



Tracing forest destruction and human rights abuses

GREENPEACE

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Introduction

On 17 November 2021, the European Commission published a draft law¹ to address the EU's contribution to global deforestation and forest degradation. In recent decades, forests have been cleared and degraded at an accelerating rate mainly due to agricultural expansion, illegal or unsustainable logging, and other activities like mining. Between 1990 and 2020, some 420 million hectares² of forest have disappeared, an area larger than the European Union. A recent study estimates that European consumption is responsible for 16% of tropical deforestation³, linked to internationally traded commodities like meat, palm oil or soy. Faced with increased logging, often only for short-lived wood products and for wood to burn as fuel, the EU's own forests are also suffering as they are losing diversity of habitats and species.⁴ In addition, the destruction of ecosystems in order to access natural resources, grow crops and graze animals often comes hand-in-hand with the violation of Indigenous Peoples' rights or other human rights abuses.

The new draft EU law is an overdue, yet promising and essential first step to cut forest destruction out of the EU's supply chains. It sets a clear "deforestation-free" standard to ensure that certain commodities, and any products made out of them, are not linked to any deforestation and forest degradation when sold in the EU market, whether illegal in the country of origin or not. It would for the first time also require companies selling these products to trace their origin to the points of production, meaning all the plots of land where the relevant commodities and products were produced, identified with the geographic coordinates (or geo-location via latitude and longitude). The new draft EU law would also require companies to follow a due diligence procedure to determine that the commodities and products are compliant with its requirements, that is, that they are "deforestation-free" and legal.

However, the draft law also has several shortcomings. Ecosystems other than forests, like savannahs and wetlands, which are of major importance to climate action and biodiversity, would not be afforded protection. Also, the Commission's proposal would only apply to a limited number of commodities, ignoring many with major links to forest and ecosystem destruction – such as pork,

poultry, rubber and maize. Finally, it fails to create a clear obligation to respect and protect human rights enshrined in international law, and lets the financial sector off the hook by not imposing due diligence obligations on financial institutions that provide money to companies responsible for deforestation and ecosystem destruction and associated human rights abuses. In addition to these existing shortcomings, many industries and corporations are attacking the draft law⁵ to introduce even more loopholes. The proposed traceability and transparency rules are particularly under attack, with companies unwilling to tell authorities exactly where their products come from, or resistant to separating products that are 'clean' from destruction from those that do not meet the requirements of the law.

The European Commission did not give in to industry lobbying to weaken the traceability requirement in their draft law, but negotiations over the final text of the law are ongoing. Now, it is the national governments and the European Parliament that have the responsibility to ensure that the final law is watertight.

This briefing provides practical examples of how traceability of many commodities is already done, and – contrary to the claims of industry lobbyists – is completely feasible. It highlights examples from global chocolate producers to small-scale palm oil producers and European wood markets, explaining how traceability works in practice. Clear legal requirements would give an incentive to companies to finally live up to the zero-deforestation commitments they have been making for more than a decade.⁶

Greenpeace is calling on European ministers and Members of the European Parliament to uphold the transparency and traceability requirements of the proposed law, and not bend to industry pressure to water it down. Policy-makers must act on the recommendations Greenpeace and civil society organisations have made and in particular close some of the major gaps in the legislation to make sure it protects all relevant ecosystems, covers all commodities that put these ecosystems at risk, applies to the financial sector, and fully respects the rights of local and indigenous communities.

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2. Tracing... what?

What is traceability?

The ability to identify and trace the history, distribution, location and application of products, parts and materials, to ensure the reliability of sustainability claims, in the areas of human rights, labour (including health and safety), the environment and anti-corruption.⁷

To have full and comprehensive traceability of a product, we must be able to access a record of any or all information about it throughout its life cycle, to trace it back along the supply chain to where its raw materials came from, and to track where it ends up. Usually there is also a procedure to verify the traceability data and system, and it is linked with transparency to support its integrity and credibility.

Knowing the route of the raw materials is an essential component in the implementation of sustainable sourcing of products. Traceability can be both forwards (tracking) and backwards (tracing). Traceability information or documentation includes production data and logistics data such as geo-location, plot of land (polygon),⁸ producer info, quantity of the commodity, type of material, product batch number, order or delivery data. It also includes supply chain data such as names of suppliers and manufacturers, manufacturing date, traders, transportation details, and production processes and location. The inclusion of plot-

