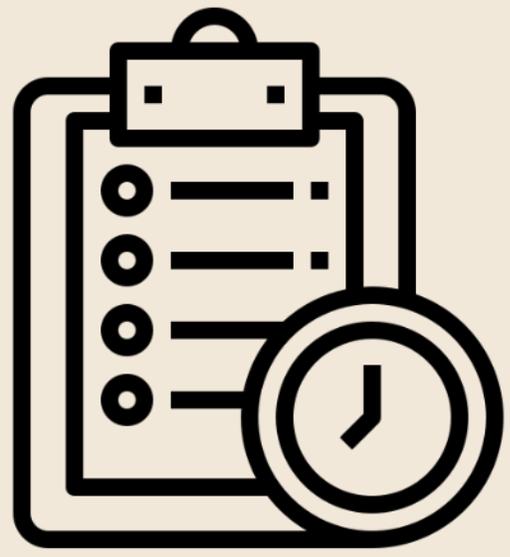


THE FIRST MILE TRACEABILITY BAROMETER

Powered by Farmforce

JUNE 2023 →





AGENDA

01.

WELCOME

02.

**SURVEY PURPOSE &
METHODOLOGY**

03.

REPORTS FINDINGS

04.

EUDR CONTEXT

05.

**EUDR COMPLIANCE
CHECKLIST**

06.

Q & A





ELLEN YOUNG

Digital Marketer, Farmforce

- With an anthropological background, Ellen jumped on the social media train to make online spaces more inclusive & representative of their users.
- Focus: Farmforce's goals towards more equitable, profitable, & sustainable supply chains, targeted towards the first mile, fit nicely with Ellen's background & expertise.



DR. JANINA GRABS

Sustainability Governance Researcher

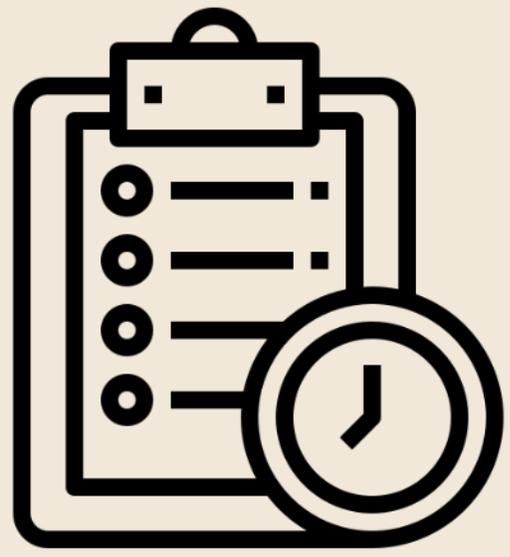
- Passionate about finding regulatory pathways toward sustainable economies that respect our planetary boundaries while meeting humanity's needs.
- Focus: sustainable food systems & agricultural commodity production.



SAURAV SHRIVASTAVA

Deforestation Expert Product Manager, Farmforce

- Product management professional with expertise in product life cycle management and building products, ensuring EUDR and other regulations compliance.
- Focus: Driving sustainable product solutions focused on deforestation and climate change.



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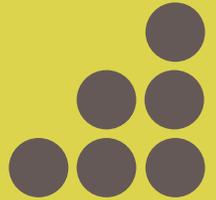
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SURVEY PURPOSE

Through Q1 & Q2 of 2023, Farmforce conducted The First Mile Traceability Survey to:



MEASURE

Current Traceability

EXPLORE

Preparedness & Challenges

GAIN

Industry Trend Insights

OPTIMIZE

Solutions

METHODOLOGY

29
QUESTIONS

87
RESPONSES

Farmforce
3,841 followers
3mo • Edited • 

Enabling visibility and traceability in #FoodsFirstMile is what we do.
The journey starts here: <https://lnkd.in/dU7cTUSr> ...see more

