Background

The Soy Trader Comparison is intended to assess the policy and performance of key soy traders in Brazil related to deforestation and unsustainable land use. The methodology examines four key areas related to the companies’ actions on deforestation: 1) Policy; 2) Monitoring, Reporting, and Disclosure; 3) Sourcing; and 4) Impacts and Violations. These four categories were selected in order to capture the intent as well as the implementation and outcomes of the companies regarding protecting natural landscapes.

The assessment is intended to be relative amongst the traders in order to identify which of the key soy traders perform the best on sustainable land use relative to the entire group. It is acknowledged that none of the key soy traders examined have zero deforestation or zero conversion supply chains. However, it is necessary and useful to identify which of the key traders have stronger policies, stronger implementation, and fewer on the ground impacts. In particular, the aim of this comparison is to inform buyers – including consumer goods manufacturers and retailers – which traders can provide low-risk alternatives to source from, and which traders should be penalized or excluded based on their poor sustainability performance.

Scope

The Soy Trader Comparison focuses on six key soy traders: Archer Daniel Midlands (ADM), Amaggi, Bunge, Cargill, COFOC, and Louis Dreyfus. These traders were selected primarily on the proportion of the soy market they account for, and particularly for the proportion of the export market they comprise. Given the utility of the comparison for customers of the soy traders looking to advance their sustainability, traders were prioritized for inclusion based on their known supply chain linkages to major international markets.

The analysis was limited to soy operations in Brazil, examining the dominant traders in Brazil, and their Brazilian supply chains. The selected soy traders may source soy from other Latin American countries, however for the purposes of this analysis, and to ensure comparative indicators across all selected traders, the scope is limited solely to Brazilian soy.

Title Indicators and Data Sources

Policy

Information on company’s soy deforestation policies were obtained directly from company websites, sustainability reports, and public statements. Data was cross referenced with the Forest 500 that also draws on publicly available company data. The full Forest 500 methodology is available [here](#).

- Does the company’s soy commitment extend to all operations, all subsidiaries, and all divisions of the company?
- Does the company’s soy commitment cover all relevant biomes?
- Does the company’s soy commitment extend to both indirect and direct suppliers?
- Does the company’s soy commitment have a clear cut off-date for deforestation?
- Does the company’s soy commitment include a commitment to traceability?
- Does the company’s soy commitment include Free, Prior, and Informed Consent?
- Does the company’s soy commitment include sufficient protections for workers’ rights?
- Does the company’s soy commitment include sufficient measures for gender equality?
- Does the company’s soy commitment specify inclusion of small-scale farmers?
- Does the company’s soy commitment have a clear target date?

Monitoring, Reporting, and Disclosure

Information on company monitoring, reporting, and disclosure was obtained directly from company websites, sustainability reports, and additional materials made publicly available.

- Does the company utilize a credible monitoring system for its soy supply chain?
- Does the company have an established grievance procedure for its soy operations?
- Does the company report progress on its soy deforestation policy at least annually?

Sourcing

Information on company sourcing was obtained from publicly disclosed reports to the Soft Commodities Forum. In instances where data was incomplete, or the trader was not a member of the Soft Commodity Forum, the traders score was penalized.

- What percentage of the company’s soy originates from indirect suppliers in priority municipalities, as identified by the Soft Commodities Forum?
- What percentage of the company’s soy originates from the Cerrado biome?
- What percentage of the company’s soy from the Cerrado comes from priority municipalities, as identified by the Soft Commodities Forum?
- What percentage of the company’s soy is traceable for direct suppliers within priority municipalities, as identified by the Soft Commodities Forum?

Impacts and Violations

The analysis analyzes impacts based on Rapid Response reports in which a trader has known supply chain links. This includes group-level associations, as opposed to property level linkages.

The types of supply chain links included are as follows:

a. The trader confirmed that the supplier is either a direct or indirect supplier
b. The trader doesn’t source directly from the farm in question, but has sourced from other farms owned by the same supplier
c. The trader hasn’t sourced from the supplier this season, but either the trader has sourced from them in the past, or the supplier is registered in the trader’s system
d. The trader confirms they’re a supplier but claim the deforestation is related to another commodity that’s also produced on the farm
e. The trader buys soy from a supplier who doesn’t own the land, but rents land on the property
f. The trader buys another commodity from the supplier/property (e.g. corn)

Data on impacts and violations was obtained from Rapid Response reports from January to June 2020 that utilize a satellite imagery and alert systems to detect deforestation and land use change. The full Rapid Response methodology can be found here. The Rapid Response protocol is able to link traders to specific properties based on supply chain data, confirmed relationships, and transaction histories among other factors. The Rapid Response methodology details the criteria by which these links are established.

Data on deforestation risk was obtained from Trase referencing 2018 supply chain data. Deforestation risk is attributed at a municipality level based on the volumes of soy exported by each trader, the extent of deforestation, and the expansion of soy on an annual basis. The full Trase methodology is available here.

- How many hectares of deforestation are associated with the company as reported in Rapid Response reports from January to June 2020
- How many properties with clearance are associated with the company as reported in Rapid Response reports from January to June 2020
- How many hectares of potentially illegal deforestation are associated with the company as reported in Rapid Response reports from January to June 2020
- How many hectares of soy deforestation risk does the company have in the Amazon
- How many hectares of soy deforestation risk does the company have in the Cerrado?

Scoring

Indicators were scored using a red/yellow/green system, aggregated into an overall ‘category’ color code for each category of indicators. Given the relative measure of the comparison, traders were ranked as red, yellow, or green on each indicator using a natural breaks ranking system in which the best set of scores were coded green, the worst set of scores were coded red, and those in between were coded yellow.

Indicator category scores were assigned based on the number of red/yellow/green indicators for each trader within that category. The traders with the most red-scored indicators received an overall red score for that category. In instances where traders had a mix of color scores, a similar natural breaks ranking system was used to distinguish amongst the traders.

In turn the traders received color-coded scores for each indicator category. These categorical color scores were the basis for a numeral ranking applied to each trader, with the highest possible score being a 10 and the lowest a 1. Since no trader has achieved zero deforestation and zero conversion soy supply chains, the highest score given to a trader was a 7.