

Terms of Reference

V2.0

Global activity to “*work with local and international stakeholders to halt deforestation and native vegetation loss in the Cerrado*”.

DECEMBER 2020

INTERNAL CIRCULATION ONLY

Further information?

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Statement of Support for the Cerrado Manifesto (SoS) Group

Terms of Reference v2.0

1. Background

In 2017, Brazilian civil society published the [Cerrado Manifesto](#) calling for “*Immediate action in defense of the Cerrado by companies that purchase soy and meat from within the biome, as well as by investors active in these sectors. This includes the adoption of effective policies and commitments to eliminate deforestation and conversion of native vegetation and disassociate their supply chains from recently converted areas*”. Businesses responded with the launch of the [Statement of Support \(SoS\) for the Cerrado Manifesto](#).

The SoS supports Cerrado Manifesto objectives (“*objective*”) and its signatories’ “*commit to working with local and international stakeholders to halt deforestation and native vegetation loss in the Cerrado*”. Activity is defined by two key objectives, firstly to eliminate further conversion of the Cerrado’s native vegetation and secondly to support the sustainable expansion of agriculture related to soy and cattle in the Cerrado. SoS signatories believe that soy and cattle production is compatible with the development of Brazil’s economy and protection of forests and native vegetation through collective action by industry, civil society and governments and a focus to ensure that future agricultural expansion only occurs on previously cleared land.

SoS signatories align with the [Accountability Framework Initiative’s \(AFi\) definitions](#) related to forests, ecosystems and other land use, and recognise that delivering on AFi goals fulfil the current expectations on business by civil society. The AFi is also making available an Operational Guidance framework in late 2020 / early 2021 to help companies to set a path to deliver on their DCF commitments (more details to follow in SoS Implementation Roadmap Q1 2021).

2. Aims & Objectives

The **Statement of Support Group (“SoS Group”)** is formed of all companies who have added their names to this commitment (“*signatories*”). The aim of the Group is to define the role of signatories to achieve the objective of working with local and international Stakeholders in finding solutions to achieve better protection of forests and native vegetation in the Cerrado while ensuring no leakage to other globally important ecosystems. This will be achieved through the development of a broadly supported Implementation Plan.

3. Compliance with Competition Law

We share a commitment to ensure that the activities of signatories are conducted in full accordance with competition law. In order to achieve that end, all signatories of the Group agree that they shall not engage in any activity or conduct which could constitute a breach of competition law.

More specifically, all signatories agree that they will not discuss, communicate or exchange any commercially sensitive information, including information relating to prices, marketing and advertising strategy, costs and revenues, profit margins, trading terms and conditions with third parties, including purchasing strategy, terms of supply, trade programmes, or distribution strategy.

Whilst the objective of signatories is to work individually and collectively with local and international stakeholders to halt deforestation and native vegetation loss in the Cerrado, any subsequent sourcing decisions will be made individually, according to each signatories’ own sourcing policies or standards.

Accordingly, each signatory shall not:

- Disclose to other signatories, information about which suppliers they have commercial or contractual relationships with (if any).
- Discuss (whether formally or informally) or exchange any information with other signatories relating to:
 - the terms of any contracts with suppliers or any other third parties;
 - any suppliers whose product is either approved, prohibited or preferred for inclusion in products supplied to that representative;
 - future costs or pricing trends, including in relation to soy or cattle, even if this is only speculation;
 - constraints on capacity (either current or in future) in relation to soy or cattle and/ or the impact this could have on pricing (even at a general level); and
 - any action it is thinking of taking in relation to requiring its suppliers **not** to use a company or supplier;

Each signatory is ultimately responsible for its own compliance with competition law and must rely on its own legal advice.

4. Scope

To work individually and collectively with local and international stakeholders to halt deforestation and native vegetation loss in the Cerrado related to soy cultivation and cattle management, while avoiding leakage to other globally important ecosystems.

5. Benefits of Collaboration

Recognising the highly fragmented and complex nature of soy & cattle supply chains and the vital role of government and industry as agents of change, the opportunities to engage, influence and affect change on the ground rest largely on broad collaborative effort. We understand the value of amplifying our collective voice and the benefit of harmonised approaches in terms of efficiency. This applies equally to our own businesses as well as for those companies on the receiving end of our policy and any compliance management requirements.