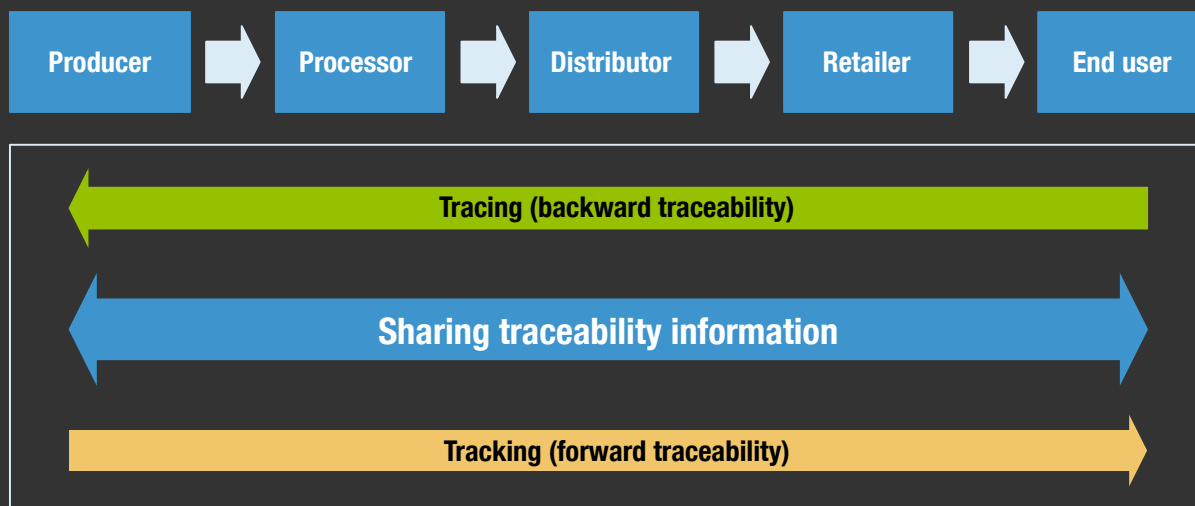
of-land data considerably strengthens the traceability process as it allows parties to check whether any of the supply area is in a legal protected area, allows an operator to verify there are no deforestation alerts from monitoring systems, and to validate volume data to ensure no mixing from other sources. Traceability needs to be unbroken through the whole supply chain and apply to all the components of a product.

A reliable and effective traceability system also requires that the supply chains of the commodities in question are segregated and kept separate from commodities that do not meet credible standards for no deforestation, no natural ecosystem destruction and compliance with human rights (see box). Partial traceability that is simply to a jurisdiction,⁹ or to a point in the process like a palm oil mill, is insufficient and would not ensure a deforestation-free supply chain.



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Product Flow



Source: Bosana T., Gebresenbet G. (2013), "Food traceability as an integral part of logistics management in food and agricultural supply chain", *Food Control*, 33 (2013) 32-48.

Traceability doesn't mix with mixing

Industry associations that have lobbied against¹⁰ effective traceability requirements in the new EU law have often argued instead for a so-called "mass balance" system for commodity supply chains.

Mass balance systems, by design, allow the mixing of goods that do not meet the sustainability criteria established by the law (e.g. soy or palm oil sourced from areas of recent deforestation) with those that may meet the sustainability criteria. Within certification schemes there have been numerous cases and scandals of where certified material was mixed with non-certified material, whether wood, palm oil or soy, from sources that are illegal or causing environmental and social harm such as deforestation and human rights abuses.¹¹ The use of mixed or mass-balance supply chain models rather than 100% segregated, Identity Preserved models has been a major failing of certification schemes.

As emerges from the European Commission's own impact assessment study,¹² certification lacks the effectiveness and reliability to ensure that the commodities and products they cover are sustainable and legal.

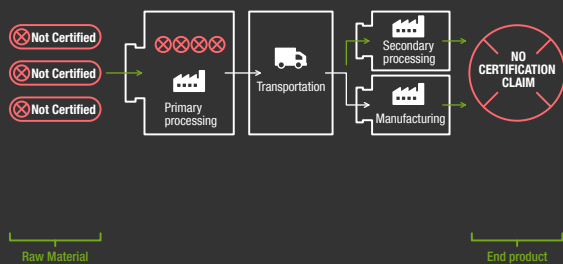
This means that a mass balance or mixed system could effectively become the vehicle for large quantities of unsustainable and illegal goods to find the way to the internal EU market, absolving operators from the duty of knowing and, where appropriate, cleaning their supply chains. It turns due diligence into a paper-collecting exercise, and makes traceability to the point of production or plot of land impossible. Such a system therefore cannot promise European consumers that products they find in their shopping baskets are not made of commodities sourced from areas where nature has been destroyed or rights of local communities violated.



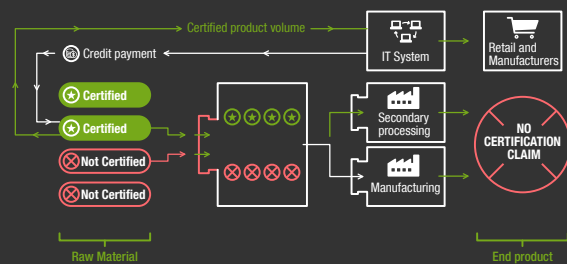
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Supply chain models