THE FIRST MILE TRACEABILITY BAROMETER SURVEY



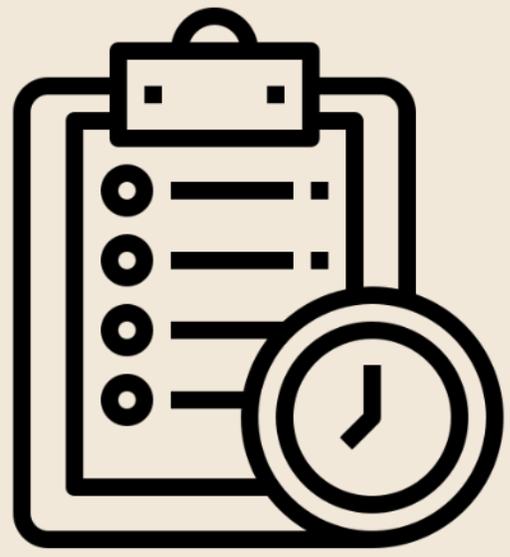
 
Powered by Farmforce

Audience Largely Euro-based Importers & Producers

Survey Available Free & Online (Typeform)

Survey Promoted Via Email

Survey Featured on Farmforce Twitter & LinkedIn



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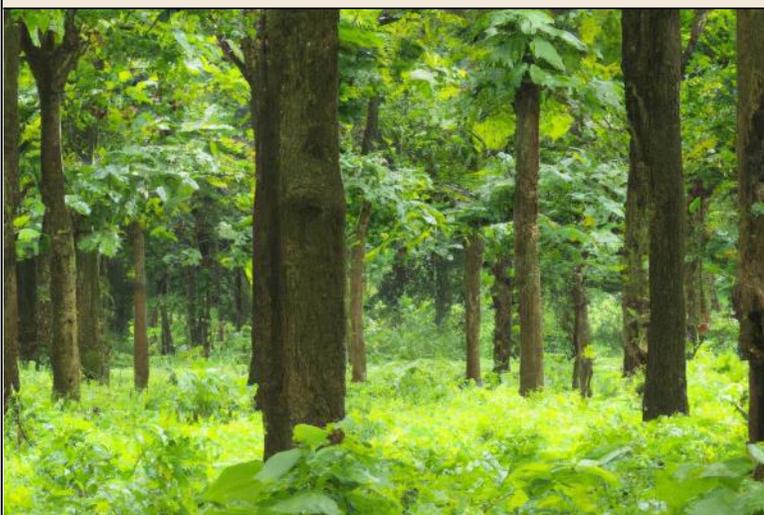
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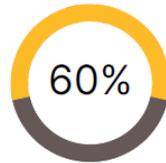


REPORT FINDINGS

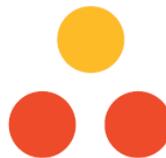


TRACEABILITY BELONGS TO SUSTAINABILITY

Traceability lies within a "Sustainability Umbrella"



60% of our respondents have a sustainability-related role



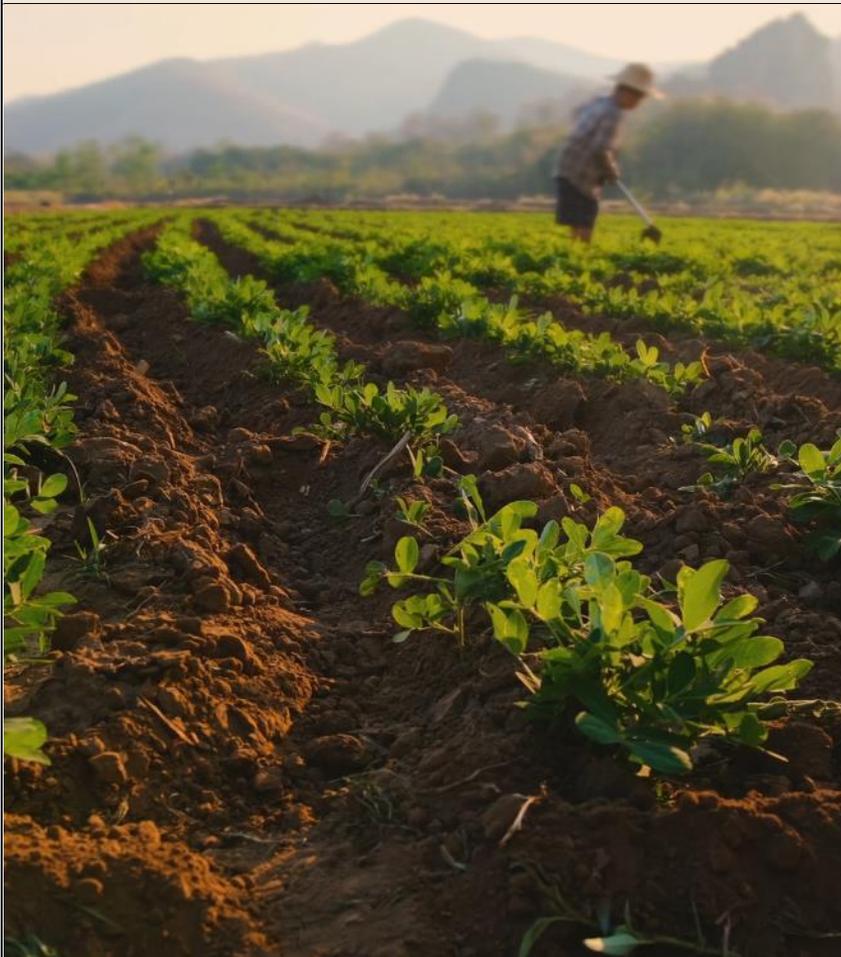
Nearly 1 in 3 respondents work in Operations/Innovation & Technology/Purchasing



