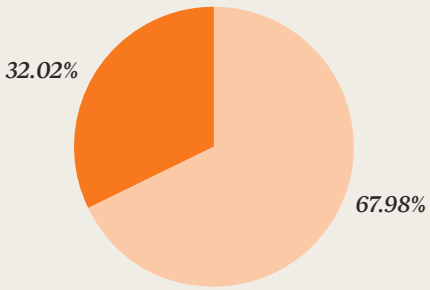
- Soy volume sourced from the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(37.47%)***
- Soy volume sourced outside the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(62.53%)***

Soy volume (%) sourced from direct or indirect suppliers within the 61 focus municipalities



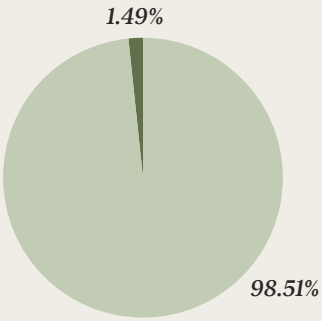
- Soy volume sourced in the 61 focus municipalities from direct suppliers ***(90.14%)***
- Soy volume sourced in the 61 focus municipalities from indirect suppliers ***(9.86%)***

Soy volume (%) sourced from direct or indirect suppliers within the Cerrado biome



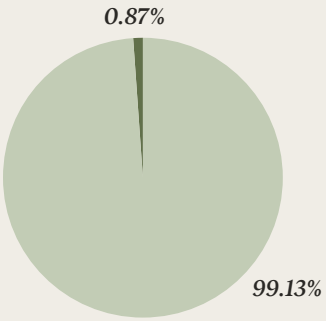
- Soy volume sourced in the Cerrado biome from direct suppliers ***(67.98%)***
- Soy volume sourced in the Cerrado biome from indirect suppliers ***(32.02%)***

Soy purchased from direct suppliers in the 61 focus municipalities



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(98.51%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(1.49%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(0.00%)***

Soy purchased from direct suppliers in the Cerrado biome



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(99.13%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.87%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.00%)***

The percentual DCF performance may vary based on the absolute DCF volumes sourced

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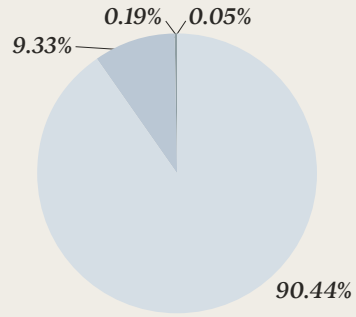
DCF Performance Disclosure

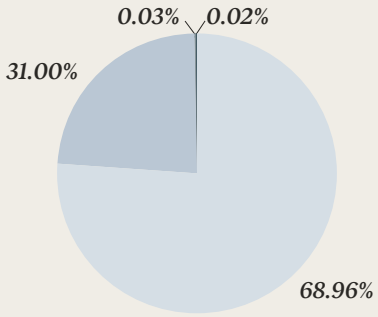
2023

Soy purchased from indirect suppliers in the 61 focus municipalities



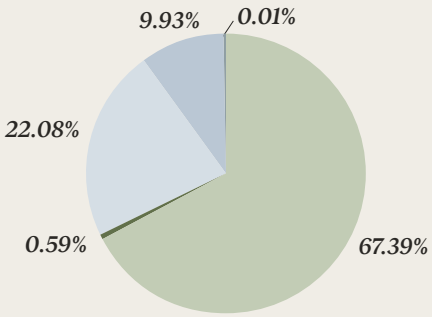
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(90.44%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(9.33%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.19%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.05%)***

Soy purchased from indirect suppliers in the Cerrado biome



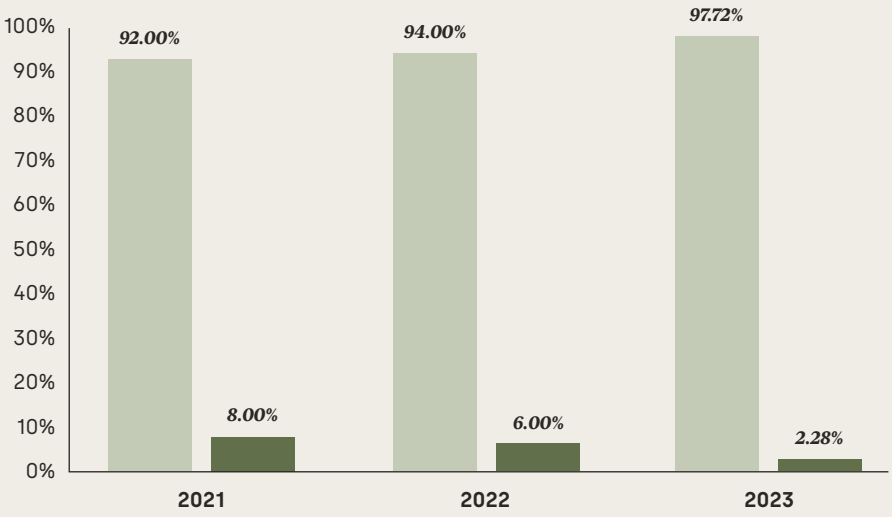
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(68.96%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(31.00%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.03%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(0.02%)***

Soy purchased from direct and indirect suppliers in the Cerrado biome



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(67.39%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.59%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(22.08%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(9.93%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.01%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***

Verified deforestation- and conversion free soy out of total volume of soy purchased from direct and indirect suppliers in the 61 focus municipalities 2021-2023

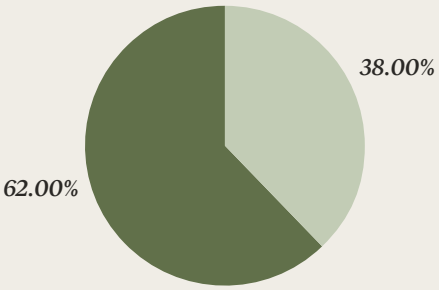


- Verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities
- Non-verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities

DCF Performance Disclosure

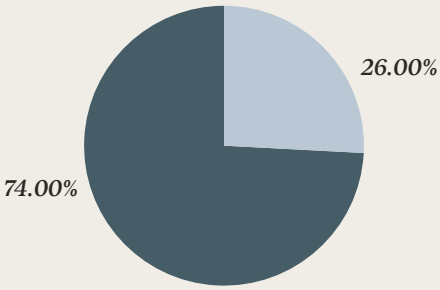
2023

Soy volume (%) sourced from the Cerrado biome and the rest of Brazil



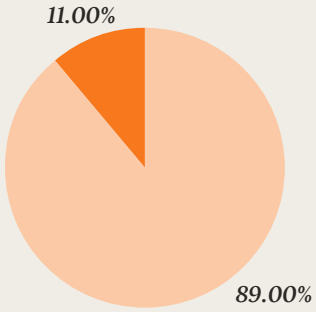
- Soy volume sourced from other biomes ***(38.00%)***
- Soy volume sourced from the Cerrado biome ***(62.00%)***

Soy volume (%) sourced from the 61 focus municipalities within the Cerrado biome



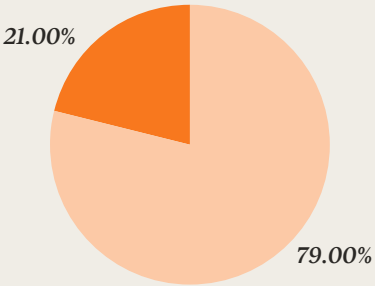
- Soy volume sourced from the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(26.00%)***
- Soy volume sourced outside the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(74.00%)***

Soy volume (%) sourced from direct or indirect suppliers within the 61 focus municipalities



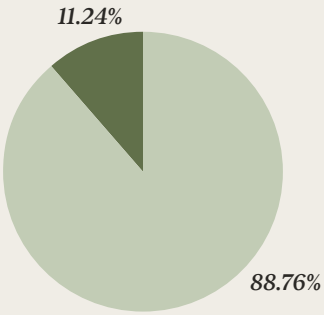
- Soy volume sourced in the 61 focus municipalities from direct suppliers ***(89.00%)***
- Soy volume sourced in the 61 focus municipalities from indirect suppliers ***(11.00%)***

Soy volume (%) sourced from direct or indirect suppliers within the Cerrado biome



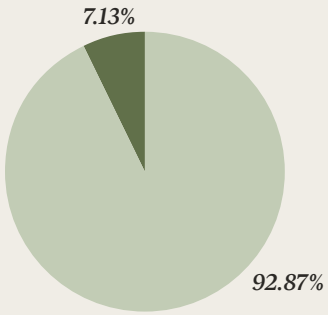
- Soy volume sourced in the Cerrado biome from direct suppliers ***(79.00%)***
- Soy volume sourced in the Cerrado biome from indirect suppliers ***(21.00%)***

Soy purchased from direct suppliers in the 61 focus municipalities



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(88.76%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(11.24%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(0.00%)***

Soy purchased from direct suppliers in the Cerrado biome



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(92.87%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(7.13%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.00%)***

The percentual DCF performance may vary based on the absolute DCF volumes sourced

