Mapping supply chains for deforestation-risk commodities

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What is Trase and how does it work?

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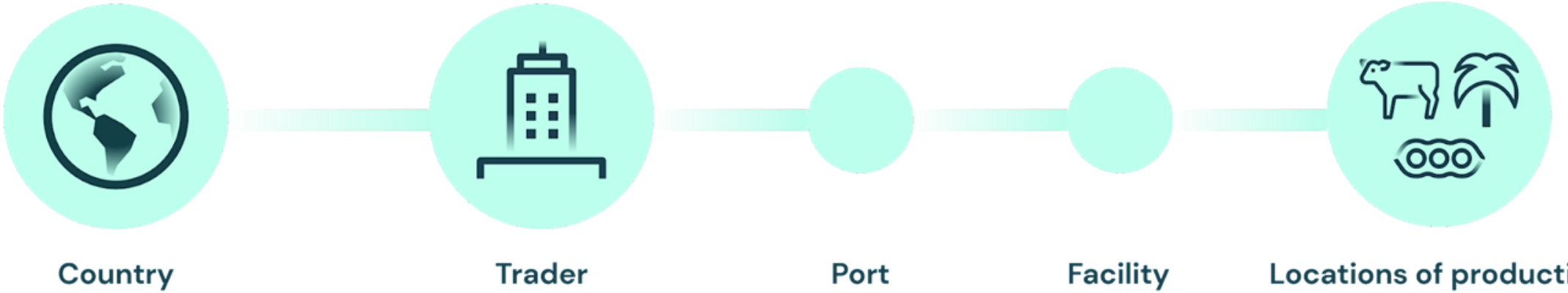
- **supplychains.trase.earth**, an open-access information system and online platform for supply chain transparency and intelligence
- **trase.finance**, a new data portal and tool for mapping ownership and capital flows for commodity traders
- **insights.trase.earth**, a new repository of Trase insights and publications on supply chain sustainability

An independent, science-based supply chain transparency initiative that seeks to transform understanding of the sustainability of commodity supply chains

Supply chain mapping approach

Goal: the supply chain must represent the entire market for any country/exported commodity, i.e. **all actors, producing locations**



Supply chain mapping approach

+ Step 1: Data

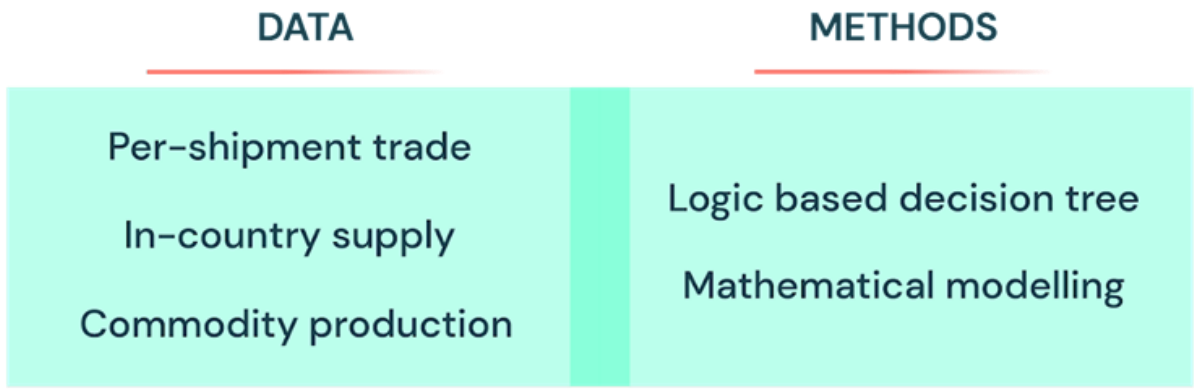
Gather data that will help build the agricultural commodity supply chain

+ Step 2: Methods

Identify the facility from which a specific commodity shipment was stored or processed