>85% reported having a "Dedicated Sustainability Team or Program"

Side Note

Interestingly, several interviewees did not know the main objectives of their sustainability program.

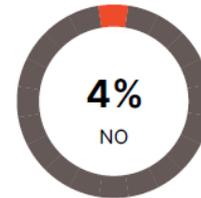
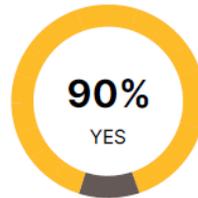


REPORT FINDINGS



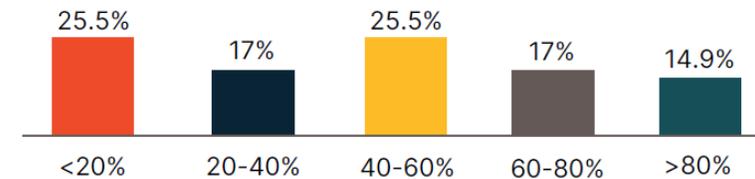
PRIORITISE FARM-LEVEL TRACEABILITY

Whereas it's their first sustainability objective, companies struggle to achieve farm level traceability



Has traceability down to the farm level been an objective in your sustainability efforts?

What percentage of your sourced crops can you trace to the farm level?



Side Note

We performed a LinkedIn poll to determine the significant pain points leading to that: "Lack of Expertise " & "Lack of Effective AgTech" are the top two barriers

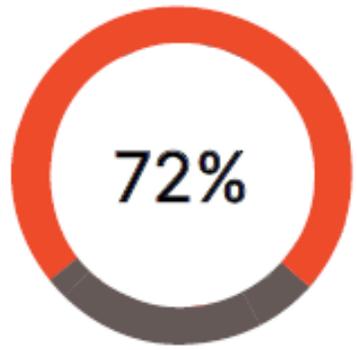


REPORT FINDINGS



HIGH RISK OF IMPORT-RELATED DEFORESTATION

A need for digital tools that ensure forest-friendly sourcing



of our audience are importing deforestation-prone produce into the EU market, or cannot verify

The concern here remains the need for more visibility into the first mile of the supply chain

Not knowing, validating, or audit-proofing farming & import processes will undoubtedly lead to sanctions & disruptions

REPORT FINDINGS



EMBRACING EUDR COMPLIANCE

Industry-wide, there is a lack of readiness for EUDR compliance



How would you rate the **IMPACT** of such regulations on your operations?

What do you think will be the most difficult (EUDR) regulations to comply with?

