



ProTerra Foundation ADP Meeting, 21.11.2023



Legal developments-more than EUDR



LEGALITY



BIODIVERSITY



TRACEABILITY

Impact of the European Directive

- Commercial activities did not stop: contracts for 25' crops are being negotiated/signed **NOW**.
- Commodities being strategically important: storage
- Unstructured value chains and segregated products involve high costs, and the risk of losing heterogeneity in the supply of goods.
- Migration to trade for less demanding importers (leakage). Stricter requirements than local legal requirements.

Outlook

- Scope of the directive: how will that change, ecosystems and commodities being added...?
- Impact on smallholder farmers: our experience (India)

Readiness vs. Time Restriction

- The race between climate change and political changes/elections of producing countries.
- Pressure on EU's international relations: implementation crucial.



Good examples through collaboration



Sustainable sourcing code



Carbon Footprint Calculations (LUC project)



Updated Traceability Certificates of Compliance (TCCs) - information of the origination



Land use change, Monitoring and Verification (MRV)

MRV: Sustainable supplier base vs certification

- The goal is to introduce positive change in the entire supply base.
- This can be done by including farmers who have not been certified and verified before 2020 and agree to commit to the cut-off date of 2020.
- **This means that the areas of native vegetation* (including HCV approach) cannot have been cleared or converted into agricultural areas, or used for industrial or other commercial purposes, after 2020.**

• Swamps; Floodplains; Steep slopes; High above-ground carbon stocks, and as defined by the High Conservation Values Resource Network (HCV 1 to 6).



Creation of the MRV Standard

- Public consultation and launch to:
- Create a more balanced and inclusive dialogue
- Increase the transparency and credibility of the MRV
- Create a broad market sustainability solution for both non-GMO and GMO, providing evidence of deforestation and conversion-free commitments, claims, and supply
- Undergo independent benchmarks
- Update the MRV system to align with the EUDR
- Broaden the scope to include any region and crop, going beyond the salmon aquaculture sector



Sustainability Standards:

Role of certifications in the future

- Internal tool for compliance with legislation and risk mitigation
- Reduction of water footprint and CO₂; pesticide usage (good agricultural practices)
- An environmentally and ethically responsible production standard within the supply chain that goes beyond the minimum requirements established by national legislation.
- Greater security for the business in the conduct of public claims, with traceability of materials along the value chain, which was verified by external auditors.
- Contributory evidence to demonstrate due diligence was conducted within its own supply chain to meet emerging due diligence requirements.
- Greater knowledge of the origins of raw materials within your direct supply chain and therefore which regions have the greatest impact and margin of influence.
- A clear reference for what is expected of suppliers, defining what they see as sustainable production.



Challenges

- Only a **few companies control** most of the exports
- **Limited flow of information**
- **The need for transparency: Transparency and traceability** within the supply chains remain key barrier for companies to fully understand their own potential impacts
- **Complexity**
- Businesses have **no certainty** about how responsible their supply chain is
- Making **informed decisions** is a challenge
- **Due diligence** frameworks
- Long-term **financing**



Smallholders Interpretation

- Around 110000 farmers participating in ProTerra certification in India.
- The major issues identified during the farm audits:
 - Record keeping for seed, harvest yields not maintained by most of the farmers in 1st year. For 2nd year, we have seen that more than 50% of farmers have started keeping farm records with details.
 - Use of own seed for next year. Hence no proper test of fertility was done.
 - In a few cases, the use of PPE while using insecticides was not consistent.
 - Most of the smallholders, do not hire external workers or very minimal seasonal labour. However, formal pay registers or records are not maintained.
- Overall, it was seen that **record keeping** is a grey area and it is mainly due to the literacy level among the farmers.



Collaboration is crucial to success

- Agricultural practices can be improved
- Feasible, realistic and focused solutions are needed
- Collaboration, strategic alliance and continuous engagement are essential to move the sustainable agenda forward
- It is all about trust



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Thank you for your attention!