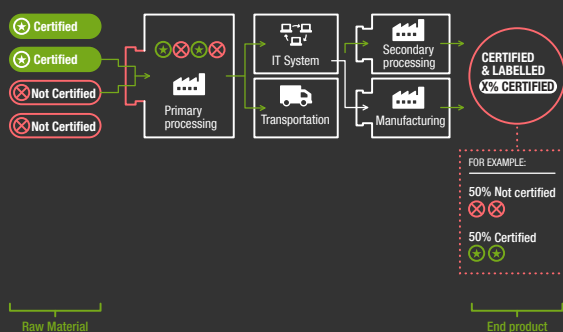
1. Conventional



2. Book and Claim



3. Mass balance / Mixed



4. 100% Pure or Segregated

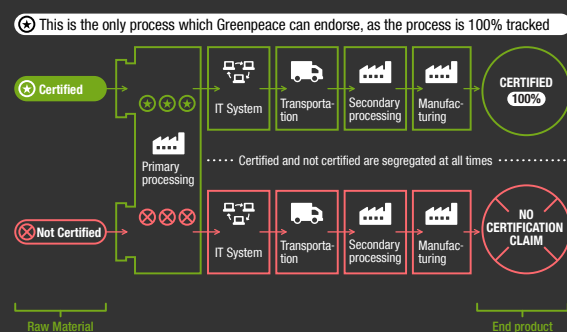


Diagram of the supply chain models from 'Destruction: Certified 2021'

Companies say it can be done

Regulatory compliance, sustainability, and efficiency are key outcomes driving companies' efforts to adopt product traceability.¹³ Traceability is becoming a core component of business, and is essential for any product-based due-diligence requirements and regulations or deforestation-free laws and policies, including the new EU law in the making.

Over the last decade, many major companies buying and selling commodities that fall within the scope of the new draft EU law have made commitments to traceability of their high-risk products. These commitments pledge full traceability to the farm, plantation or plot of land, or may stop short at 'indirect' suppliers, traders, co-operatives, or mills. These commitments are often part of global joint pledges, such as the one recently made at the UN climate conference in Glasgow by 10 major global commodity companies,¹⁴ or the Cocoa and Forest Initiative involving 35 key companies and three governments,¹⁵ or the Consumer Goods Forum's Forest Positive Coalition.¹⁶ However, beyond such group endeavours we also see individual companies' public policy commitments such as those from Ferrero,¹⁷ Unilever,¹⁸ Nestle,¹⁹ Mars,²⁰ Amaggi,²¹ L'Oreal,²² Cemoi,²³ JBS²⁴ and ADM.²⁵

While commitments of traceability to the production area or plot of land affirm that the requirements of the draft EU law are achievable, few large companies in the high-risk commodity sectors have actually followed through on their promises yet. A number of small and mid-size companies already have fully traceable products, demonstrating that progress to full traceability is not limited by scale. The obligation of traceability as defined in the Commission's proposal is therefore essential to speed up a transformation already underway and ensure a level playing field for all sectors concerned.

Companies' reporting on their progress towards their traceability commitments indicates that traceability is feasible for all commodities. The more direct the supply

chain and the more 'vertical integration' exists, where one company controls multiple parts of the supply chain, the easier and more robust traceability can be. Conversely, in commodities and geographies where there are more 'indirect' suppliers, and more bulking or aggregating, or the more a commodity changes hands as it is processed or transformed, traceability requires more effort.²⁶ However, from reported progress so far, it can be seen that if these operators are fully committed and internalise the costs, including resourcing and support down to the producer level, and integrity and transparency, then full traceability can still be achieved.

Reports and claims of progress to full traceability include:

■ Cocoa

Thirty-five major global cocoa and chocolate companies have reached 82% (in Ghana) and 74% (in Côte d'Ivoire) traceability in direct sourcing (approximately half of supply) in 2020, and the Côte d'Ivoire government claims to have mapped all cocoa farms.²⁷

European chocolate maker Cemoi is listed as a front-runner in traceability through claiming to trace 100% of its cocoa to the farmer co-operative.²⁸

The Italian confectionery company Ferrero is reported to have 81% traceability to the co-operative,²⁹ and claims for 2019/2020 that 99% of its cocoa beans and 70% of outsourced chocolate was traceable to the farmer group and 86% of farms it sources from were polygon mapped, enabling traceability to farmgate level.³⁰

■ Palm oil

Ferrero claims to have 99.4% of palm oil it sources

traceable to the plantation.³¹

Nestle, the world's largest food and beverage group, claims 70% traceable to FFB (Fresh Fruit Bunch) for palm oil.³²

Mars, the American food company, claims in a 2020 report that they have achieved 43% traceability to the plantation (polygon-mapped with geolocation).³³

Cosmetics company L'Oreal claims to have 100% of palm oil from segregated sources and 27% of palm oil derivatives traceable back to the plantation.³⁴

■ Soy

Amaggi, one of Brazil's largest grain producers, claims 98% of its volume of grains (mainly soy) traded with direct suppliers from the priority jurisdictions is tracked and monitored by polygon, and 22% of its indirect supplier volume is tracked.³⁵