- #1:** Field-level Traceability For All Relevant Crops
- #2:** Quality Assurance
- #3:** Link Imported Crops With Deforestation Events



REPORT FINDINGS

TRACEABILITY BELONGS TO SUSTAINABILITY



PRIORITISE FARM-LEVEL TRACEABILITY

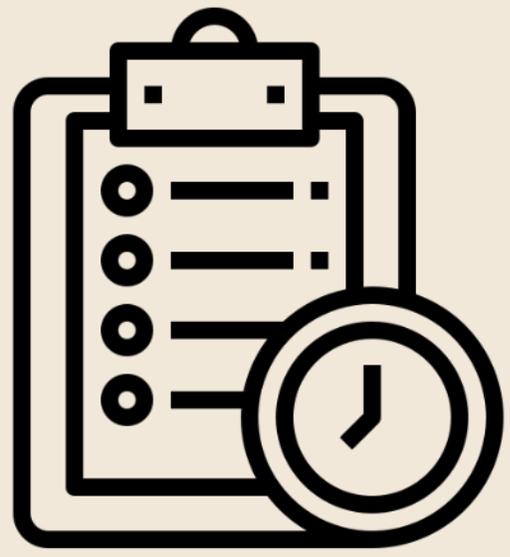


HIGH RISK OF IMPORT-RELATED DEFORESTATION



EMBRACING EUDR COMPLIANCE





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EUDR CONTEXT



TYPES OF LEGISLATION

DISCLOSURE-ONLY LEGISLATION

- Requires subject companies to disclose their compliance activities relating to the subject matter of the legislation
- However, it does not require companies to adopt policies or procedures, trace their supply chains, source responsibly or take other remedial action.
- Disclosure-only legislation is intended to increase transparency, in turn, encourage a “race to the top”

DISCLOSURE+DILIGENCE+REMEDICATION

Legislation requires subject companies to

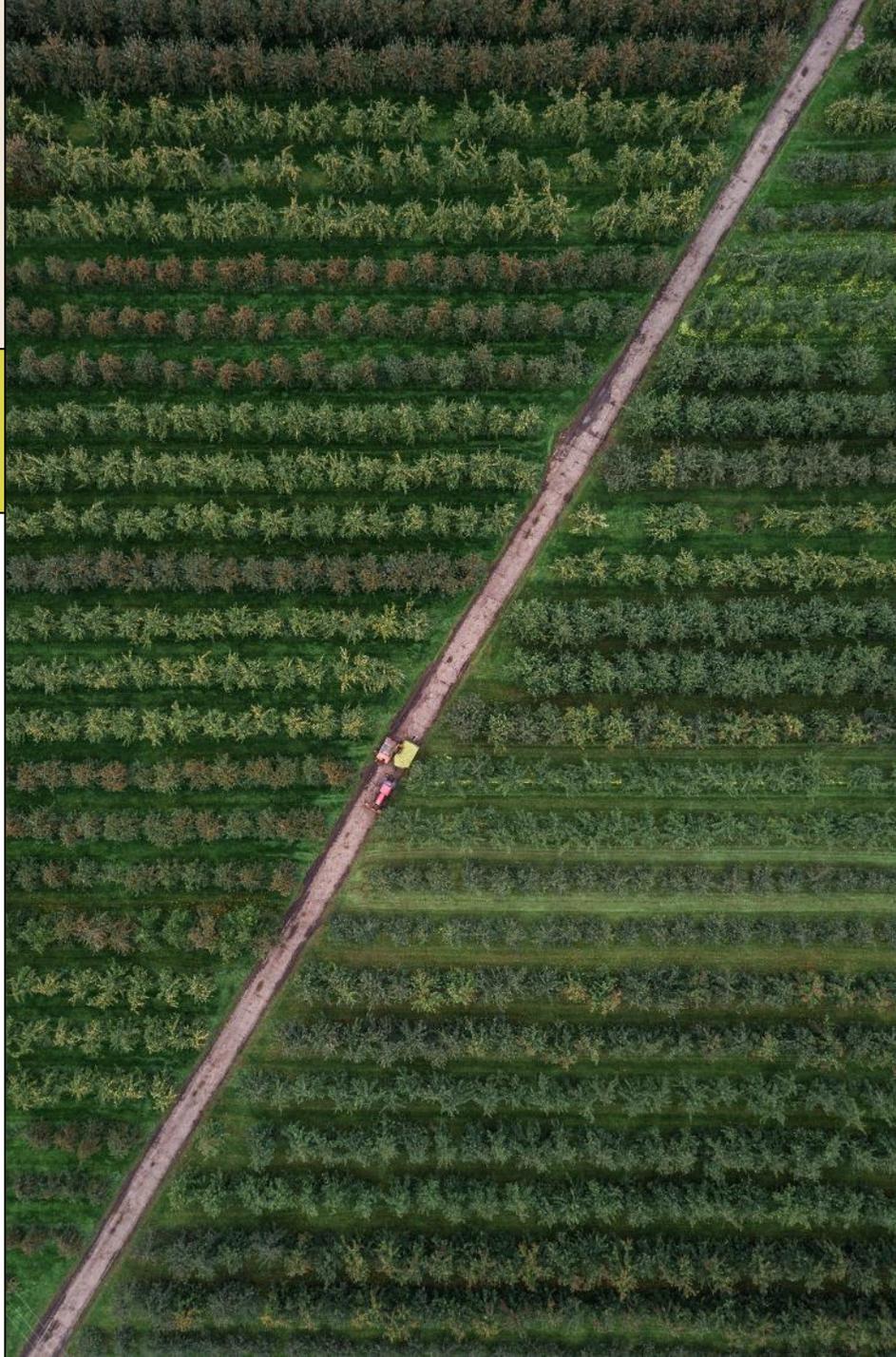
- Conduct due diligence in relation to a particular issue
- disclose the results of those efforts
- take affirmative steps to address issues that are uncovered as part of their diligence.