+ Step 3: Methods

Identify where that facility sourced its products



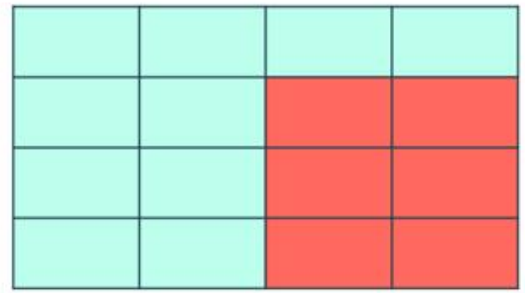
Deforestation indicators

Commodity deforestation (in hectares) estimates how much land is deforested each year due to the expansion of production of a given commodity. This indicator is on the Trase map.

Commodity deforestation risk (in hectares) estimates the exposure of an actor (company or country) to the risk that the commodity it is sourcing is directly associated with recent deforestation in the region it was produced. This indicator is on the Trase supply chain

Assigning deforestation risk to buyers

Municipality 1000 t of soy for exports, 2 exporters source from this municipality



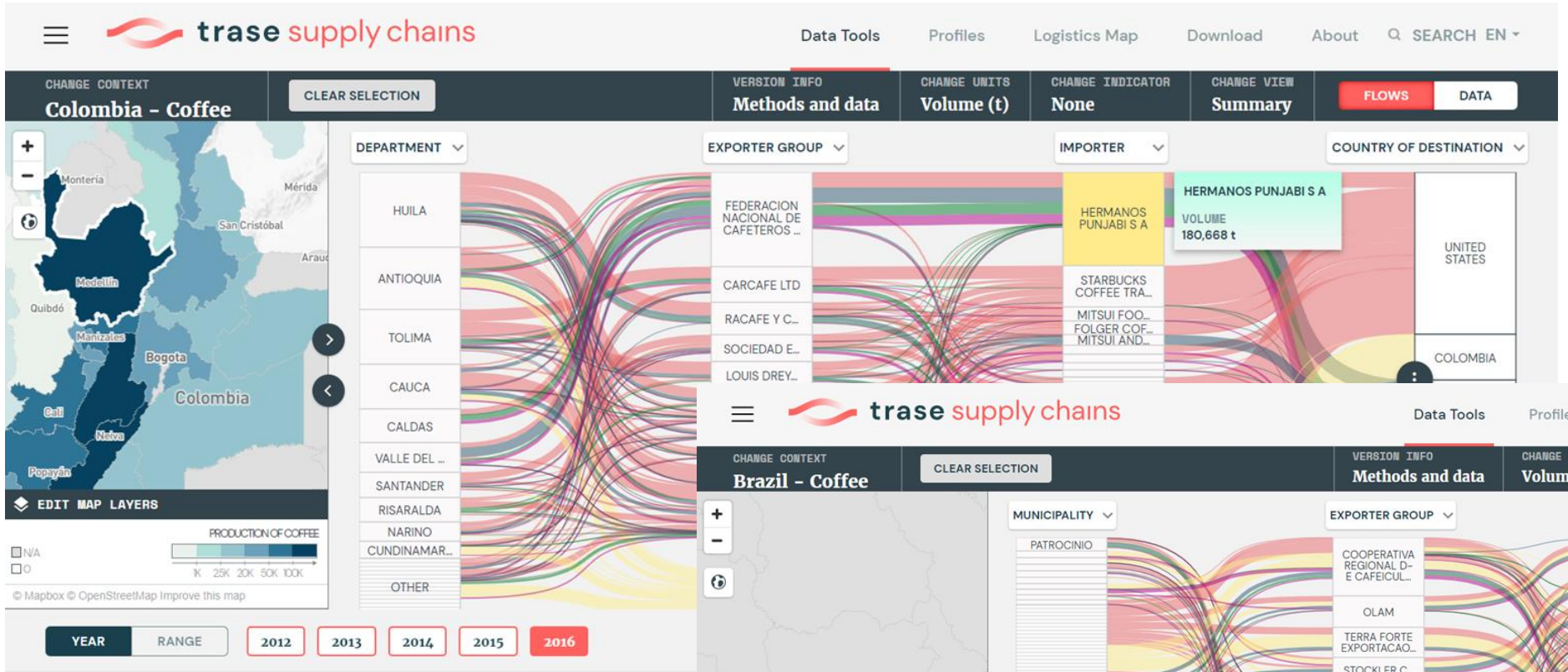
60 ha de deforestation for soy in this municipality