Such activity includes, but is not limited to:

- Encouraging and facilitating the building of awareness around nutritional solutions and technology currently available that allow cattle producers to marginally increase their herd density on pasture to satisfy their need to expand (increase beef production)
- Encouraging and facilitating government and market incentivisation to soy producers to target future expansion onto previously cleared and degraded lands (increase soy production)

We believe that we can achieve faster and more meaningful progress through industry and cross-sector partnerships. This programme reflects our determination to halt deforestation and achieve the climate, biodiversity, water management and agricultural productivity benefits associated with this in a way that does not impede local development aspirations.

6. Participants and Responsibilities

Signatories:

As mentioned above, the SoS is a business initiative to respond to the Cerrado Manifesto, that in itself was a call for immediate action by buyers (e.g. soy traders) and users (e.g. retailers, manufacturers and livestock farmers) of soy and meat from the Cerrado area and by investors active in these sectors. In line with this call, the SoS is a business response open to all types of businesses, including buyers (and users) of agricultural products from the Cerrado, investors, banks and other related business (e.g. companies not in a previous classification) that wish to show their support for the Cerrado Manifesto and related Statement of Support (SoS). Signatories of the SoS share a collective aim to help drive and support solutions to the issues of sustainable livestock and soy farming, deforestation/conversion, climate change and biodiversity loss.

Signatories' Commitment to the SoS Implementation Roadmap:

The SoS Steering Group has developed an Implementation Roadmap to help guide signatories in turning their SoS commitments into actions. The Implementation Roadmap offers signatories with guidance of relevant and effective actions they can take to contribute to making progress towards the objectives of the SoS. Signatories commit to taking the SoS Implementation Roadmap into account when making decisions relevant to their sector (e.g. buyers for sourcing decision, investors for active engagement). This does not mean signatories must act on the results but rather that they commit to considering the Roadmap when individually deciding what actions, if any, they will independently take. The Roadmap is updated every quarter.

External Stakeholders:

Other organisations (e.g. NGOs,) may be engaged to comment or advise on any aspect of activity, at the discretion of signatories but are not generally invited to become signatories. Industry associations can become a 'supporter signatory', provided that all their members support SoS aims and objectives, but do not form part of activity within the Implementation Roadmap. Implementation activity is focussed on individual corporate and financial institution signatories, as this is key to delivering the SoS theory of change, see below.

SoS Signatories Group Organisation:

The SoS Group has no formal officers, no fee structure, and relies on the participation of all signatories to achieve its objectives. Individual signatories may be asked to lead on programme planning, administration, engagement or other necessary work. The SoS is facilitated by ETANTE, a specialist sustainability consultancy, at no cost to signatories, and who brings alignment with international NGOs focussed on halting deforestation and conversion. Signatories do not need to be a Consumer Goods Forum (CGF) member.

Appendix 1 outlines the Governance Structure to achieve smooth running of the Project and the efficient development and delivery of an Implementation Plan and associated activities. Changes to this Structure may be proposed at any time and will be agreed upon consultation with representatives.

Meetings, conference calls or e-mail communications will be arranged as required to meet the aims and objectives of the project and representatives are requested to make every effort to participate in planned meetings, physical or virtual. Signatories are asked to maintain a working knowledge of SoS Group activities and decisions and to contribute as needed to achieve a broad consensus.

The SoS Group may choose to establish dedicated sub-groups ('working groups') with a focus on specific topics relevant to the Group's aims and objectives. Governance of these will be agreed on an ad-hoc basis on agreement by the Steering Group.

7. Communication Guidelines

Signatories are encouraged to promote their participation in the Statement of Support (SoS) for the Cerrado Manifesto both externally and within their own organisations and supply chains. Signatories are required to only claim participation in activities or delivery of objectives that are in line with the Statement of Support released on 25 October 2017 and subsequent Group activities. They are furthermore encouraged to seek advice from the Steering Group or facilitator on any proposed communications that might exceed these guidelines.

8. Confidentiality

Each representative shall treat all information relating to signatories obtained via their participation in the Statement of Support (SoS) Group, and which is not in the public domain ("**Confidential Data**"), as confidential. Furthermore, Confidential Information will only be used by a signatory for the purposes of achieving the aims described in these Terms of Reference.