TRADE-BASED LEGISLATION

- Prohibits importing into a jurisdiction of goods that do not meet specified human rights or environmental requirements, particularly no forced labour and deforestation in the supply chain.
- Although not explicitly part of these statutes, diligence is implied since it is considered as a mitigating or aggravating factor if there is a violation

EUDR CONTEXT

TYPES OF LEGISLATION



EUDR CONTEXT

DISCLOSURE-BASED LEGISLATION

Broad environmental due diligence may include deforestation, depending on the legislation:

- UK Mandatory TCFD disclosures (disclosure on climate-related risks & opportunities)
- Swiss ESG Reporting
- EU Corporate Sustainability Reporting Directive (CSRD)



EUDR CONTEXT

DUE DILIGENCE LEGISLATION

Broad environmental due diligence may include deforestation, depending on the legislation:

- **German Supply Chain Law:** only environmental risks that have human rights implications, not explicit about deforestation
- **EU Corporate Sustainability Due Diligence Directive:** 'adverse environmental impact', includes deforestation



EUDR CONTEXT

SPECIFIC, TRADE-BASED LEGISLATION

EU Regulation on Deforestation-Free Products

UK Environment Act

US Fostering Overseas Rule of Law & Environmentally Sound Trade (FOREST) Act



EUDR CONTEXT



EU DEFORESTATION-FREE SUPPLY CHAIN REGULATION

WHAT

Any deforestation, including legal, as well as forest degradation (cut-off date: 31.12.2020); + legal compliance with local laws

- 'Forest' means land spanning more than 0.5 hectares (1.24 acres) with trees higher than 5 meters (16.4 feet) and a canopy cover of more than 10 percent, or trees able to reach those thresholds in situ, excluding land that is predominantly under agricultural or urban land use;
- 'Deforestation' means the conversion of forest to agricultural use, whether human-induced or not;
- 'Forest degradation' means structural changes to forest cover, taking the form of the conversion of primary forests or naturally regenerating forests into plantation forests or into other wooded land and the conversion of primary forests into planted forests;
- Agroforestry systems should not be considered forests, but rather agricultural use

WHO

All operators and traders who place, make available, or export the following products from the EU market:

Cattle, cocoa, coffee, palm oil, rubber, soy, and wood.

The rules also apply to a number of derived products, such as leather, charcoal, tires, chocolate, and furniture.

Operators are any natural or legal person who, during a commercial activity, places relevant products on the Union market or exports them from the Union market.