Company A buys 100 t

This volume represents 10% of the total exported and so the risk is 6 ha

Company B buys 900 t

This volume represents 90% of the total exported and so the risk is 54 ha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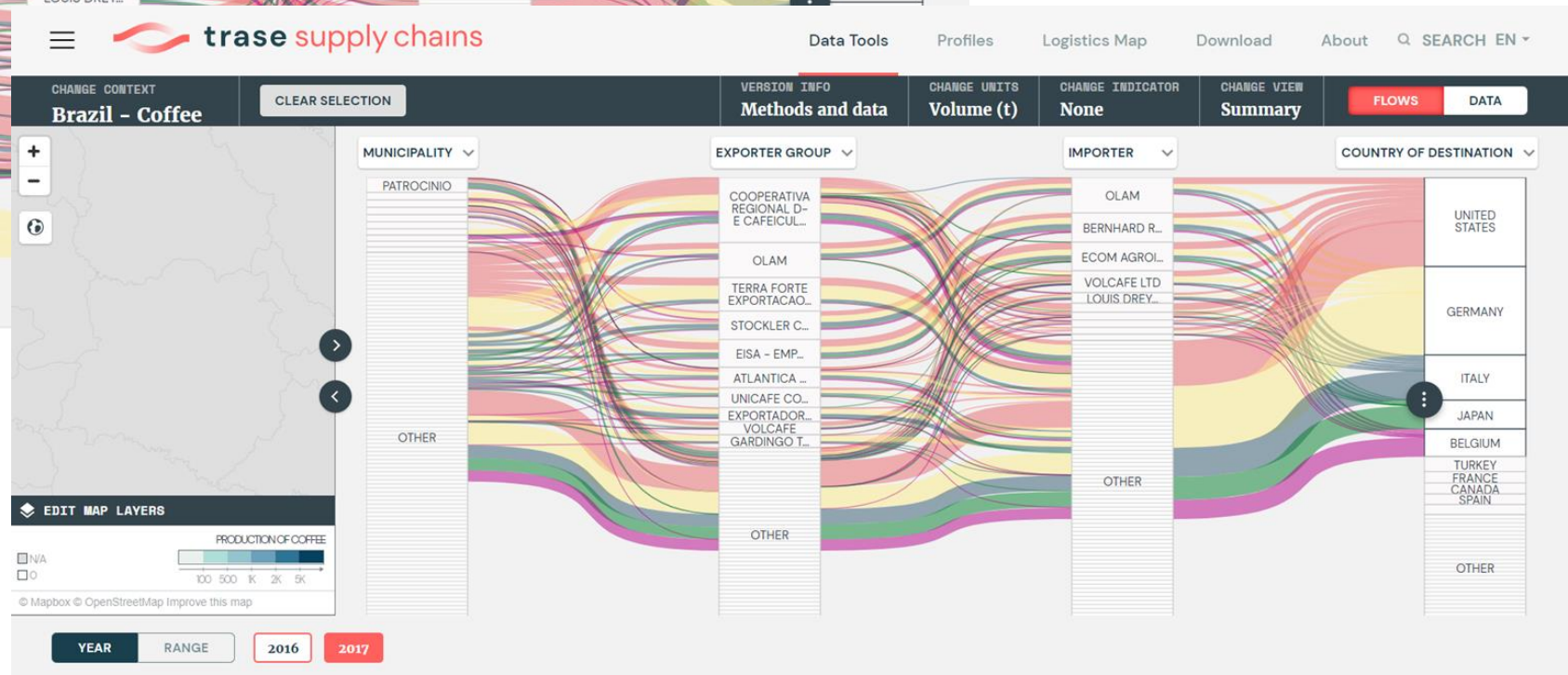
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Benchmarking & Risk assessment