In Brazil and Paraguay mega agri-business trader ADM claims it can trace the soy it processes to the field where it was grown and that it monitors more than 15,000 farms covering more than 10 million hectares,³⁶ but it currently only has 95% of direct suppliers in Brazil and 70% in Paraguay traceable to origin.³⁷



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Traceability in practice

Traceability of commodities is essential to the demonstration of deforestation-free or human-rights-abuse-free supply chains. For operators in the EU (or other jurisdictions that have laws or regulations to curb deforestation or require due diligence) this has meant establishing a system to trace commodities to their source, especially the most high-risk commodities. Initially this began with asking 'first-tier' or direct suppliers to provide information about their second-tier suppliers. Some companies publish supplier lists to demonstrate this. While this is a good first step, this is not sufficient for full traceability, so the tracing process has continued through all the levels of the supply chain until the producer or plot-of-land level is reached.

To validate the information, companies have established their own traceability verification tools, adopted one from a service provider, or have in part used certification, as well as providing direct support to counter resistance by suppliers to provide additional information. The number of service providers established to support companies to achieve traceability has boomed in the last few years, such as Trase,³⁸ Sourcemap,³⁹ Rubberway,⁴⁰ and Satelligence.⁴¹ The following are case-study examples of how traceability has been achieved in practice by corporations, smallholders and public authorities, for different commodities.

Case 1: Ferrero palm oil

In 2013 Ferrero launched its Palm Oil Charter "in order to bring palm oil production towards responsible practices which protects and maintains High Carbon Stock forest and key habitats (High Conservation Value areas and peat lands), as well as respecting human rights".⁴² This charter also includes commitments to full traceability of all sources in the palm oil supply chain, all the way to plantation level (including smallholders), allowing the use of a due diligence system with satellite monitoring to ensure there is no deforestation associated with their suppliers. Similar to many corporations that have made commitments to full traceability, Ferrero is not perfect in implementing

them. Furthermore, Greenpeace criticises Ferrero's failure to implement its other sustainability commitments⁴³. We showcase Ferrero here as an example of a company making specific progress towards full traceability.

Currently Ferrero claims to have 99.4% traceability to the plantation for palm oil, with plantation coordinates published on its website, and with all palm oil sourced via Identity Preserved or Segregated supply chains.⁴⁴ Ferrero claims it gives it the ability to follow palm oil from fresh fruit bunches (FFB) through stages of the supply chain, from production at estates and smallholder plantations to the mills, refineries, traders, and brands.

"Traceability is an essential building block of a fair and sustainable supply chain."⁴⁵ Francesco Tramontin, Ferrero

According to Ferrero, to achieve full traceability, especially the 'first mile', tracking of palm oil fresh fruit bunches through stages of the supply chain from plantations to the mills is required.⁴⁶ Traceability to plantation enables it to work efficiently with suppliers and ensures they do not contribute to risks such as worker exploitation and deforestation.⁴⁷

A plantation is considered traceable when it has all the following information:

- Parent company name, mill name and Universal Mill List code
- Estate name
- Number of family/households of smallholder group (if available)
- Certification (Roundtable on Sustainable Palm Oil status (Segregated or Identity Preservation supply only)⁴⁸
- Area (hectares)
- Estimated FBB volume or percentage supplied to the mill

- Correct latitude and longitude coordinates

Ferrero's traceability system lists these steps⁴⁹

1. Identification

First, it identifies the palm oil products and derivatives and their aggregated volume that was sourced from its suppliers across each of their locations around the globe in the data collection period.

2. Data sourcing

Data is sourced primarily from suppliers through a "traceability declaration document". Palm oil supply chains are complex, often involving many intermediaries, therefore its suppliers are asked to identify their direct and indirect mill sources. Suppliers are required to disclose the most important information on their mills (name, Universal Mill List code, GPS coordinates, country, region, ownership, certification etc).

3. Data consolidation

After the suppliers have declared their mills, Ferrero verifies that all the information that was provided is accurate using external data, industry platforms such as the Global Forest Watch Universal Mill List, and the Roundtable on Sustainable Palm Oil database (certifications, audit reports, Annual Communication Of Progress reports). Plantation-level traceability data is collected at this stage also to identify where the palm fruit was produced and harvested.

4. Analysis

Based on traceability data, analysis is produced that can be used to further refine the level of understanding of the supply chain and address possible risks associated. The data includes the geographical location of the sources, the number of smallholders in the supply chain and key first-tier and intermediate suppliers, and thus allows traceability to mill and plantation level.

Case 2: Wood products from Romania

Romania is home to the largest primary forests in the temperate zone of Europe, hosting the largest bear, lynx and wolf populations in Europe, with most of these forests still unprotected. Unsustainable and even illegal logging have been driving the destruction of Romania's forests, and created public outrage.⁵⁰

The rampant logging has also meant that Romania hasn't managed to ensure that wood sold from the country has been produced legally and meets the requirements of the EU timber regulation (EUTR).⁵¹ This has led to the European Commission launching infringement proceedings against Romania in 2020.