Subject always to compliance with competition law and signatories' responsibilities under section 2 of these Terms of Reference, this duty of confidentiality shall not prevent one signatory from sharing Confidential Data with (i) another signatory or (ii) a Supplier with which it is in a contractual relationship.

The duty of confidentiality shall not prevent any signatory from disclosing confidential information when it is under a legal duty to do so. All company information will be treated as confidential and will only be disclosed to the contracted partner and the respective signatories.

APPENDIX 1: Governance structure

Describes the Governance Structure to achieve smooth running of the Project and the efficient development and delivery of an Implementation Roadmap and associated activities. Changes to this Structure may be proposed at any time and will be agreed upon consultation with representatives.

Two tiers of activity

1. The **Statement of Support Steering Group** (“*SoS Steering Group*”) is a representative number of signatories (two per sector) nominated by the Group to lead on recruiting new signatories, stakeholder engagement, and developing proposals for consideration by the Group.
2. The **Statement of Support Signatories** (“*Signatories*”) includes all representatives of companies which signed the Statement of Support for the Cerrado Manifesto. In recognition of the fact that not all organisations will have the capacity or desire to be active participants these representatives are asked to generally support the Implementation Roadmap and associated activities. These representatives will be included in all consultations and while more active participation is encouraged, it is not obligatory.

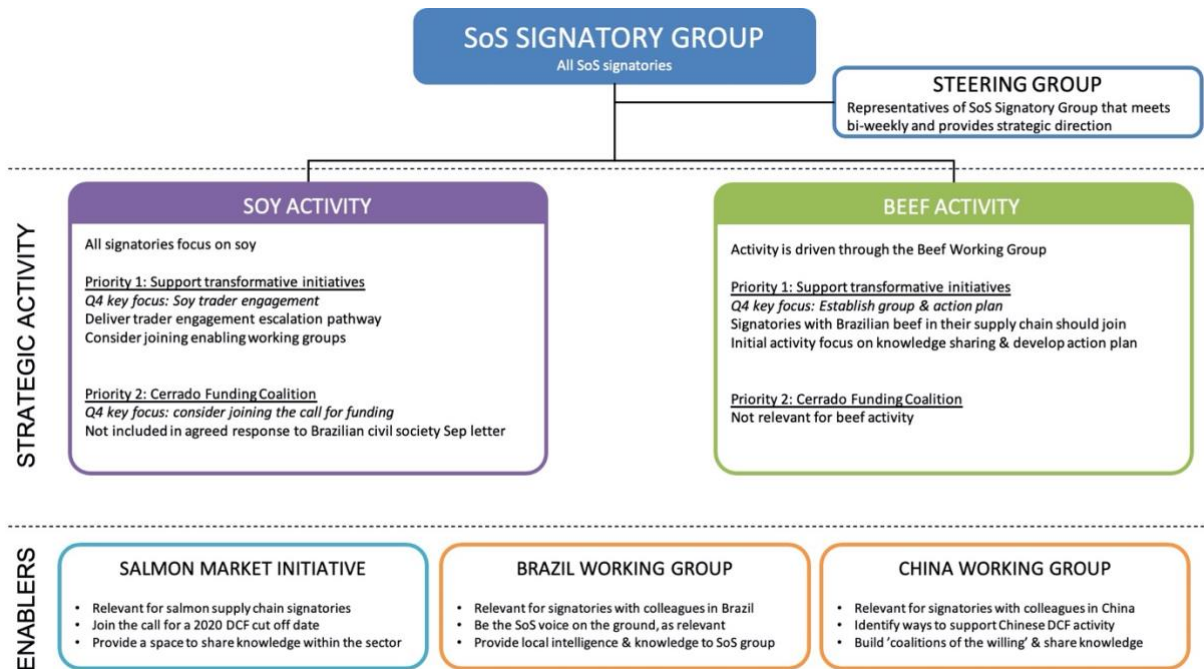
Statement of Support Steering Group: responsible for recruiting new members, stakeholder engagement, and developing proposals for consideration by the Members

2 company representatives per sector

Statement of Support Signatories: responsible for ensuring proposals created are relevant, appropriate and in line with the aims and objectives of the project