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Key principles for a sub-national commodity neutral risk framework

1. The outcome of concern is the status of the biome; requiring both a ***territorial*** and a ***supply chain*** perspective;

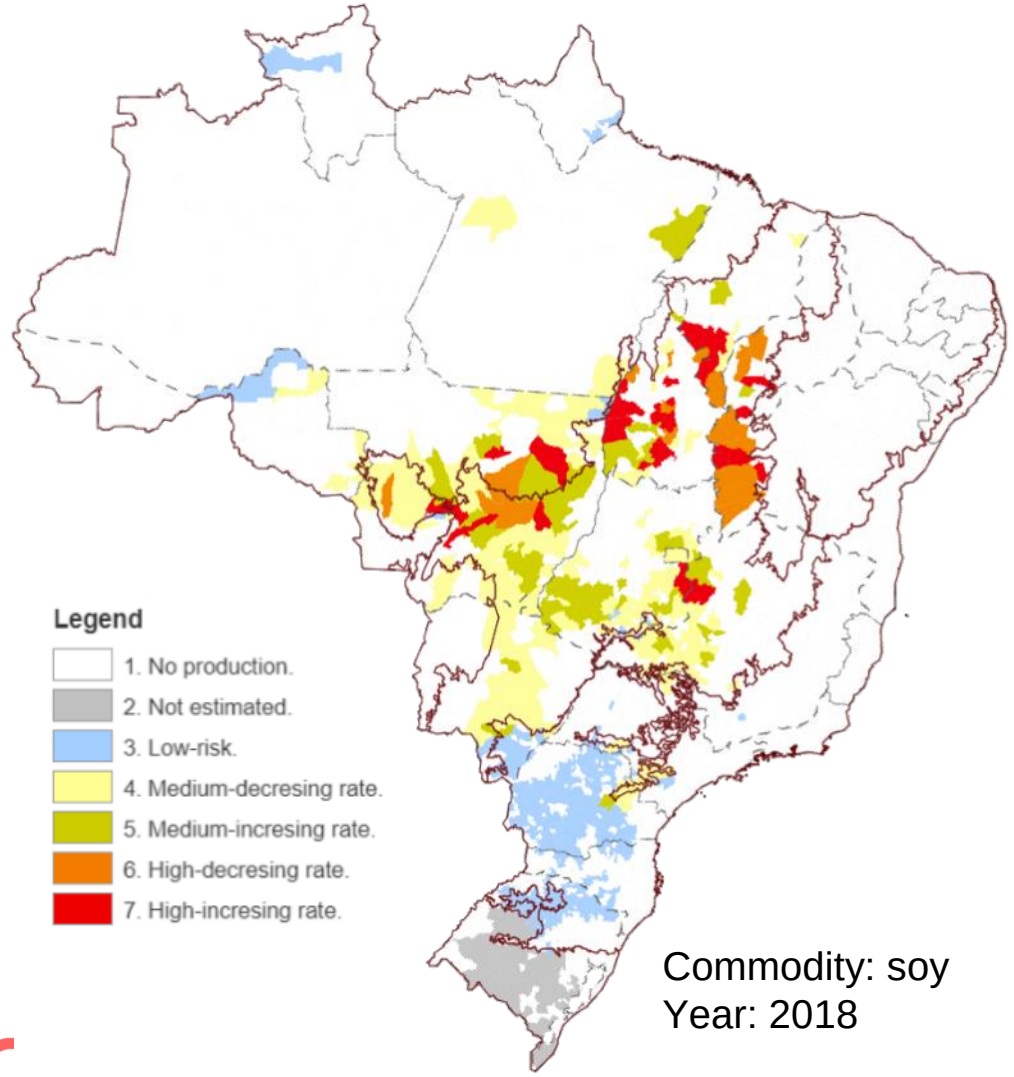
1. Ensuring supply chain interventions in high risk regions can help reduce overall conversion, and help mitigate leakage, requires that high **risk regions encompass *the majority of conversion*** *(e.g: 75%)* in a given biome