In efforts to halt illegal logging, the Romanian government has set up an unique wood traceability system, called SUMAL (Wood Tracking Integrated Digital System), serving as the Romanian version of the EUTR implementation

The SUMAL system is a comprehensive digital database for the entire Romanian wood and forestry sector and their supply chains. At the moment the system has more than 70,000 users, including government authorities, forestry guards, national and local police, gendarmerie officers, foresters, companies and many others.

Most of the data on the harvested wood collected via the system is also available for the general public via an app called Forest Inspector (Inspectorul Pădurii). In 2021, 858,000 public information queries were made⁵² via this app regarding logging permits, forest management plans and transport permits. The system keeps an archive of all the generated permits, and this information can be provided to the public by the Ministry of Environment on request (e.g. for third-party investigations over the legality of the wood source).

Key functions of the SUMAL system include:

- A public electronic record maintained by forest authorities of their interventions in the forest, detailed information regarding, for example, logging permits and volumes of wood harvested, correlated with geolocation data.
- All log loading areas and warehouses are using an integrated digital system to declare volumes in real time, which is generating better efficiency for the control process.
- Every transport of wood is registered in a database in real time, and detailed information about it (volumes, species, origins of the wood), are also available for the general public. The GPS tracking of the transport is also recorded in real time.
- The public, NGOs and other interested parties can check the legality of specific shipments of wood, detailed information regarding the logging permits and information related to the management plans (past and future logging activities) for any specific forest administrative unit.

Outcomes of the system usage, so far:

- Companies buying wood are using the system to check the origin of their raw materials. It's very easy now to stay clear of wood that is coming from protected areas, or from shady suppliers.
- The Romanian Ministry of Environment has a detailed overview of the industry, in real time, which is helping them understand how the sector is responding to policy changes.

- Because of improved transparency, civil society has a better understanding of how the forest is being managed, which leads to a growth of trust in the sector.

Case 3: Brazil Soy: Soy moratorium and corporate traceability approaches

To implement sector-wide traceability at scale requires the application of technology, particularly using satellite data and Geographic Information Systems. A concrete example that provides a major part of the data and system needed for traceability and feasible monitoring of a commodity is the Amazon soy moratorium in the Brazilian Amazon biome.⁵³ Successfully implemented since 2006, the soy moratorium identifies and monitors, through the use and analysis of satellite imagery, areas deforested after July 2008 that are 25 hectares or larger within private rural properties growing soy, and allows for verification at the farm level.⁵⁴

Due to clear and strong market requirements, approaches and tools were developed to ensure full deforestation-free and conversion-free sourcing from remote areas such as the Amazon. Rural properties that are not in compliance with the moratorium are excluded from the soy trading and financing processes by the signatories of the moratorium. The 16 years of experience with the soy moratorium also

demonstrates that the overall cost of a collaborative monitoring and verification system, even to the farm level for a continental region, is extremely reduced, and even negligible compared to the value of the commodity trade itself. A further example of traceability of soy products are market requirements on tracing and labelling of GMO and GMO-free soy, including on soy imported into the EU.⁵⁵

At a company level, major grain traders such as Amaggi and Bunge have made commitments to full traceability of their grains. Amaggi has established its own geo-spatial monitoring tool to analyse data from farms of grain suppliers, satellite images, and land-use and monitoring of deforestation.⁵⁶ Amaggi claims it “offers the market a unique and exclusive Guarantee of Origin program capable of meeting the most demanding market demands: it is ORIGINS, a proprietary program that guarantees through technology a deforestation and conversion free (DCF), traceable, third party verified, and highly scalable grain origin.”⁵⁷

Similarly, Bunge claims to have established its own traceability system based on identifying farms including via geolocation data, and claims to have achieved 100% traceability data for its direct-to-farm purchases for priority areas in Brazil, Argentina and Paraguay, and 64% for indirect suppliers in Brazil, towards having 100% by 2025.⁵⁸ While these are ‘self-claims’ and not always independently verified, it is clear that several major soy producers and traders are confident they are able to fully trace their supplies to the farm level.





Is traceability possible for small-scale producers?

Many of the commodities covered by the EU draft regulation are produced in high proportions by smallholder or small scale-farmers: approximately 90% of cocoa,⁵⁹ 85% of rubber,⁶⁰ 60% of coffee,⁶¹ and 30-40% of palm oil.⁶² From an equity perspective, as well as an environmental perspective, it is crucial that traceability be technically and practically feasible for smallholders.

Traceability makes smallholders visible in, and improves their access to, commodity supply chains, contributing to ensuring that they are being paid a fair price. Cocoa⁶³ and oil palm⁶⁴ smallholder associations have voiced their support for the proposed traceability requirement and see it as an opportunity to push for local sector reforms based on the increased visibility, income and agency it would provide them. These associations have called out arguments by industry lobbyists that misrepresent smallholders as potential victims of such a requirement, or point at smallholders as being responsible for deforestation.

The following are two case studies from smallholders, which demonstrate that traceability is both practically and technically feasible.