DCF Performance Disclosure

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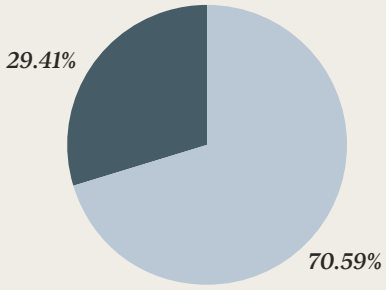
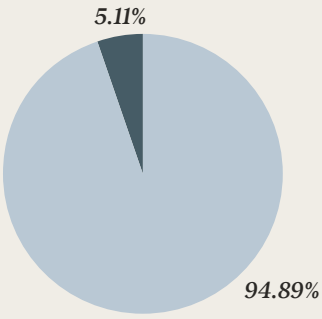
Soy purchased from indirect suppliers in the 61 focus municipalities



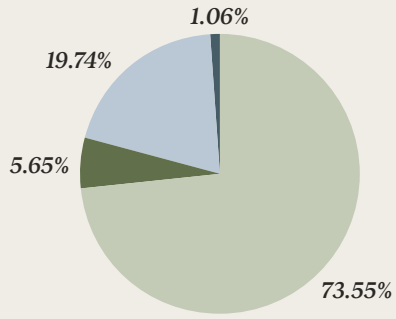
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(70.59%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the 61 focus municipalities ***(29.41%)***

Soy purchased from indirect suppliers in the Cerrado biome



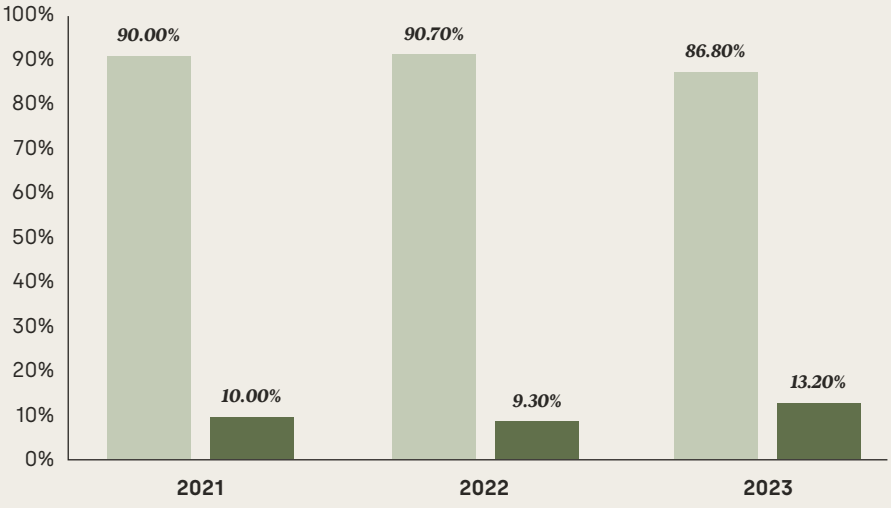
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(94.89%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(5.11%)***

Soy purchased from direct and indirect suppliers in the Cerrado biome



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(73.55%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(5.65%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(19.74%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(1.06%)***
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***

Verified deforestation- and conversion free soy out of total volume of soy purchased from direct and indirect suppliers in the 61 focus municipalities 2021-2023



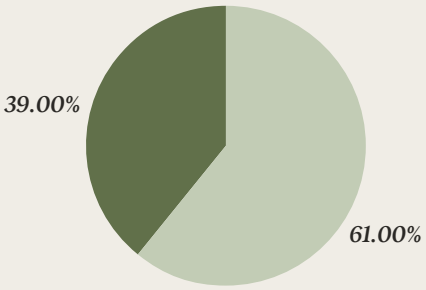
- Verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities
- Non-verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities

COFCO INTL

DCF Performance Disclosure

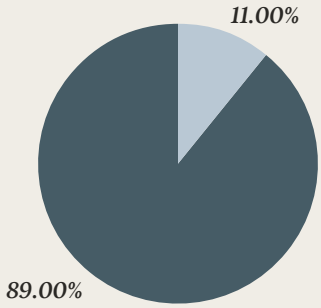
2023

Soy volume (%) sourced from the Cerrado biome and the rest of Brazil



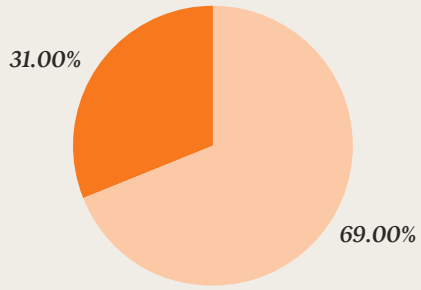
- Soy volume sourced from other biomes ***(61.00%)***
- Soy volume sourced from the Cerrado biome ***(39.00%)***

Soy volume (%) sourced from the 61 focus municipalities within the Cerrado biome



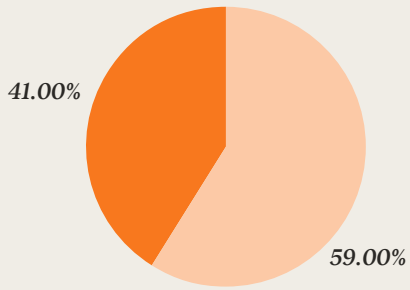
- Soy volume sourced from the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(11.00%)***
- Soy volume sourced outside the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(89.00%)***

Soy volume (%) sourced from direct or indirect suppliers within the 61 focus municipalities



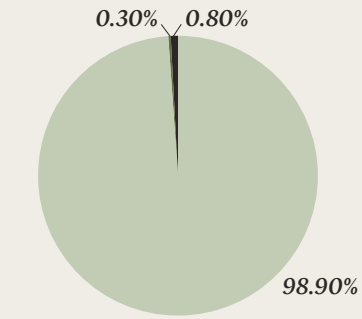
- Soy volume sourced in the 61 focus municipalities from direct suppliers ***(69.00%)***
- Soy volume sourced in the 61 focus municipalities from indirect suppliers ***(31.00%)***

Soy volume (%) sourced from direct or indirect suppliers within the Cerrado biome



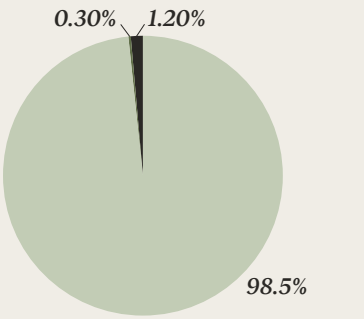
- Soy volume sourced in the Cerrado biome from direct suppliers ***(59.00%)***
- Soy volume sourced in the Cerrado biome from indirect suppliers ***(41.00%)***

Soy purchased from direct suppliers in the 61 focus municipalities



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(98.90%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(0.30%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(0.80%)***

Soy purchased from direct suppliers in the Cerrado biome



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(98.5%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.30%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(1.20%)***

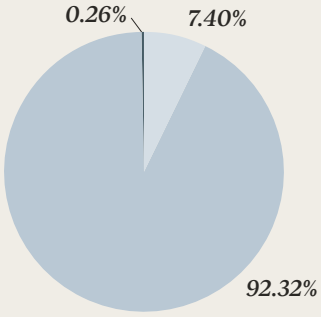
The percentual DCF performance may vary based on the absolute DCF volumes sourced

COFCO INTL

DCF Performance Disclosure

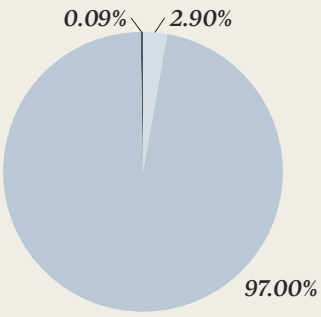
2023

Soy purchased from indirect suppliers in the 61 focus municipalities



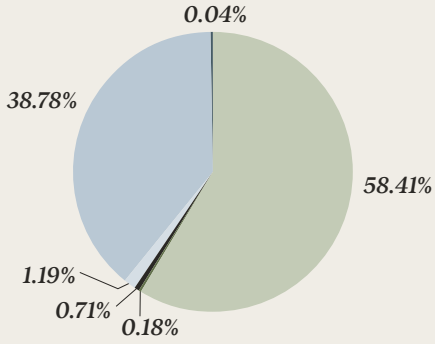
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(7.40%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(92.32%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.26%)***

Soy purchased from indirect suppliers in the Cerrado biome



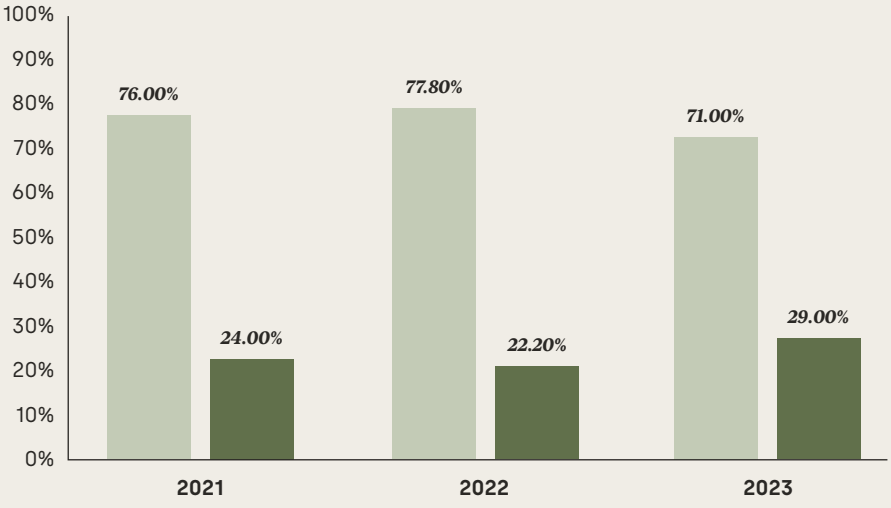
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(2.90%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(97.00%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(0.09%)***

