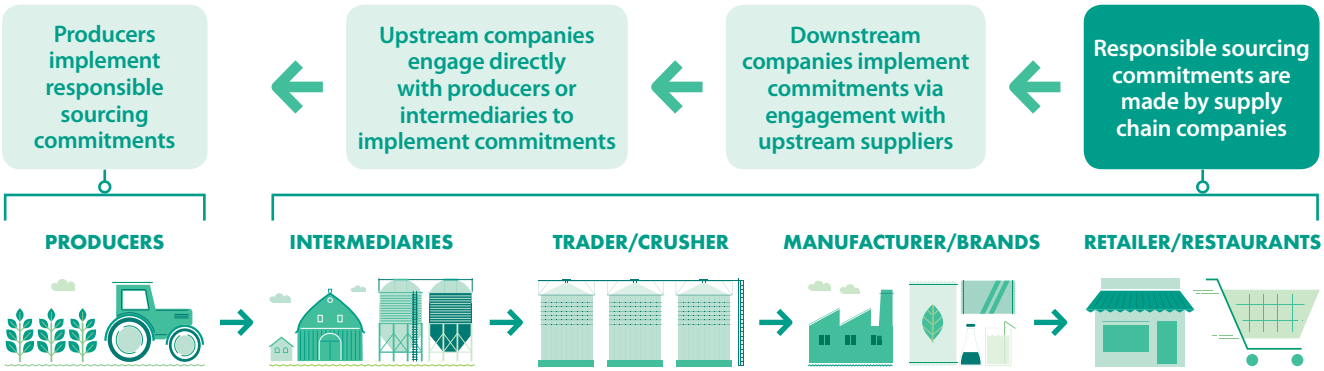
Soy risk analysis: prioritisation for positive engagement

The Soy Toolkit simplifies the wide array of existing tools and initiatives by highlighting those most relevant to a company's sustainability journey, shedding light on the ways they can be used to meet soy sourcing goals. This document summarises the key points on soy risk analysis from the full briefing note, available at **www.soytoolkit.net**

- **Through the identification of the risks of noncompliance with commitments or negative impacts of commodity production, companies can prioritise suppliers and/or sourcing areas for engagement**
- **Supplier risk profiles can be developed in-house and/or by using existing company performance scorecards**
- **Geographical risk information is widely available for land use change and deforestation, and can be gathered from a variety of providers. Geographical information on social issues is much more scarce**

Key steps, tools and approaches for soy risk analysis

Resources being limited, prioritisation is key. This may particularly be the case for downstream companies with large and complex supply bases. Risk analysis can be performed at different stages of the policy implementation, which means that its results can inform different types of decisions, such as informing development of procurement policies or helping to identify areas for which more detailed analysis is needed.



01 Translate policy requirements into risk factors

It is possible to link potential negative impacts of soy production (which breach companies' policies) to risk factors that affect the likelihood of these impacts happening.

Potential negative impacts	Examples of risk factors
Forest and natural ecosystem loss	• Infrastructure • Presence of natural ecosystems • Soy suitability • Low law enforcement
Land conflict	• Presence of indigenous or local communities • Tenure insecurity

Risk factors are factors that might affect the likelihood of a negative impact happening. As an example, the presence of natural ecosystems on land that is suitable for soy and near soy infrastructure (such as silos), could increase the likelihood of soy expansion over native vegetation in that given geography.

02 Assess suppliers' performance

Many upstream and downstream soy buying companies have formulated policies which address negative social and environmental impacts happening in their supply chains. The following criteria are examples of risk factors that can be verified to assess a supplier's likelihood of being non-compliant:

- If the supplier has stringent commitments and policies in place that are aligned with the buying company;
- Whether there is evidence of policy implementation and if the supplier reports on progress in a transparent way;
- Whether the supplier is a member of a certification scheme, such as the Round Table on Responsible Soy (RTRS) or ProTerra, and if they are certified;
- If the supplier has a robust traceability and/or purchase control system in place.

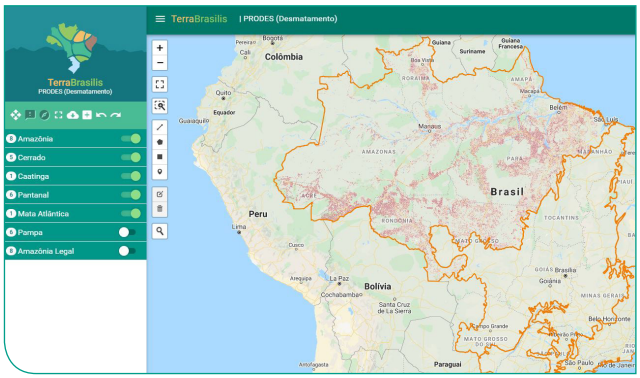
Examples of scorecard and performance platforms include: **www.supply-change.org** and **www.forest500.org**

03 Assess geographical risk

In geographical risk assessments two types of information are combined:

i. information on the location of production; and
ii. environmental and/or social risk information that has a geographical component

In Brazil, the Rural Environmental Registry of rural property provides farm boundaries, which can be overlaid with geospatial data of interest. There are several publicly available and free of charge Geospatial Information Systems (GIS) data sources, including:



Prodes Amazon map showing accumulated annual deforestation in the Amazon (2008-2018).

GIS layer	Information captured	Geography
PRODES Amazon	Forest conversion	Legal Amazon
PRODES Cerrado	Conversion of natural ecosystems	Cerrado biome
Global Forest Watch	Tree cover change (includes forest cover gain)	Global
GLAD deforestation alerts	Tree cover loss	Selected countries incl. Brazil

04 Perform spatial risk analysis

GIS can be used to analyse risks in each sourcing geography. Risk of deforestation, for instance, can analysed by overlaying farm boundaries, crusher or silo locations with the deforestation maps. The Agroideal online risk assessment platform is available on www.agroideal.org and produces reports with risk classification of areas combining several layers of information.

05 Prioritisation and next steps

Risk assessment results enable companies to decide on different actions and timings for engaging with suppliers. For a downstream company, for example, the results of a high-level risk assessment may help to prioritise regions for ramping up supply chain mapping efforts, or may inform the criteria for the purchase control system in an upstream company. These topics are further addressed in the next elements of the Soy Toolkit.

The Soy Toolkit has been developed by Proforest as part of the Good Growth Partnership's Responsible Demand Project, thanks to financial support from the Global Environment Facility (GEF) through World Wildlife Fund (WWF)