Case 4: Côte d'Ivoire and coco smallholder farmer traceability

The global cocoa supply chain is characterised by a very small number of traders, processors and brands in between millions of smallholder farmer cocoa producers in the global south and billions of chocolate consumers, mostly in the global north. There has been considerable concern around deforestation and human rights abuses associated with cocoa farms.⁶⁵

Côte d'Ivoire (Ivory Coast) is the world's largest producer of cocoa beans (accounting for 42%), mostly produced

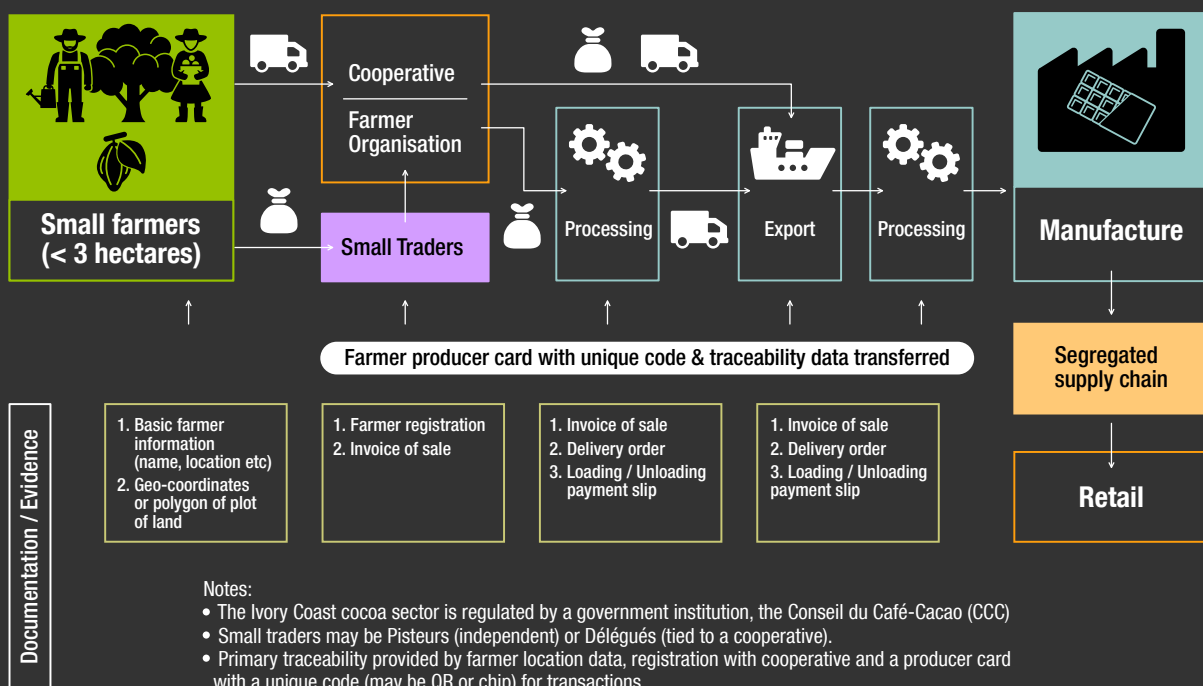
by small farmers. The cocoa sector is regulated by a government institution, the Conseil du Café-Cacao,⁶⁶ including setting farmgate prices for cocoa and controls on subsequent transactions, and issuing exporting licences. The Conseil du Café-Cacao has a new traceability mechanism that it claims gathers basic traceability data, including the co-operative or farmers' organisation that a farmer is registered with, unique identification and geo-location data (polygons or coordinates). The Conseil du Café-Cacao says that farmers are then issued with a producer card with a unique code, which may include a QR code and chip.⁶⁷ This system, if implemented, would allow traceability data to be transferred through the supply chain, as well as being linked to an electronic payment system. Other private systems offer similar technology for direct suppliers to achieve traceability.

Depending on accessibility to the co-operative, farmers may sell via a small trader (a "pisteur" or a "délégué") involved in the 'first mile'⁶⁸ of the cocoa supply chain, or sell directly to the co-operative. A délégué will have a direct relationship with a co-operative, whereas "pisteurs" are independent small traders who buy beans, transport and sell them to co-operatives or buying centres. Most cocoa beans are exported directly for processing and manufacturing in other countries but a small volume of the beans may be processed locally.

These relatively simple systems, while they require some investment in systems and technology as well as external support from buyers, demonstrates that traceability is both technically feasible and practical for small cocoa farmers. While it is being widely implemented across all of the identified 'direct' farmer suppliers of cocoa beans that are to be exported as part of a Identity Preserved or Segregated supply chain through key traders, it will also need to cover those farmers in the 'indirect'⁶⁹ supply chain who are currently not being tracked.