Soy purchased from direct and indirect suppliers in the Cerrado biome



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(58.41%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.18%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.71%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(1.19%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(38.78%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(0.04%)***
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***

Verified deforestation- and conversion free soy out of total volume of soy purchased from direct and indirect suppliers in the 61 focus municipalities 2021-2023



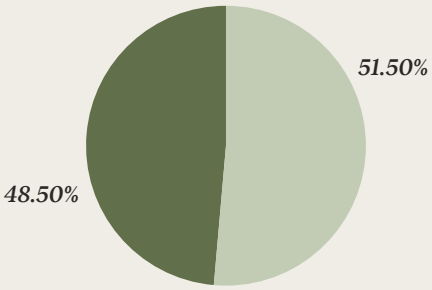
- Verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities
- Non-verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities

LDC.
Louis Dreyfus Company

DCF Performance Disclosure

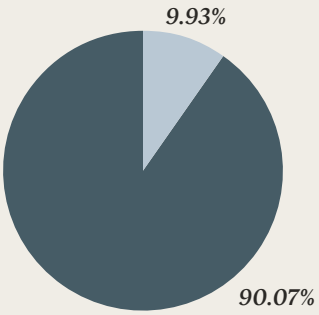
2023

*Soy volume (%) sourced from the Cerrado biome and the rest of Brazil**



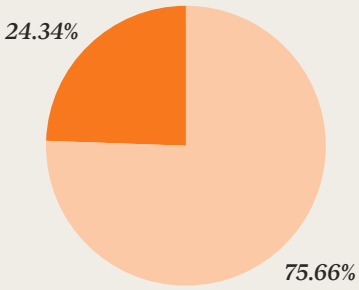
- Soy volume sourced from other biomes ***(51.50%)***
- Soy volume sourced from the Cerrado biome ***(48.50%)***

*Soy volume (%) sourced from the 61 focus municipalities within the Cerrado biome**



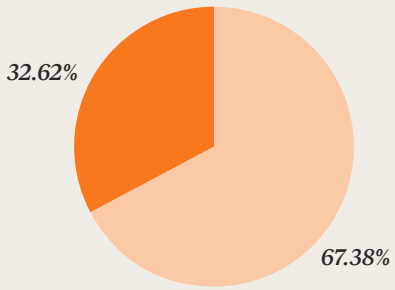
- Soy volume sourced from the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(9.93%)***
- Soy volume sourced outside the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(90.07%)***

*Soy volume (%) sourced from direct or indirect suppliers within the 61 focus municipalities**



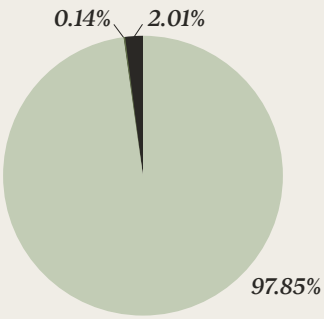
- Soy volume sourced in the 61 focus municipalities from direct suppliers ***(75.66%)***
- Soy volume sourced in the 61 focus municipalities from indirect suppliers ***(24.34%)***

*Soy volume (%) sourced from direct or indirect suppliers within the Cerrado biome**



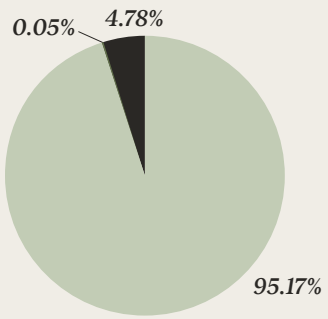
- Soy volume sourced in the Cerrado biome from direct suppliers ***(67.38%)***
- Soy volume sourced in the Cerrado biome from indirect suppliers ***(32.62%)***

*Soy purchased from direct suppliers in the 61 focus municipalities**



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(97.85%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(0.14%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(2.01%)***

*Soy purchased from direct suppliers in the Cerrado biome**



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(95.17%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.05%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(4.78%)***

The percentual DCF performance may vary based on the absolute DCF volumes sourced

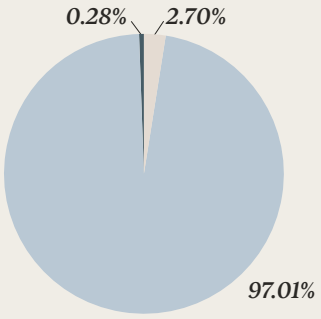
**Following SCF's new methodology, the current disclosure does not include volumes purchased by LDC through joint ventures*

LDC.
Louis Dreyfus Company

DCF Performance Disclosure

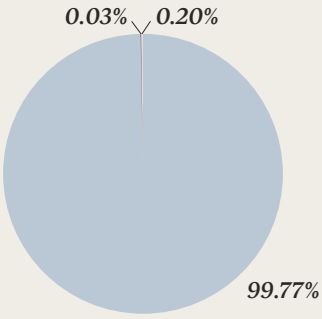
2023

*Soy purchased from indirect suppliers in the 61 focus municipalities**



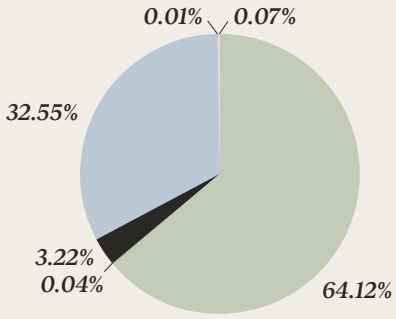
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the 61 focus municipalities ***(2.70%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(97.01%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.28%)***

*Soy purchased from indirect suppliers in the Cerrado biome**



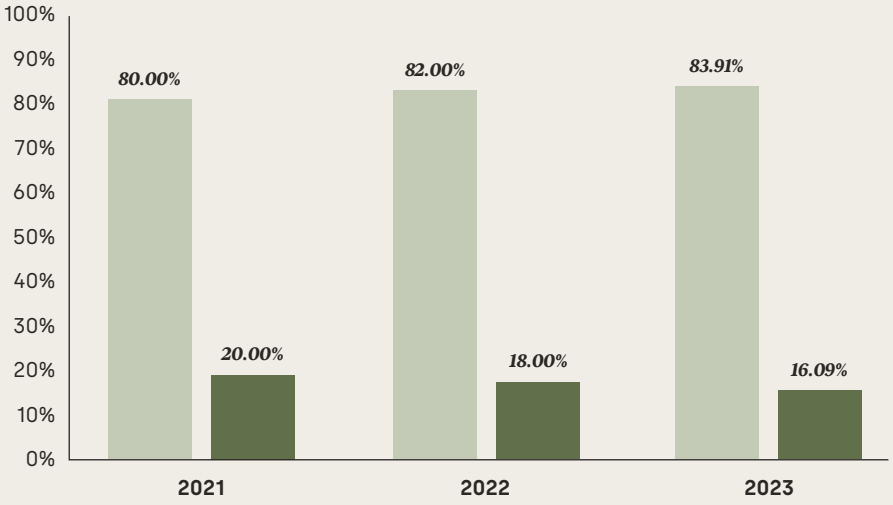
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.20%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(99.77%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(0.03%)***

*Soy purchased from direct and indirect suppliers in the Cerrado biome**



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(64.12%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.04%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(3.22%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(32.55%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(0.01%)***
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.07%)***

*Verified deforestation- and conversion free soy out of total volume of soy purchased from direct and indirect suppliers in the 61 focus municipalities 2021-2023***



- Verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities
- Non-verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities

***In order to enable comparative evolution with previous years, includes volumes purchased by joint ventures*

VITERRA THE AGRICULTURE NETWORK

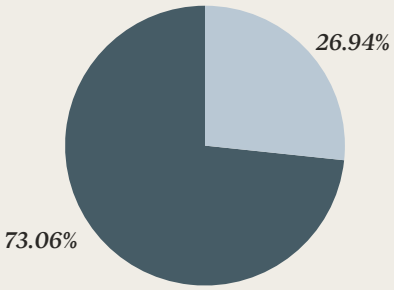
DCF Performance Disclosure

2023

Soy volume (%) sourced from the Cerrado biome and the rest of Brazil

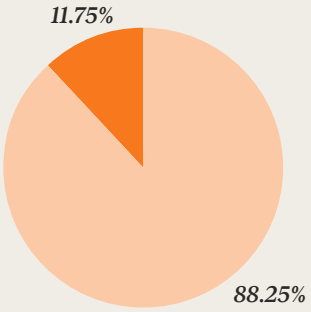
- Soy volume sourced from other biomes ***(52.05%)***
- Soy volume sourced from the Cerrado biome ***(47.95%)***

Soy volume (%) sourced from the 61 focus municipalities within the Cerrado biome



- Soy volume sourced from the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(26.94%)***
- Soy volume sourced outside the 61 focus municipalities out of total volume sourced in the Cerrado biome ***(73.06%)***

Soy volume (%) sourced from direct or indirect suppliers within the 61 focus municipalities

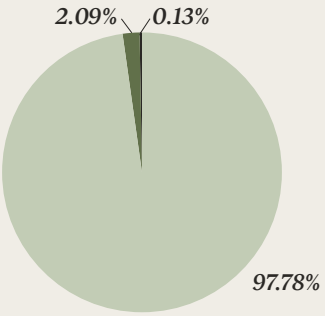


- Soy volume sourced in the 61 focus municipalities from direct suppliers ***(88.25%)***
- Soy volume sourced in the 61 focus municipalities from indirect suppliers ***(11.75%)***

