



Incorporating responsible sourcing policies in purchase control systems

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 purchase control systems from the full briefing note, available at www.soytoolkit.net

- Purchase control systems operationalise legal, social and environmental screening of soybean producers.
- Some direct soybean buyers have set automatic purchase control systems in Brazil that flag policy non-compliance in soy production, allowing them to suspend non-compliant purchases.
- These systems are to be implemented by those who are in direct contact with producers, and they will ultimately help downstream companies deliver on their commitments.

Key steps, tools and approaches for establishing purchase control systems

01 Determining the minimum requirements

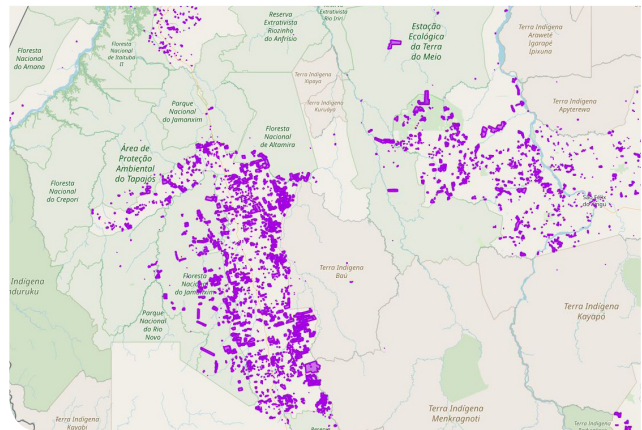
A purchase control system aims at screening soybean producers based on non-negotiable criteria in the policies, triggering specific actions depending on suppliers’ performance. The minimum requirements should be defined considering:

- Legal requirements
- Soy buying companies’ commitments beyond legality (e.g. halting any deforestation)

Other potential requirements include:

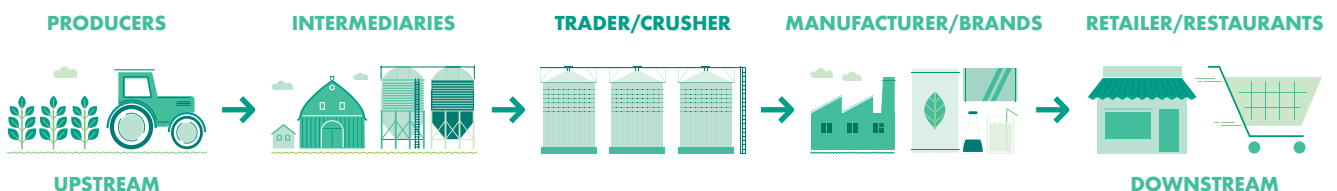
- No forced labour
- No overlays with indigenous territories
- No deforestation in the Amazon biome
- No conversion in the Cerrado biome

The full list and references are available on: www.soytoolkit.net



Amazonia Protege website showing a map with IBAMA environmental embargoes (highlighted in purple) and several protected areas and indigenous territories.

In Brazil, large direct soybean buyers have been cross-checking producers and farms against official ‘dirty’ lists and against geographical information. The country’s regulatory framework can hold procuring companies and financial institutions jointly responsible for environmental and social non-compliance in their supply chain and financed activities.



Potential requirements

No implication with breaches of legal environmental requirements

Not involved with illegal deforestation or land conflicts in the Amazon

Compliance with the Brazilian Forest Code

Resources to assess suppliers

Lists of embargoes from **IBAMA, Chico Mendes Institute** and state-level environmental agencies

Public Prosecutor's Office website **Amazonia Protege**

Rural Environmental Registry National System

02 Assessing and validating producer performance

Automating the assessment of soybean suppliers against minimum purchase requirements will allow every single purchase to be classified as compliant or non-compliant. If producers are flagged breaching the requirements, an automatic system prevents the purchase from going through.

Under the Collaboration for Forests and Agriculture (CFA), Imaflora presents a Monitoring Framework for operationalising such a system. Key steps are:

- ✓ 1. Validate and update the list of farmers and farms
- ✓ 2. Have a purchasing process model which allows for different contract types, but incorporates the minimum requirements
- ✓ 3. Have a decision-making process for suspending and unsuspending farmers and farms based on documentary, spatial and complementary analysis
- ✓ 4. Have a list of farmers and farms suspended due to non-compliance
- ✓ 5. Record farmers and farms unsuspending in the system, including technical justifications and complementary analysis

03 Defining the pathway for a suspended supplier to be reintegrated into the supply chain

Sourcing policies will be operationalised by procurement teams, who liaise on a daily basis with soybean producers. Having clarity on what happens when non-compliance is flagged is instrumental to help fast decision-making.



When a producer is flagged, it is good practice to try to ascertain:

- What is the issue identified?
- What are the possible root causes?
- Is the non-compliance confirmed by further scrutiny?
- Is it an issue that can be solved in the short to medium term?

Engaging procurement teams is crucial so that they are completely on board with the implementation of sustainability requirements in purchasing decisions, despite its increasing complexity. It is important that the teams understand the importance and value that sustainability requirements bring to purchasing decisions, and a way to do that is by including responsible sourcing activities in the job description of procurement teams, as well as KPIs linked to responsible sourcing programme targets.

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