EUDR CONTEXT



EU DEFORESTATION-FREE SUPPLY CHAIN REGULATION

OR ELSE

The Regulation provides a list of penalties to be established in national legal systems for non-compliance. This list include:

- fines (maximum amount of such fines shall be at least 4 % of the operators or trader's annual turnover in the Member State or Member States concerned)
- the confiscation of the relevant commodities and products
- the confiscation of revenues
- the suspension or prohibition of relevant economic activities, and
- the exclusion from public procurement processes for the businesses that infringe the Regulation

BY WHEN

- Text was adopted on May 16 2023, enters into force on June 29 2023
- Due diligence requirements and obligations start:
 - 18 months later (**29.12.2024**) for most companies
 - 24 months later (**29.06.2024**) for micro and small enterprises

EUDR CONTEXT



UK ENVIRONMENT ACT

WHAT

Illegal deforestation (according to country of origin); forest = “forest” is an area of land (more than 0.5 hectares) with a tree canopy cover of at least 10%, excluding trees planted for the purpose of producing timber or other commodities

WHO

Operators producing, buying, selling forest-risk commodity (cattle, cocoa, coffee, maize, palm oil, rubber & soy (may be extended in the future). Also applies to derived products from forest risk commodities) in UK above threshold

WHEN

Secondary legislation (Schedule 17 on deforestation-risk commodity due diligence) still needs to be finalized based on consultation that ended in March 2022

HOW

Implement system for eliminating risk or reducing risk to as low as reasonably practicable; annual reports on actions for due diligence system

OR ELSE

Proposed maximum penalty of £250 million

EUDR CONTEXT



US FOREST ACT (PROPOSED)

WHAT

Illegal deforestation (according to country of origin), especially from countries “without adequate and effective protection against illegal deforestation caused by the production of commodities likely to enter the United States”

WHO

Importers of forest-risk products (currently includes palm oil, soybeans, cocoa, cattle, rubber, wood pulp; does NOT include coffee)

WHEN

Bill currently under review under review by the Senate Committee on Finance, ‘wind in sails’ from EU legislation

HOW

File a declaration upon entry with “sufficient information” about the supply chain, and the steps taken to assess and mitigate risks of potential illegal deforestation in the supply chain (refineries, processing plants, farms, etc.)

OR ELSE

Products confiscated, risk of criminal liability

LEGISLATION DATABASE OVERVIEW

22-09-14 Due diligence legislation database.xlsx - Excel

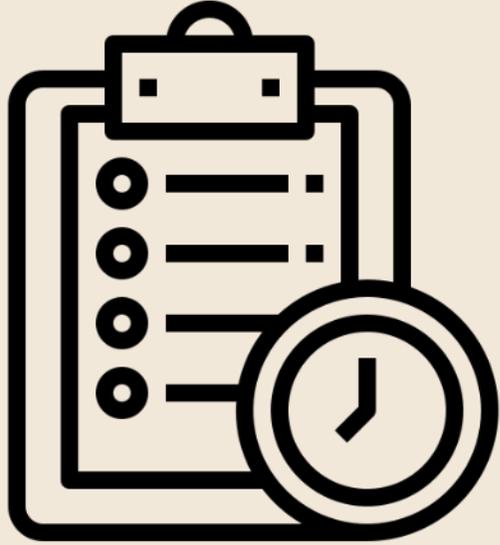
Grabs, Janina

File Home Insert Draw Page Layout Formulas Data Review View Developer Help Acrobat Tell me what you want to do Share