Soy volume (%) sourced from direct or indirect suppliers within the Cerrado biome

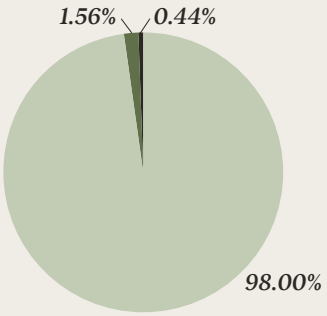
- Soy volume sourced in the Cerrado biome from direct suppliers ***(59.79%)***
- Soy volume sourced in the Cerrado biome from indirect suppliers ***(40.21%)***

Soy purchased from direct suppliers in the 61 focus municipalities



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(97.78%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(2.09%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the 61 focus municipalities ***(0.13%)***

Soy purchased from direct suppliers in the Cerrado biome



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(98.00%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(1.56%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.44%)***

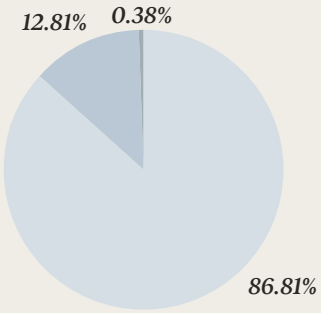
The percentual DCF performance may vary based on the absolute DCF volumes sourced

VITERRA THE AGRICULTURE NETWORK

DCF Performance Disclosure

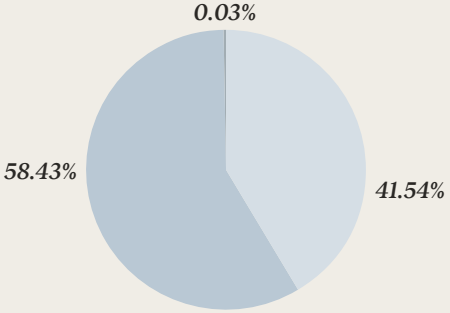
2023

Soy purchased from indirect suppliers in the 61 focus municipalities



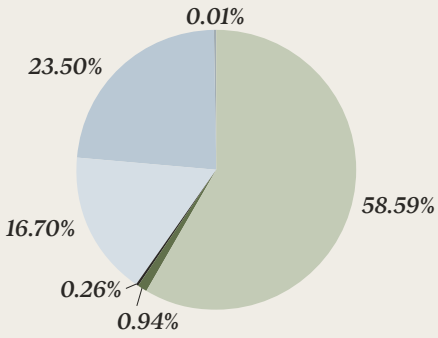
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(86.81%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(12.81%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.38%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the 61 focus municipalities ***(0.00%)***

Soy purchased from indirect suppliers in the Cerrado biome



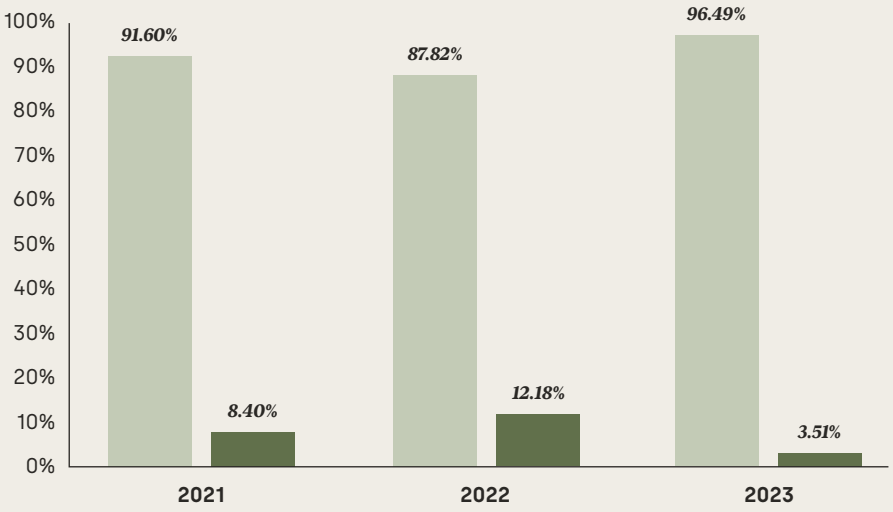
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(41.54%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(58.43%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.03%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***

Soy purchased from direct and indirect suppliers in the Cerrado biome



- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(58.59%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.94%)***
- Non-traceable soy (plot of land) (%) out of total volume of soy purchased directly in the Cerrado biome ***(0.26%)***
- Traceable and verified DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(16.70%)***
- Traceable and verified DCF soy via risk assessment (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(23.50%)***
- Traceable and verified non-DCF soy (plot of land) (%) out of total volume of soy purchased indirectly in the Cerrado biome ***(0.01%)***
- Traceable and verified non-DCF soy (%) via risk assessment out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***
- Non-traceable soy (%) to the first point of aggregation out of total volume of soy purchased indirectly in the Cerrado biome ***(0.00%)***

Verified deforestation- and conversion free soy out of total volume of soy purchased from direct and indirect suppliers in the 61 focus municipalities 2021-2023



- Verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities
- Non-verified DCF soy (%) out of total volume of soy purchased directly and indirectly in the 61 focus municipalities

What's next

In 2025, SCF will undertake a strategic update of its monitoring Land use strategy and workplans to reassess its approach to tracking deforestation risks and reinforcing sectoral accountability. This evaluation will extend beyond the Cerrado to potentially include the Amazon and Chaco biomes, aligning with the commitments outlined in the Agriculture Sector Roadmap.

Stakeholder *Engagement*

03.

03. Stakeholder Engagement

Why we do it

This workstream is our outreach branch, fostering transparency, dialogue and collaboration with key external stakeholders. SCF engages with both upstream and downstream stakeholders and other value chain partners for two primary purposes:

→ Build strong coalitions to achieve a collective DCF agenda

→ Leverage forest finance and public-private partnerships for landscape investments

The success of the Farmer First Clusters (FFC) initiative depends on partnerships and collaboration across the soy value chain. From producers to financial institutions and consumer goods companies, the aim of SCF is to create scalable solutions and align stakeholders around a shared vision for addressing deforestation and conversion in high-risk areas of the Brazilian Cerrado. Additionally, SCF member companies leverage their leadership position to further transform and enhance sectoral ambition by piloting innovative engagement models and paving the way for indirect supplier and downstream engagement.

Where we are

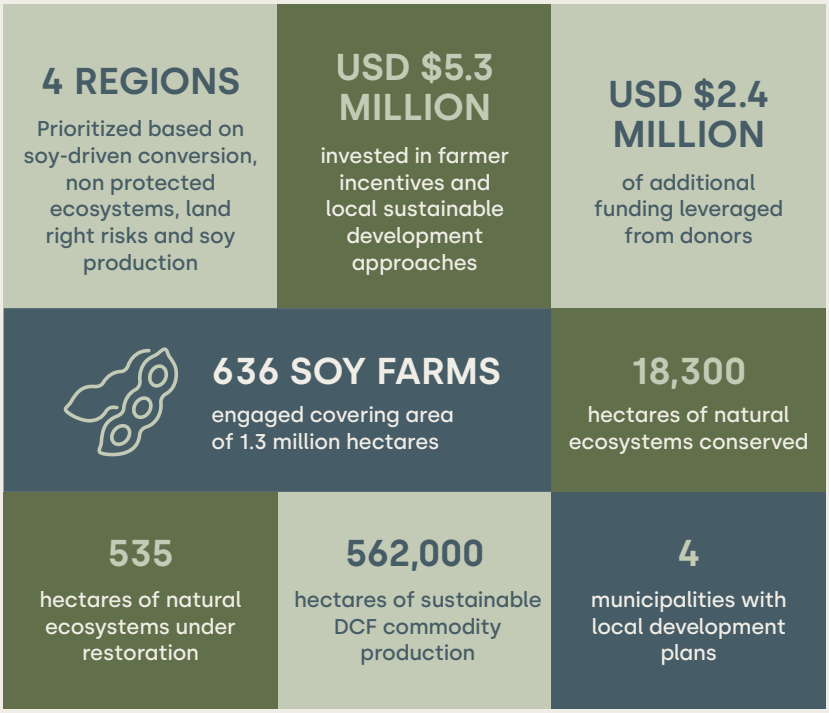
SCF-CGF Engagement: The Sustainable Landscapes Partnership

The Consumer Goods Forum's (CGF) Forest Positive Coalition (FPC) and SCF share a responsibility to support supply chain sustainable transformation in commodity-producing landscapes. To address this responsibility, SCF collaborates with the FPC on landscape initiatives in high-risk areas of the Cerrado, as outlined in Figure 4 below.

Together, we concentrate investment in regions where collective solutions are deployed to promote forest-positive farming practices and outcomes at the local level.

Shared SCF and FPC activities in priority landscapes have resulted in the development of a shared Monitoring & Evaluation framework.

Figure 4: Results to date of the Sustainable Landscapes Partnership



OUR VISION

The CGF and SCF believe that successful, effective landscape initiatives in Brazil are essential for advancing regenerative and resilient production regions with positive outcomes for people, nature, climate, and business.

To support this vision, FPC and SCF companies will intensify collaboration in priority Cerrado landscapes by:

→ Providing capital or in-kind support that contributes to the development and implementation of effective landscape initiatives in priority production regions of Brazil.