Challenges remain around fully implementing the traceability mechanisms in Côte d'Ivoire, its transparency and accountability throughout the process and the entire supply chain as well as an harmonisation of various existing traceability systems and full control of the Conseil du Café-Cacao over small farmers' production, follow-up of "pisteurs" and effectivity of cooperatives. However many initiatives and operators⁷⁰ are addressing the 'indirect' supply of cocoa beans as well as segregation to ensure traceability will prevent cocoa originating from deforestation being mixed into the supply chain.

Ivory Coast Small Farmer Traceability and Supply Chain



Case 5: Indonesian palm oil smallholder traceability

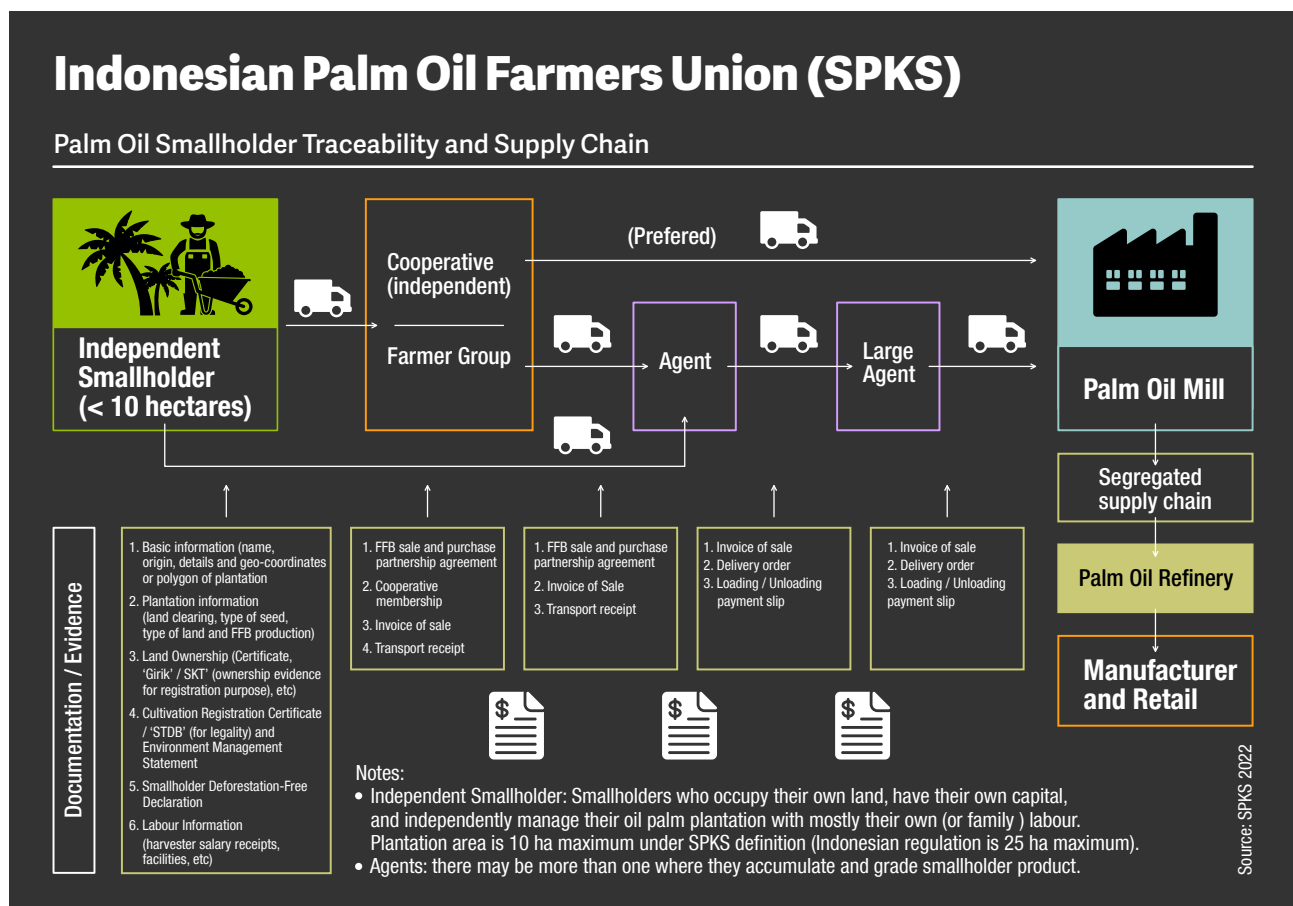
The Palm Oil Smallholder Union (SPKS) is the only Indonesian independent smallholder⁷¹ organisation which is committed to No Deforestation, Peatland or Exploitation and forest conservation (via implementing the High Carbon Stock Approach). It is an oil palm farmer organisation founded in 2006 with a total membership of more than 58,000 independent smallholders currently spread across 13 districts in Sumatra and Kalimantan, Indonesia. SPKS was established with the main vision of helping small farmers to be independent, prosperous and sustainable.