B25 Belgium

	A	B	C	D	E	F	G	H	I	J	K	
	Policy name	Jurisdiction	Process	Status	Year proposed	Year passed	Year in force	Last update	Goal	Company and value chain scope	Type of entity	Compan
1												
2	Disclosure-only legislation											
3	<i>Disclosure-only legislation requires subject companies to disclose their compliance activities relating to the subject matter of the legislation. However, it does not require companies to adopt policies or procedu</i>											
4	California Supply Chain Transparency A	California, USA		In force		2010	2012	NA	To reduce mo		Manufacturers or i	Annual v
5	EU Non-financial Reporting Directive	European Union		In force		2014	2014	Memb On April 21, 2	To drive impr		EU-listed compani	Balance :
6	Modern Slavery Act (MSA)	United Kingdom		In force		2015	2015	After review	To reduce mo		Commercial organ	Annual t
7	Australian Commonwealth Modern Slav	Australia		In force		2018	2019	NA	To reduce mo		Large organisation	Annual c
8	UK Mandatory TCFD disclosures	United Kingdom		In force		2017	2022 (initial)	From 6 April 2	Firms will be r		Large private comp	> 500 em
9	Swiss ESG reporting obligation	Switzerland		Adopted		2020	2023	NA	To report the		Companies of pub	At least 5
10	Washington Transparency in Agriculture	Washington, USA		Proposed	2019	NA	NA	The Act was r	To protect the		Retail seller of nar	Annual v
11	Illinois Business Supply Chain Transpare	Illinois, USA		Proposed	2021	NA	NA	NA	To provide co		Manufacturers and	Annual v
12	Proposal for a Corporate Sustainability	European Union		Proposed	2021	NA	2024 (anticip	The next step	To assess sus		All large companie	Large cor
13	Proposed Canadian Fighting Against For	Canada		Proposed	2021	NA	NA	The Act was i	To combat fo		Corporation, trust,	> C\$20 m
14	California Climate Corporate Accountab	California, USA		Failed to pas	2022	NA	2025 (anticip	Failed to pass	To reduce gre		United States-base	Annual r
15	Disclosure+Diligence+Remediation legislation											
16	<i>This type of legislation requires subject companies to conduct diligence in relation to a particular issue and disclose the results of those efforts, and to take affirmative steps to address issues that are uncover</i>											
17	Corporate Duty of Vigilance Law	France		In force		2017	2017	NA	To prevent se		Large limited liabili	> 5,000 e
18	Law on Transparency	Norway		In force		2021	2022; The Ac	NA	To promote t		Large enterprises,	Sales > N
19	Swiss Conflict Minerals and Child Labor	Switzerland		In force		2022	2022	The Ordinanc	To further res		All forms of legal e	All sizes:
20	Law on Child Labour Due Diligence	Netherlands		Adopted	2014	2019	2022 (anticip	NA	To reduce chil		All companies sell	All sizes
21	Supply Chain Due Diligence Law (Lieferk	Germany		Adopted		2021	2023	NA	To mitigate h		Large companies	> 3,000 e
22	UK Environment Act	United Kingdom		Adopted; secondary legisla		2021	NA	2022- Second	To protect for		Any "regulated per	The cons
23	Proposed Dutch Responsible and Sustain	Netherlands		Proposed (b	2021	NA	NA	If adopted, th	The Act aims		Large companies	> 250 em

Database Code book Resources



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EUDR COMPLIANCE CHECKLIST



Create GPS-Aided
Digital Polygons for Each
Field/Crop



Quality Check



Store Data Safely for
5+ Years



Check Thousands of
Fields for Deforestation
in 1-Click



Track Each Bag of
Produce to Farm Level

EUDR CRITICISMS

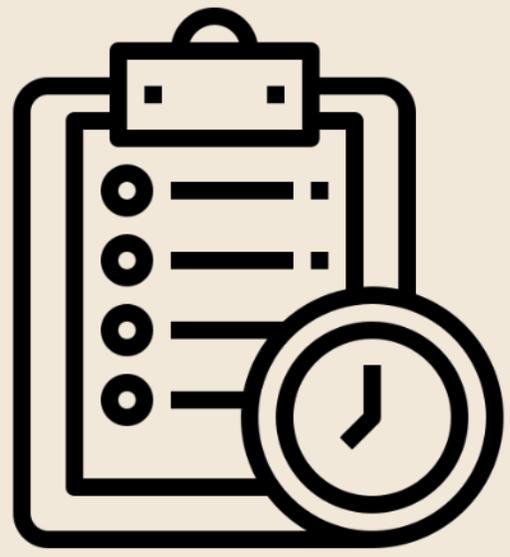
LACK OF CLARITY

BURDEN ON FARMERS



LACK OF SUPPORT

**UNINTENDED
CONSEQUENCES**



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THANK YOU!

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