→ Helping to build practical solution that accelerate the adoption of deforestation- and conversion-free (DCF) practices and optimize social, economic, and environmental outcomes.

→ Supporting landscape-level partnerships, common goals, and on-the-ground activities which contributr to nature protection and restoration, and sustainable commodity production.

→ Collaborating with farmers, NGOs, local government, and other stakeholders to build landscape-level action plans, and associated baseline assessments and processes for monitoring, reporting, claims and outcomes.

→ Establishing a model for channeling finance to transition towards forest positive and resilient production landscapes that can be replicated in other jurisdictions.

1. The Sustainable Landscapes Partnership

SCF's collaboration with the CGF FPC remains central to scaling solutions developed by the FFC initiative. This partnership operates along two tracks – landscapes and traceability – aiming to develop standardized methods for landscape monitoring and financing DCF production. The Sustainable Landscapes Partnership's call-to-action points to key milestones between now and COP30, including the ongoing traceability work and joint landscape investments that align producer practices with forest-positive outcomes and common methodologies for baseline assessments, funding structures and local governance.

A core element of this partnership is the financial modeling exercise, designed to ensure the long-term sustainability of FFC initiative activities. By working closely with the **Forest Investor Club** (FIC) and CGF members, SCF is building a robust financial structure to scale FFC initiative solutions beyond the pilot phase. Key milestones include the development of a financial model that allows for scalable DCF soy production through continuous reinvestment by value chain actors while enabling multiple actors to collaborate at a landscape-level in a cost-efficient way.

To learn more about how we are driving our collective work and about how your organization can take part in this collective endeavor, reach out to **scf@wbcsd.org**.

2. Financial Modeling of the FFC initiative through the FIC Partnership

The FFC initiative financial model involves creating a revolving structure that repays initial investment while funding ongoing activities that deploy incentives for DCF production. The next step will be to validate this model with agri-businesses, financial institutions and downstream companies to secure long-term financial commitments.

3. Brazil finance roundtable

To strengthen the partnership, SCF hosted a finance roundtable in São Paulo, Brazil, in collaboration with the FIC and the Banking for Impact on Climate in Agriculture (B4ICA) platform. This roundtable convened agri-businesses, financial institutions, and downstream companies to discuss pathways for scaling sustainable production in the Cerrado.

The FIC used the initial results of the FFC initiative to develop an economic model to support such initiatives moving from funding to financing strategies. These results were used as a launchpad for a broader multi-stakeholder discussion on the roles and responsibilities of different actors in the Brazilian sustainable agriculture ecosystem.

A key discussion point addressed the integration of green finance and the potential for cross-sectoral cost-sharing, lowering the financial burden on any single actor. Additionally, the discussion highlighted the role of public-private collaboration for the transition.

Box 3: Mutual SCF-FPC landscape interventions

The Farmer First Clusters and the Forest Positive Coalition support complementary initiatives in two out of the four SCF landscapes: payment for surplus legal reserve through CONSERV and technical assistance with Produzindo Certo in Mato Grosso, and integrated farming projects in partnership with Solidaridad and Conservation International in Tocantins.

The green-highlighted cells below indicate potential co-funding opportunities within the same landscape and the same implemented solution.

Farmer First Clusters Co-Funding

	Western Mato Grosso			*Southern Maranhão*		*Southern Tocantins*		*Western Bahia*	
	IPAM Amazônia	Produzindo Certo	redeILPF	IPAM Amazônia	Produzindo Certo	Solidaridad – Global Roundtable for Sustainable Beef	Produzindo Certo	Parque vidaCerrado	Produzindo Certo
Forest Positive Coalition – Forum	IPAM Amazônia	Produzindo Certo	SIM Sustainable Investment Management			Conservation International			

co-funding the same solution between SCF and CGF companies

What's next

Based on the successes and lessons learned from the FFC initiative, the program will continue engaging and supporting local governance structures to enhance the efficiency and long-term sustainability of the investments on the ground. Continued support to established governance partnerships with the PCI institute in Mato Grosso, with the Balsas Compact in Maranhão and with incipient multi-stakeholder structures in Bahia and Tocantins, will pave the way for the transformation of landscapes across priority soy-producing areas in the Cerrado.

Additionally, partnerships with WBCSD-hosted platforms, such as the FIC, **Banking for Impact on Climate in Agriculture** and partner organizations such as the CGF, are exploring the enabling conditions for radical collaboration, while coordinated efforts with the Tropical Forest Alliance and IFACC address the opportunities around public-private partnerships. SCF will leverage WBCSD's cross-sectoral efforts at the global level to mobilize industry and finance across the whole value chain to invest in high-impact landscapes.

In the run-up to COP 30 in Belém, WBCSD is launching the **Landscape Accelerator** – Brazil (LAB), a program born out of the **Action Agenda on Regenerative Landscapes** and developed in partnership with the Brazilian Ministry of Agriculture, **CEBDS**, BCG and others. The program will bring together financial institutions, input providers, consumer-facing companies, agri-traders, producers, and civil society organizations to scale investments in sustainable land use solutions and regenerative agricultural practices in the Cerrado and the state of Pará. The Accelerator will draw on the impact and knowledge of foundational SCF projects such as the Sustainable Landscapes Partnership.

Transform *Landscapes*

04.

04. Transform Landscapes

Why we do it

SCF is at the forefront of mobilizing partnerships that identify, invest in and scale solutions for more sustainable land use in Brazil and beyond. Together, these solutions make up the Farmer First Clusters (FFC) – a landscape initiative that puts producers at the center of decision-making on how they manage, farm and conserve their land.

The Cerrado remains the priority biome given its relevance for agriculture and current deforestation rates, surpassing those of the Amazon for the first time in history.

The program focuses its efforts where the risk of deforestation and conversion of native vegetation is the highest and where governance conditions are available to ensure sustainable use of the resources applied. Among the top 10 municipalities concentrating on native vegetation loss, eight are included in the FFC.[1]

Where we are

SCF members have **committed to investing up to USD $7.2 million** to create a funding model for scalable incentives, supported by technical implementation and strategic co-funding partnerships. We have also established a rigorous Monitoring & Evaluation framework, set farm eligibility criteria and outlined DCF commitments for farmers and implemented a thorough partner selection process.

In September 2024, the program concluded its first year of implementation, yielding significant lessons learned and a substantial number of producers enrolled, representing more than 1.5 million hectares of farmland (an area larger than Qatar or Jamaica).

First-year achievements

- → Farms engaged: **223**
- → Verified farm area engaged (ha): **665,840**
- → Average farm size spam min-max (ha): **11 to 22.941**
- → Native vegetation protected (ha): **5968**
- → Native vegetation restored (ha): **178**

Implementing partners of the Farmer First Clusters initiative

We collaborate with diverse partners, leveraging their knowledge and expertise to advance our goals in sustainable soy production in the Cerrado region:

IPAM, through its CONSERV project, financially compensates rural producers in the Cerrado and Amazon regions for preserving surplus native vegetation. The focus is on protecting 7,000 ha of native vegetation through ecosystem service payments and policy initiatives.

Parque Vida Cerrado, through Conecta Cerrado project, which is a conservation and research center dedicated to restoring native vegetation on previously degraded agricultural and pastureland in Western Bahia, aims to restore 300 ha of native vegetation annually.

Produzindo Certo, an agri-tech platform operating in compliance with Brazil's Forest Code, offers technical solutions and assistance to soy farmers. The goal is to engage and assist 240 soy farmers across multiple states.

Solidaridad, a pioneer in sustainable supply chain engagement, through the Integra Campo project, focuses on promoting sustainable and integrated farming practices by providing training sessions and demonstrative units for producers and extensionists.

Rede ILPF, a public-private association, promotes agroforestry through integrated crop-livestock-forestry practices. They offer integrated farming training and implement financial mechanisms to support such practices.

[1] MapBiomas, RAD2023, accessible here: https://brasil.mapbiomas.org/en/2024/05/28/cerrado-lidera-desmatamento-tambem-em-territorios-protegidos/

Table 2: **SCF members commit to contribute up to USD$7.2 million across the 6 FFC solutions**

Solution	*Surplus legal reserve*	*Restoration of degraded land*	*Sustainable production + forest code compliance*	*Integrated farming*	*Expansion over pastureland*	*Green finance*	*Total SCF member contribution*
Budget as of December 2022	USD $3,050,000	USD $1,400,000	USD $1,550,000	USD $800,000	USD $400,000	FFC Co-funders and partners	Up to USD $7,2 million

Table 3: **Summary of FFC landscape implementation strategy**

Mapping & Engagement ↓	Map the target landscape and engage local stakeholders to identify a smart mix of solutions to be leveraged for shifts to more sustainable land use.
Identify & Apply Incentives ↓	Identify best fit strategic solutions for transitions to sustainable land use and apply the finance model in priority municipalities in the Cerrado.
Mobilize Resources & Partnerships ↓	Mobilize resources to support and scale the interventions with suppor from committed soy value chain partners, financial institutions and investors.
Demonstrate Impact & Scale	Scale investment measuring progress against metrics that are designed to demonstrate impact and offer a pathway to other organizations wishing to leverage investment to transform land use in commodity production countries.