All other Company representatives

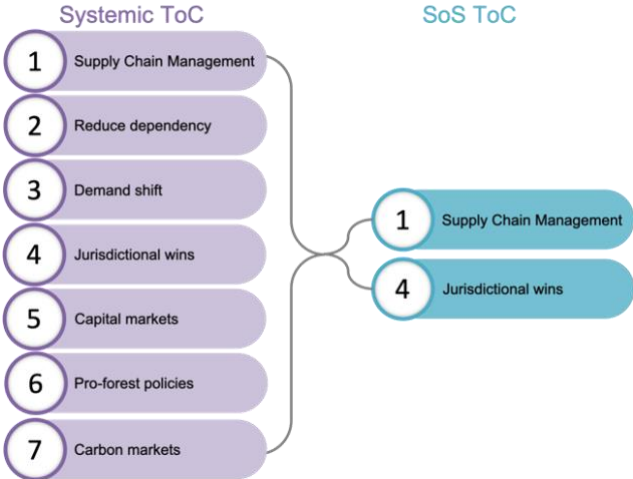
APPENDIX 2: Workplan structure



APPENDIX 3: SoS Theory of Change

In Q3 2020, SoS signatories agreed a new theory of change (ToC), i.e. how we believe we can achieve our key objectives. Activity remains framed under the 7 Levers that systemically progress towards deforestation and conversion free soy and cattle production, as coordinated by the Consumer Goods Forum Forest Positive Coalition of Action (Soy Working Group). This has been adopted across the value chain by multiple stakeholders and groups and the SoS focus supports wider activity.

The 7 Levers are:

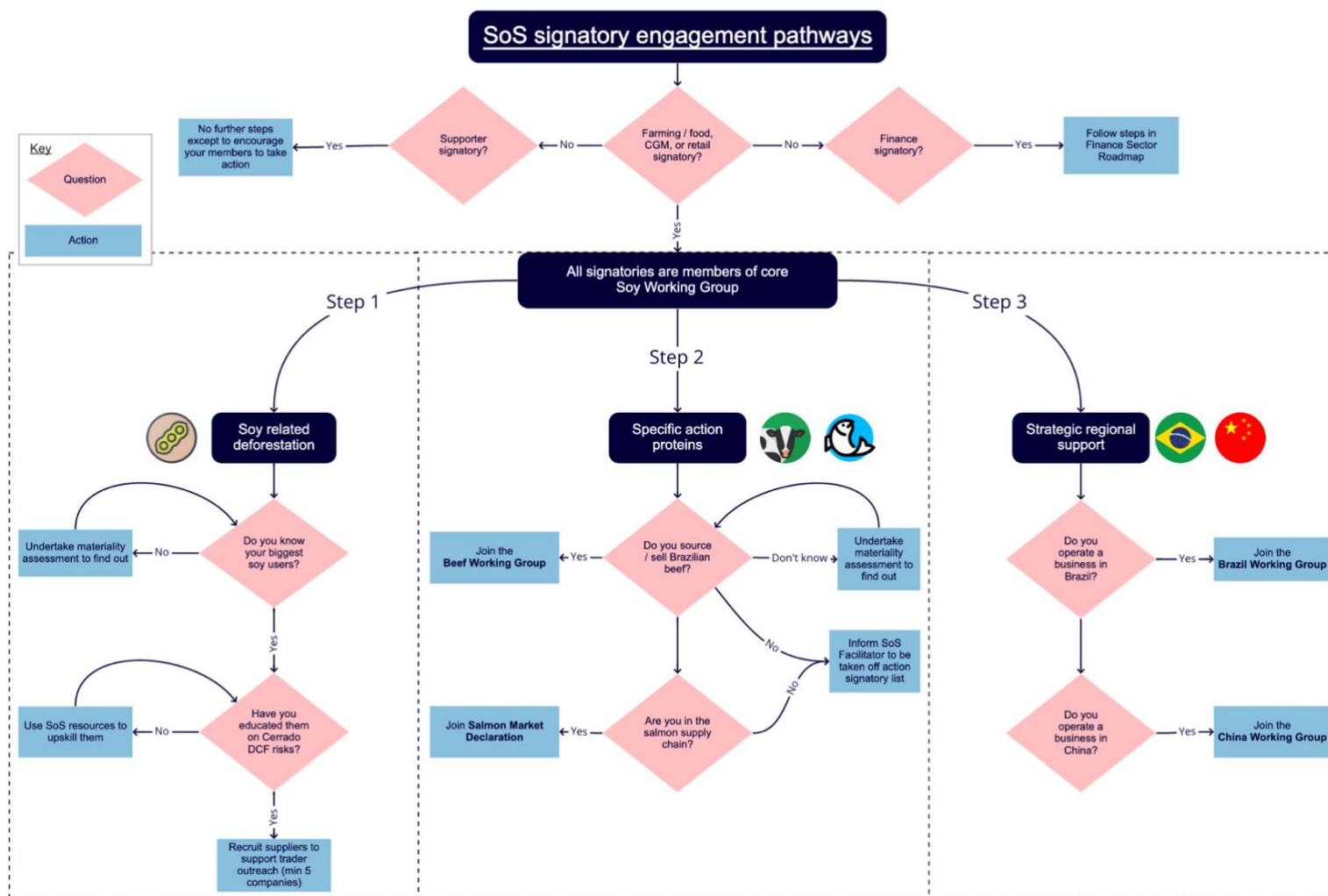


The SoS ToC focus is on levers 1 (supply chain management) and 4 (jurisdictional wins) as these play to our leverage and supply chain opportunities. The SoS Steering Group believes that framing all activity into how it will drive these two areas will maximise success and align to approaches taken by other external stakeholder groups.

The SoS theory of change can be best communicated as:

“ The SoS is the largest global group of businesses focussed on breaking the link between the production of cattle and soy and further deforestation and clearance of natural habitat in the Cerrado. Its primary focus is to lend its brand authority, purchasing volumes and consumer influence to existing transformational Brazilian groups to enhance their success. Signatories support the economic development of Brazil and are guided by the science that has demonstrated that both objectives are aligned. If systemic barriers are identified, SoS signatories collaborate to drive solutions, primarily focussed on enhanced supply chain management and jurisdictional approaches. Through this theory of change, they will accelerate the move to deforestation and conversion-free production in the Cerrado ”

APPENDIX 4: Signatory engagement pathways



Step 1 for CGMs: It is possible that your biggest supplier soy users are the soy traders that will be engaged through the trader engagement escalation pathway. If so, then no need to engage ahead of this activity. These traders are ADM, Amaggi, Bunge, Cargill, CJ Selecta, COFCO, Imcopa & Louis Dreyfus.

APPENDIX 5: Overview of Q4 2020 Implementation Roadmap activity

Two key priority areas of activity

SOS PRIORITY 1: Support Cerrado biome-wide transformative initiatives	
SOY	BEEF
Key focus: Trader engagement	Key focus: Establish Beef Working Group
Activity prioritises responding actively to the Brazilian civil society letter from Sept viz soy.	Activity prioritises the creation of new beef activity and knowledge transfer.
<u>Activity includes:</u> <ol style="list-style-type: none"> 1. Signatories join new Brazil and/or China WGs, as appropriate 2. Deliver trader engagement escalation pathway 3. Commercial pressure (not formal SoS activity) 4. Salmon-specific activity led by Grieg Seafood 	<u>Activity includes:</u> <ol style="list-style-type: none"> 1. Signatories join new Beef WG, as appropriate 2. Beef WG agrees its terms of reference and commences agreed activity 3. Knowledge transfer hosted by McDonald's and GRSB

SoS PRIORITY 2: Work in partnership to develop financial incentives – Cerrado Funding Coalition	
SOY	BEEF
Key focus: Funding Coalition	No activity planned
Focus for Cerrado Funding Coalition is to build a 'coalition of the willing' to increase the funding pot and engage with Brazilian stakeholders on its best use to support SoS goals	Funding Coalition is soy only.
<u>Activity includes:</u> <ol style="list-style-type: none"> 1. Engage with the new funding website & narrative 2. Support internal conversations on joining as a funder 3. Help create terms of reference around how any funds should be spent in Brazil 4. Engage with Brazilian stakeholders on the terms of reference – ensure they take ownership 	