1. Ensuring supply chain interventions can help reduce overall conversion requires a *proactive* approach that considers both **where conversion rates are currently high** and where **conversion rates are increasing**

A proposed commodity-neutral framework

1. **High risk:** Regions that together comprise the majority (e.g. 75%) of biome conversion, in total and for a given commodity; a relative measure accounting for extent of biome remaining. We also divided the high risk where conversion is increasing or stable/decreasing
2. **Low risk:** Regions with negligible deforestation after 2020 linked to production and harvest of a given commodity.
3. **Medium risk:** Regions that are neither high or low, potentially split into two categories – where rate of deforestation is increasing (representing emerging expansion frontiers), and where deforestation is stable or decreasing (representing a trajectory toward low risk)

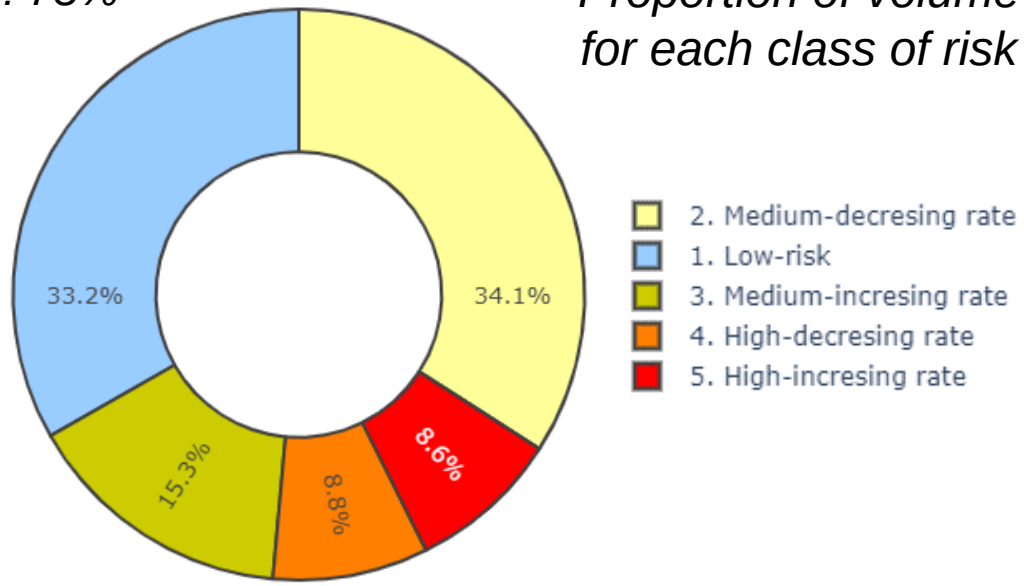
Applying risk framework to soy



Commodity: soy
Year: 2018

Threshold: 75%

Proportion of volume for each class of risk



	Municipalities	Recent conversion
Low	373	0 ha
Medium	233	67,000 ha
High	44	204,000 ha

Challenges for implementation

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Challenges in achieving deforestation free compliance

1. Mapping coffee expansion and deforestation – lack of consistent mapping products and reliance on patchy country-level statistical data
2. (As for most commodities) indirect supply dominates the supply of many buyers and is unlikely to change
3. High proportion of smallholder producers for whom due diligence requirements present a disproportionate burden

Addressing barriers to achieve deforestation free supply

1. Integrate sub-national risk assessment alongside traceability to tailor information requirements to regions where it is most needed
2. Concentrate efforts on mapping potential supply base (in higher risk regions) rather than sourcing locations of individual supply chains
3. Support efforts to achieve deforestation free status for individual suppliers – including associations - and regions


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Policy briefing

March 2022

Strengthening the EU regulation on deforestation-free products

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Trase highlights opportunities to strengthen the implementation of the draft regulation using sub-national benchmarking and risk assessment.

Key messages

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Thank you!

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