Table 4: FFC farmer eligibility principles and solution-specific criteria

Farm eligibility *criteria per solution*

Principles of eligibility

- → Acreage of support is proportional to individual company investment
- → Farmers are eligible for multiple solutions, subject to the additionality of acreage preserved
- → Social criteria: Farms must respect anti-slavery directives and must not be embargoed or included in any official slavery-lists (Lista Suja, Secretaria de Inspeção do Trabalho, Ministério da Economia)
- → All farm sizes are eligible
- → Smallholders:
  - → The number of smallholder farms selected in the final lists is proportional to the number of smallholders share in initial company lists
  - → The definition of smallholder will follow official municipality-level definitions

Financial compensation for surplus Legal Reserve

Demonstrate excess of Legal Reserve overall all properties (self declarative and verifiable via CAR balance) and Forest Code compliance

Sustainable Production

No specific criteria; all producers are eligible

Restoration

Legal Reserve deficit and/or Degraded Permanent Preservation Area (PPA)

Integrated Farming + Expansion over pastureland

- → Plan to integrate/recover to soy
- → Evidence of degraded pastureland

Table 4: FFC farmer eligibility farm DCF commitments: general terms and solution-specific

Farm eligibility
Farm DCF commitments: general terms and solution-specific

General terms of the DCF commitment

- → No exclusion of farmers according to DCF performance to privilege impact and inclusiveness
- → Duration of DCF commitment varies according to the solution and according to the level of support provided to farms
- → The DCF commitment includes no deforestation nor conversion (legal and illegal) of the property

Financial compensation for surplus Legal Reserve	*Sustainable Production*	*Restoration*	*Integrated Farming + Expansion over pastureland*
→ 3-year DCF commitment for every year of payment → Active from the moment of signing the contract (cumulative)	→ 1-year DCF commitment for technical assistance → Active from the moment of signing the contract (cumulative) → If enrollment in a 2nd year of TA and a deficit of LR is identified, issue must be addressed	→ 3-year DCF commitment due to contract duration → Possibility for commitment to be renewed	→ 3-5 year DCF commitment → TBD with implementing partners per each landscape

FFC Initiative key impact indicators

Implementing partners are reporting on 9 core indicators in alignment with IFACC and UNEP. See Figure 5 for details on these outcome indicators.

Producer engagement

SCF member companies connect sourcing supply with global markets via their broad network of soy producers. One of the key assets of the FFC initiative is its ability to leverage the pool of farmers that SCF members have access to as a pathway to scalability. Mobilizing producers by raising awareness of the initiative's financial incentives is essential to the deployment and success of the FFC initiative as these incentives support the transition to sustainable land use management.

Figure 5: FFC outcome indicators

	Indicator	*Metric*	*Alignment*
Forests	Protected native vegetation	Area of protected vegetation in hectares in soy farms covered by the project	IFACC, UN environment, Soft Commodities Forum
	Surplus Legal Reserve*	Area of surplus legal reserve in hectares in soy farms covered by the project	IFACC, Soft Commodities Forum
	Avoided deforestation	Potential avoided deforestation	IFACC, UN environment, Soft Commodities Forum
Biodiversity	Area restored	Total area restored by the project	IFACC, UN environment
Production	Yield	Average tonnes per hectare of soy produced on participating farms	IFACC, UN environment, Soft Commodities Forum
Livelihoods	Livelihoods / quality of life	Producer perceptions of changes in quality of life and producer level of satisfaction	PARTLY, UN environment, Soft Commodities Forum
Carbon	Avoided emissions	Avoided GHG emissions from avoided deforestation/conversion	IFACC, UN environment
	Carbon stock	CO2 stock maintained in forests protected by the program	IFACC
	Carbon sequestration	GHG sequestered through restoration of native vegetation	IFACC, UN environment

FFC Initiative Report

The FFC initiative targets municipalities which have both a high deforestation risk and which support local governance conditions. When analyzing deforestation rates and their drivers, the following criteria are taken into consideration:

- → High rate of deforestation
- → Potential to redirect further agricultural expansion to existing pastures
- → Proportion of illegal deforestation
- → Extent to which green credit mechanisms are currently financing expansion

In evaluating the enabling conditions and institutional context, WBCSD's SCF and its implementing partners assessed the following factors:

- → Role of the public sector and state government in ensuring legality
- → Impact of farm sizes on deforestation rates
- → Prevalence of consolidated farms versus new farms
- → Availability of implementation partners

In collaboration with ABIOVE and its implementation partners (IPAM, Produzindo Certo, Solidaridad, Rede ILPF and Parque Vida Cerrado), below is the first progress report with quantitative results on farmer engagement and acreage alongside qualitative data for contextual insights into FFC solution implementation, local challenges and opportunities, categorized per FFC landscape.

Landscape #1: Western Mato Grosso

Mato Grosso is the largest commodities producer state in Brazil. If Mato Grosso was considered a country, it would rank third worldwide as the largest soy exporter and a leading beef, corn and cotton producer. Because of leading productivity levels, the region also accounts for elevated levels of deforestation and conversion.

Solutions deployed and implementing partners mobilized

Compensation for surplus legal reserve (SLR) with IPAM, coupled with technical assistance by Produzindo Certo and integrated farming solutions provided by Rede ILPF and financial compensation for the conservation of native vegetation beyond legal requirements by CONSERV.

Progress

89 farms engaged

238,224 ha of farm area engaged

Farm size: Minimum **514 ha** | Average **4,336 ha** | Maximum **13,599 ha**

71,500 ha of native vegetation engaged

3,420 ha of native vegetation protected

Native vegetation restored (ha): N/A

27,050 ha of integrated farming in **12 farms**

"As a result of this effort, a total of 107 leaders from 74 institutions in the western region of Mato Grosso, including representatives from the public and private sectors and civil society, have been engaged in a joint effort to implement landscape actions related to agendas such as land tenure regularization, compliance with the Forest Code, Payment for Environmental Services, deforestation and emissions reduction, and other important agendas."

- IPAM

"The results reinforce the potential of integrated systems to increase animal production sustainably, while simultaneously restoring degraded areas and helping to mitigate climate change."

- Rede ILPF

Landscape #2: Southern Maranhão

Accounting for 10% of recent soy expansion, the Maranhão landscape ranks fourth in deforestation and land conversion within the Cerrado biome. It houses four SCF high risk municipalities.

Solutions deployed and implementing partners mobilized

Compensation for SLR with IPAM and extension solutions with Produzindo Certo will pave the way for additional payments for surplus reserve and green finance.

Progress

26 farms engaged

134,444 ha of farm area engaged

Farm size: Minimum **403 ha** Average **5,083 ha** Maximum **22,941 ha**

56,490 ha of native vegetation engaged

2,547.8 ha of native vegetation protected

Native vegetation restored (ha): N/A

"Such initiatives, like the Farmer First Cluster Program, are pioneers in the country, as they center on promoting a culture of sustainable production in the region, implementing environmental preservation practices into agricultural routines, ensuring improvements in productivity, legal compliance, and market access, while also strengthening the economy. This initiative represents an opportunity to transform the territory, which could serve as an example for other regions of the Cerrado, such as Maranhão, where the goal is to replicate what is being built in Mato Grosso, implementing and consolidating a governance model and facilitating the exchange of experiences."

- IPAM

Landscape #3: Tocantins

Ranked first in Brazil with 19% of recent soy expansion, the Tocantins landscape includes eight municipalities within the FFC initiative scope.

Solutions deployed and implementing partners mobilized

The Tocantins strategy aimed to start by scaling up integrated farming, progressing toward expansion over pastureland through Solidaridad, extension solutions with Produzindo Certo and green finance.

Progress

31 farms engaged

91,132 ha of farm area engaged

Farm size: Minimum **109 ha** Average **295 ha** Maximum **506 ha**

28,359 ha of native vegetation engaged

Native vegetation protected (ha): N/A

Native vegetation restored (ha): N/A

"These sustainable production systems (applied by Produzindo Certo's technical assistance in the FFC program) not only promote soil health and the efficiency of natural resources but also offer economic resilience to rural producers, ensuring long-term gains without the need to convert areas of native vegetation."

- Produzindo Certo

Landscape #4: Western Bahia

Bahia is the second largest deforestation frontier in the Matopiba region and accounts for 16% of the recent expansion. SCF engages with seven municipalities in Western Bahia.

Solutions deployed and implementing partners mobilized

A pioneering restoration initiative by Conecta Cerrado has been scaled in the Western Bahia region along with sustainable production solutions deployed by Produzindo Certo.

Progress			
45 farms engaged	**202,020 ha** of farm area engaged		
Farm size:	Minimum **159 ha**	Average **658 ha**	Maximum **5,400 ha**
40,907 ha of native vegetation engaged	Native vegetation protected (ha): N/A	**177 ha** of native vegetation under restoration	

"The importance of the Cerrado region in Bahia for both the environment and agribusiness highlights the project as a potential solution to two major contemporary challenges: curbing climate change processes and feeding the growing global population

- Parque Vida Cerrado

What's next

As the initiative consolidates results and lessons learned from the field, the FFC initiative proves a concept for a collaborative and scalable model, enabling additional actors to engage in pre-competitive landscape action. It also provides SCF members with a tool to continue leading the sectoral transformation of landscapes in line with the commitments of the Agriculture Sector Roadmap to 1.5°C.

The program intends to ignite its scale-up phase in 2025 with enhanced targets shown in Figure 6.

Extended value-chain collaboration through the Sustainable Landscapes Partnership aims to leverage lessons learned from pilot regions, starting in Mato Grosso, to increase value chain-wide investments across all FFC initiative landscapes. This initiative will develop common governance and financing structures, establish landscape goal setting and implement baseline and MRV systems.