To access palm oil markets that demand No Deforestation, Peatland or Exploitation such as the EU, SPKS has been developing and implementing a traceability system for fresh fruit bunches from the oil palm plantation to the mill. Basic data on individual farmers is gathered, stored and uploaded (via a smartphone app), critical documentation of land tenure and legality is compiled, and geo-location data (polygon of the plantation) is gathered so that all fresh fruit bunches marketed are linked to a producer and

a location. Then a paper-based or electronic evidence trail is used to track a farmer's fresh fruit bunch to the farmer group, co-operative, agent(s) that accumulate, grade and transport them, and through to the palm oil mill. The SPKS independent smallholder traceability data would then join with the traceability and chain-of-custody system of the mill through to the final product and market, and thus enable it to be part of a segregated and traceable supply chain.

SPKS's traceability system is simple and adapted to Indonesian smallholders. It clearly shows that with relatively low technology, Indonesian independent palm oil smallholders can provide traceability for their products.

In their recent open letter, SPKS stated, "we represent smallholder farmers to convey our strong commitment to ensuring smallholders are capable and are proven able to demonstrate traceability and can contribute to achieving no deforestation through their implementation of HSCA [High Carbon Stock Approach], in accordance with the objectives of the proposed EU regulations on commodities and products related to deforestation and forest degradation. SPKS member smallholders have the ability to provide their traceability data according to EU demands."⁷²



6

What needs to be done?

Greenpeace calls on national ministers and members of the European Parliament to strengthen the new EU regulation on deforestation-free products to protect all ecosystems, cover all forest and ecosystem risk commodities and to appropriately protect human rights, and warns them not to give in to industry lobbyists' attempts to weaken the law – particularly on traceability.

Ensuring that products sold in the EU are not tainted with nature destruction or rights abuses requires full traceability and transparency to be part of the due diligence requirements of forest and ecosystem risk commodities.

The law should be based on and contain the following elements:

- Mandatory and results-based due diligence obligation for operators and large traders, allowing them to determine and demonstrate that relevant commodities and products placed on, made available on or exported from the EU market meet the requirements set out in the law;
- A requirement to ensure (a) full traceability to the plot of land of production, (that is, the plot of land where relevant commodities and products are grown, harvested, raised, fed from) identified with geolocation coordinates combined with a polygon (Geographic Information System) and (b) full transparency on the identity of producers and suppliers involved in the supply chain;
- No use of 'mass balance' or mixed product systems as part of a traceability system;
- No 'green lane' for certification or third-party verification schemes or other assurances that absolve operators or traders of their due diligence obligations;
- Additional policies and measures to ensure that smallholders and community-scale production is able to comply, including through support from larger operators and traders and bilateral support to facilitate

their inclusion in supply chains by creating enabling conditions and incentives. For this purpose, the definition of independent smallholder/farmer as distinct from SMEs for different commodities should be clarified.⁷³

In addition, the European Parliament and national governments must act on the recommendations Greenpeace⁷⁴ and civil society organisations⁷⁵ formulated earlier this year and in particular:

- Extend the scope to guarantee immediate protection for other ecosystems, not only forests;
- Cover all relevant forest and ecosystem risk commodities (including rubber, maize and all livestock instead of just cattle, in addition to those already covered in the Commission's draft law), and all derived products;
- Ensure protection and respect of internationally recognised human rights;
- Impose due diligence rules on the financial sector;
- Lay out strong definitions for forests, deforestation and forest degradation;
- Remove the low risk category under the country benchmarking and the so-called 'simplified due diligence' to prevent opening major loopholes in the law;
- Establish robust enforcement framework, penalties and liability regime, and reinforced substantiated concerns mechanism;
- Set a cutoff date well before 2020.

Endnotes

1. https://environment.ec.europa.eu/publications/proposal-regulation-deforestation-free-products_en
2. <https://www.fao.org/documents/card/en/c/ca9825en>
3. <https://www.wwf.eu/?2831941/EU-consumption-responsible-for-16-of-tropical-deforestation-linked-to-international-trade>
4. <https://forest.eea.europa.eu/topics/forest-and-nature/introduction>
5. <https://www.theguardian.com/environment/2022/mar/04/agribusiness-giants-tried-to-thwart-eu-deforestation-plan-after-cop26-pledge>
6. <https://www.greenpeace.org/international/press-release/22287/50-million-hectares-destroyed-as-companies-disregard-zero-deforestation-pledge/>
7. United Nations Global Compact 2014: A Guide to Traceability; a practical approach to advance sustainability in global supply chains. https://d306pr3pise04h.cloudfront.net/docs/issues_doc%2Fsupply_chain%2FTraceability%2FGuide_to_Traceability.pdf
8. For geographical data such as coordinates or polygons it is critical to define what the minimum mapping unit is for this data as this will determine how precise and comparable it is.
9. Such as is proposed by some organisations working on jurisdictional approaches and on behalf of commodity producing companies <https://www.idhsustainabletrade.com/publication/eu-regulation-on-deforestation-free-products/>
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The Greenpeace logo, featuring the word "GREENPEACE" in a bold, white, sans-serif font. The letters are slightly irregular and have a hand-drawn feel. The logo is set against a dark green background.