Figure 6: Timeline of the Farmer First Clusters

2022	*2023-2024*	*2024-2026*	*2030 & beyond*
Pre-launch	Implementation & Mobilization	Scaling	Landscape Scale
Phase 1	***Phase 2***	***Phase 3***	***Phase 4***
Established governance and co-funding framework, identified implementing partners and local stakeholders, and designed interventions and measures of success	Begin implementation, review and adjust course, set out KPIs and learning, mobilize additional partners, communicate	Write up the financial model, develop the business model to scale, begin replication and scaling and incorporate learnings	Investments and benefits reach the landscape scale generating deforestation and conversion-free, regenerative production and sourcing regions
Established governance	100 farms enrolled	350 farms enrolled	Targets to be defined in 2025
Local implementers selected	1M+ ha farm area engaged	2M+ ha farm area engaged (eq to 50% of Switzerland)	
Seed-funding secured, MRV and legal setup complete	200k ha native vegetation area engaged	400k ha native vegetation area engaged	
	1.3 M tons of CO_2eq stock*	2.6 M tons of CO_2eq stock*	

Methodologies

05.

Box 4: Verification Protocol of data for traceability and deforestation- and conversion-free performance

Purpose	→ Verify that soy sourced by SCF member companies is deforestation- and conversion-free (DCF).
Scope and frequency	→ Applied annually within the entire Cerrado biome using data from the calendar year prior to the current year of disclosure. → The KPIs disclosed in 2024 refer to the soy crop year of 2022/2023 (only to grains executed in calendar year 2023).
Verification methodology	$\frac{\min(\sqrt{\text{Total contracts}}, 100)}{\text{Total contracts from Cerrado biome *}}$ = % Verified Contracts → Verification has been carried out by assessing a sample of traceable suppliers equal to the square root of the total number of contracts in scope, limited to 100 samples, presenting a list of contracts from the Cerrado biome with indication of farm polygons for those traceable to the farm, including direct and indirect purchases)
Method of verification	"Verification" considers that information is validated with reasonable assurance by individuals other than those involved in the monitoring operation or entity being assessed: → **Third-Party Verification (non-affiliated party):** Conducted by an external entity independent of the company being audited. A set of information should be checked by the party responsible for carrying out the verification process, including but not limited to: → Digital copies of purchase contracts → Digital copies of invoices (minimum one) → Farm areas (polygons) → Deforestation and conversion assessments → Registries of DCF indicator calculation
Selection of SCF scope	From 2024, SCF expanded the geographic scope of its work from the 61 focus municipalities, implemented in 2021, to the entire Cerrado, with 800+ municipalities encompassing over 200 million hectares. According to the Brazilian Institute of Geography and Statistics (IBGE) **as of 2024, 1,434 out of Brazil's 5,572 municipalities have part of their territory within the Cerrado biome.** Assessing the soybean cultivated area in the 2022/23 crop season in municipalities fully or partially contained within the Cerrado biome, SCF identified **827 municipalities where the Cerrado is a majority biome of the soy cultivated area with a total area of 23,530,326 hectares** (with 22,280,731 hectares or 94.79% of the total area within the Cerrado biome).

Tracking traceable volumes	Members use the following methodological approach to individually produce the volume key performance indicators reported annually: → **Soy volume sourced in the Cerrado.** The proportion (in tons) of soybean volume sourced by members from the Cerrado biome (based on IBGE's municipal and biome map accordingly to the methodology above), compared with the total volume sourced in other biomes of Brazil by the reporting company. This information is reported as the percentage of soy sourced in the Cerrado and the percentage of soy sourced in other biomes. → **Soy volume sourced in focus municipalities in the Cerrado.** From the total determined in the first step, the percentage of soybean volume produced in the focus municipalities, by considering the origination municipality. This information is reported as the percentage of soy sourced in focus municipalities and the percentage of soy sourced in other Cerrado municipalities. → **Direct and indirect sources.** From the total in the second step, the percentage of soybean sourced directly from farmers and the proportion sourced from indirect suppliers, by considering the type of activity of the supplier (using the supplier's tax registry number as a source to determine whether they are indirect resale, cooperative, warehouse or trading sources). This information is reported as the percentage of direct sourcing in the Cerrado and the rate of indirect sourcing in the Cerrado. – All soy sourced from direct suppliers, i.e., producers geographically within the IBGE official Cerrado biome boundary map (2019) will be monitored and reported on for traceability and verified for DCF status. Soy sourced from indirect suppliers will be assessed if the supplier is located within a municipality majorly in the Cerrado biome. → **Traceable and non-traceable.** From the total in the third step, the percentage of traceable soybean, both direct and indirect sources, is calculated by identifying whether the soybean directly sourced can be traced to its farm of origin through farm and purchase records, or if the soy indirectly sourced can be traced to the point of aggregation of the indirect supplier. This information is then verified by third-party auditors and reported as the percentage of soy sourced traceable.

Reporting methodology for DCF soy

With SCF's land use monitoring and reporting expansion to the entire Cerrado, an enhanced risk assessment methodology tailored for indirect sourcing has been implemented to optimize resource allocation by focusing on high-risk areas. At the same time, low risk, established agricultural zones continue to be monitored to maximize the impact of combating deforestation and conversion. This strategic focus is intended to maximize the impact of combating deforestation and conversion.

The following set of reporting indicators consists of seven indicators for direct and indirect sourcing:

1. **DCF member reporting via individual company data**

SCF reports progress according to two geographic scopes: 61 Focus Municipalities (FMs) and the entire Cerrado biome. In 2024, both the previous and new methodologies for the 61 FMs have been reported on. This approach ensures transparency and comparability as we transition to implementing a whole-Cerrado methodology. The parameters in Figure 7 are used in our reporting.

	Previous SCF methodology to the 61 focus-municipalities	New SCF methodology to 61 focus-municipalities	New SCF methodology to the whole Cerrado biome
Geographic Scope	**61 FMs**	**61 FMs**	**All Cerrado (biome map)**
Indicators reported	→ Soy volume sourced from: **Cerrado (61 FMs direct, 61 FMs indirect** and non **61 FMs), Other biomes** (% only) → **Verified DCF** soy out of total volume of soy purchased directly and indirectly in the 61 focus municipalities (% only) → **Non-verified DCF** soy out of total volume of soy purchased directly and indirectly in the 61 focus municipalities (% only)	→ Direct sourcing: % of soy out of total volume of soy purchased that is: – Traceable & DCF – Traceable & NDCF – Not traceable → Indirect sourcing: % of soy out of total volume of soy purchased that is: – Not traceable – Traceable & NDCF (risk assessment) – Traceable & NDCF (plot of land) – Traceable & DCF (plot of land) – Traceable & DCF (risk assessment)	→ Direct sourcing: % of soy out of total volume of soy purchased that is: – Traceable & DCF – Traceable & NDCF – Not traceable → Indirect sourcing: % of soy out of total volume of soy purchased that is: – Not traceable – Traceable & NDCF (risk assessment) – Traceable & NDCF (plot of land) – Traceable & DCF (plot of land) – Traceable & DCF (risk assessment)
Reporting period	**Soy crop 2022/23 using PRODES 2021, 2022, and 2023 (August 2020 to July 2023)***	**Soy crop 2022/23 using PRODES 2021, 2022, and 2023 (August 2020 to July 2023)***	**Soy crop 2022/23 using PRODES 2021, 2022, and 2023 (August 2020 to July 2023)***
Reference date for DCF	**December 31, 2020**	**December 31, 2020**	**December 31, 2020**
Monitoring Farm area (polygon)	→ Based on **data available for each company supply chain** → Conversion monitoring data: **PRODES Cerrado,** or similar private monitoring service	→ Based on **data available for each company supply chain** → Conversion monitoring data: **PRODES Cerrado,** or similar private monitoring service	→ Based on **data available for each company supply chain** → Conversion monitoring data: **PRODES Cerrado,** or similar private monitoring service
Verification	3rd party verification	3rd party verification	3rd party verification

**Utilizing a reference date filter to eliminate deforestation and conversion data up to December 31st, 2020. Reporting calculations will be based on the executed volumes of the calendar year 2023.*

Sources:

- → Monitoring farm area (polygon): based on data available from each company supply chain.
- → Soy area by polygon: Agrosatélite/Serasa study for soy crop year 2022/23 or active farm monitoring by companies individually.
- → Conversion area: PRODES 2021, 2022, and 2023 (August 2020 to July 2023), utilizing a filter to eliminate deforestation and conversion data up to 31 December 2020.
- → Reference date: 31 December 2020.

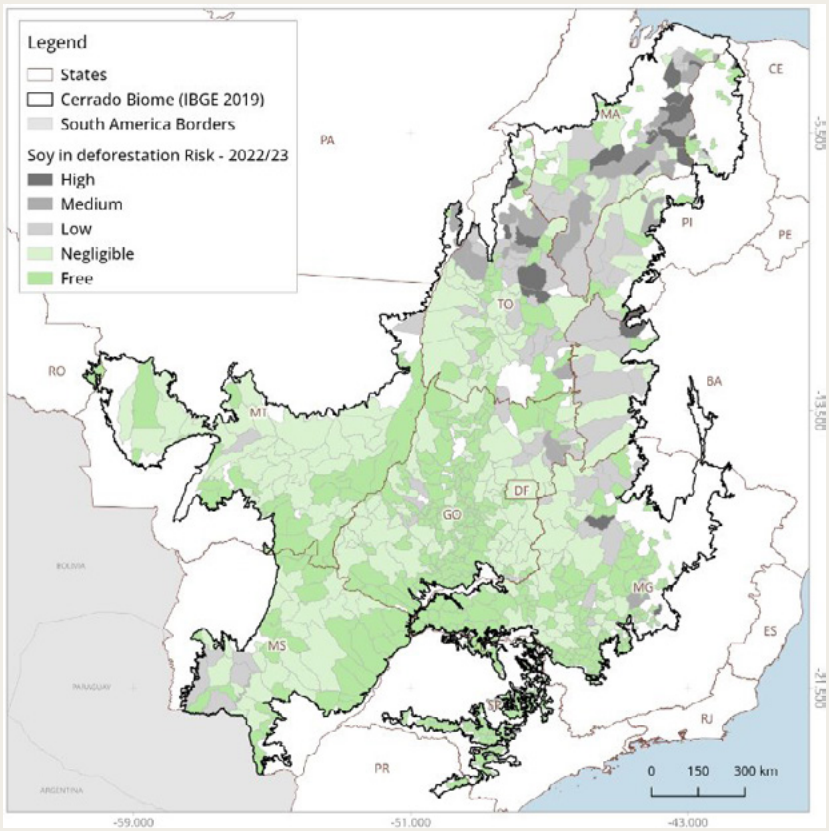
For the calculations of DCF percentage and volumes at farm-level, a 25-hectare threshold per polygon is applied, below which soy production can still be considered as DCF. This indicator will allow for progress to be shown over time, as increasing monitoring will be implemented throughout the whole sourcing chain. Thus, the indicator shows the extent to which companies have effectively monitored and verified soy volumes as DCF. Such individual results are verifiable.

SCF prioritizes compliance with polygons of crop production areas over entire farms for accurate monitoring. Direct sourcing will require farm-level traceability to ensure DCF compliance. For indirect suppliers, a radius-based analysis will assess risk levels based on deforestation and conversion overlaps with soy crops, using a specific threshold for considering soy volumes as DCF.

To establish DCF compliance of indirect suppliers, traceability will be done to the sourcing farms at farm-level for more accurate data. Alternatively, deforestation and conversion risk may be assessed by considering municipalities as DCF if soy production on deforested land is less than 1% of the total soy production area, and in this case, a negligible risk for deforestation and conversion will be applied. For municipalities exceeding 1% of soy production area over deforested land, a 50km radius buffer analysis will be applied on the first aggregation points (warehouses) to evaluate risk, categorizing a portion of soy received from these warehouses as potentially deforestation-linked. There are two alternatives for member companies to deal with indirect suppliers considered at-risk:

1. Supplier can provide traceability and DCF evidence.
2. The percentage of soy-driven deforestation and/or conversion within the 50km radius will be attributed to the company that has purchased those volumes.

2: Soy deforestation risk in the Cerrado biome based on SCF Risk Assessment (2022/23)



Acronyms and Abbreviations

CGF FPC	Consumer Goods Forum Forest Positive Coalition
DCF	Deforestation- and conversion-free
EUDR	European Union deforestation regulation
FFC	Farmer First Clusters
FM	Focus municipalities
IBGE	Brazilian Institute of Geography and Statistics
IBS	Instituto BioSistêmico
ICLF	Integrated crop-livestock-forest
IDH	The Sustainable Trade Initiative
IFACC	Innovative Finance for the Amazon, Cerrado and Chaco
SCF	Soft Commodities Forum
SCF	Soft Commodities Forum
UNEP WCMC	United Nations Environment Programme World Conservation Monitoring Centre
WBCSD	World Business Council for Sustainable Development

About the Soft Commodities Forum

The Soft Commodities Forum (SCF), led by World Business Council for Sustainable Development (WBCSD), is a multi-stakeholder platform uniting six leading agribusinesses alongside an advisory group including the **Accountability Framework Initiative**, the **Brazilian Rural Society**, **GIZ Brazil**, **SustainCERT** and the **Tropical Forest Alliance**. To set the sector's transition to nature and climate agendas, the SCF began its journey by facilitating pre-competitive collaboration on addressing deforestation and conversion risk in soy sourced from the Brazilian Cerrado.

Through its ability to catalyze value chain collaboration by convening key players across the soy value chain – including financial institutions, consumer goods companies, civil society organizations, and government bodies – the SCF fosters collaboration that promotes nature-positive, climate-positive, and socially equitable outcomes. Its efforts have been anchored in a three-pillar structure: land use monitoring, stakeholder engagement and landscape transformation, all focused on scaling sustainable soy production.

To achieve this ambition, the SCF adopts a dual approach:

- → First, alignment on standards and metrics for soy supply chain transparency and monitoring among the six SCF member companies provides clarity for value chain stakeholders on land conversion dynamics and associated supply chain risks.
- → Second, the SCF's action-driven landscape intervention strategy, the Farmer First Clusters (FFC) initiative, implements financial incentives and technical assistance for producers to support native vegetation preservation and sustainable production practices.

Together, standardized reporting and investment in landscape-level interventions constitute the SCF's main means of action to establish a pathway toward DCF supply chains in the Cerrado and beyond.

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Compliance

SCF has processes and procedures in place to ensure that all of its actions are compliant with applicable laws, including antitrust.

About WBCSD

World Business Council for Sustainable Development (WBCSD) is a global community of over 225 of the world's leading businesses driving systems transformation for a better world in which 9+ billion people can live well, within planetary boundaries, by mid-century. Together, we transform the systems we work in to limit the impact of the climate crisis, restore nature and tackle inequality.

We accelerate value chain transformation across key sectors and reshape the financial system to reward sustainable leadership and action through a lower cost of capital. Through the exchange of best practices, improving performance, accessing education, forming partnerships, and shaping the policy agenda, we drive progress in businesses and sharpen the accountability of their performance.

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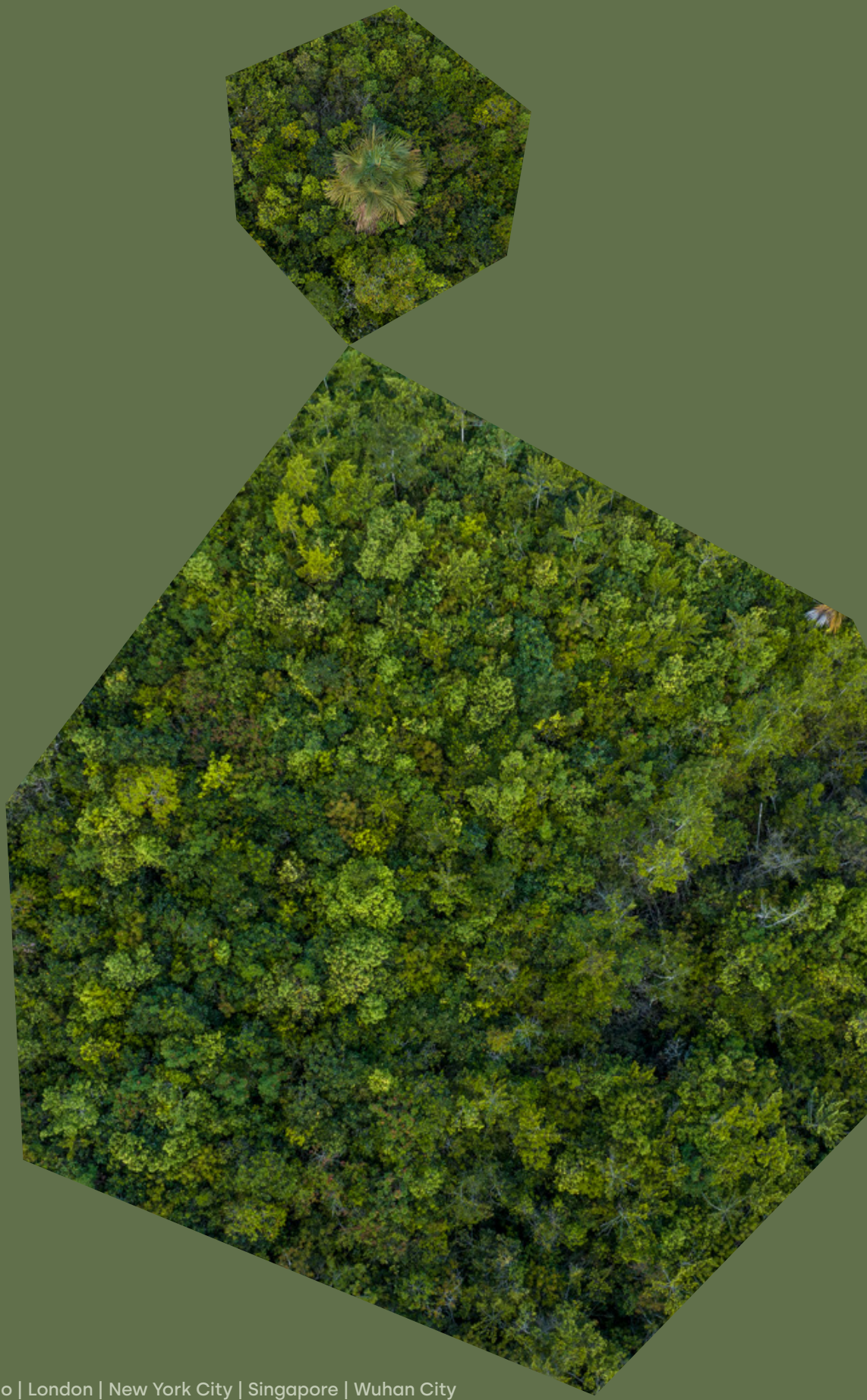

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