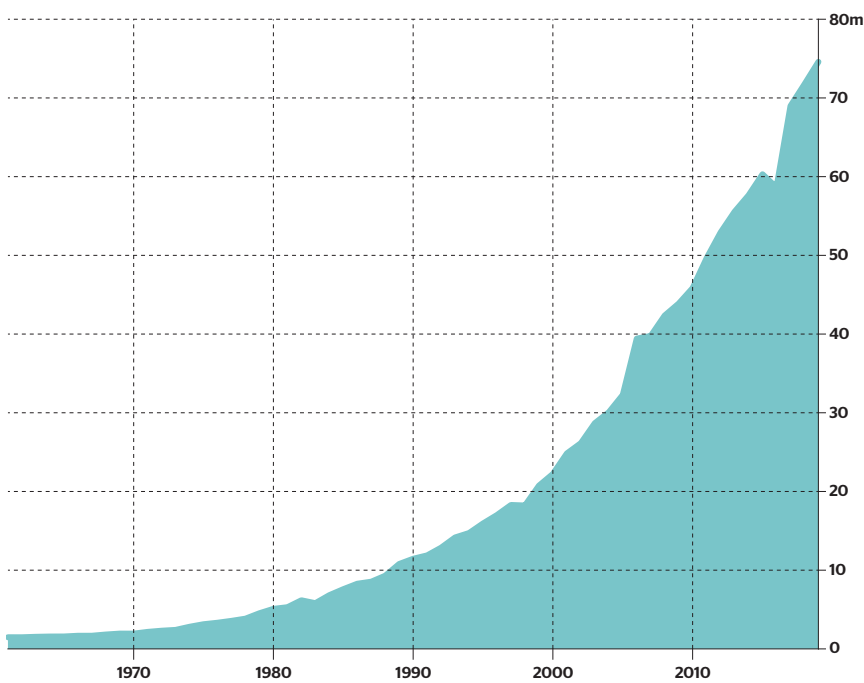


Big grocers join forces in bid to save forests



PALM OIL

Global production per year, in tonnes

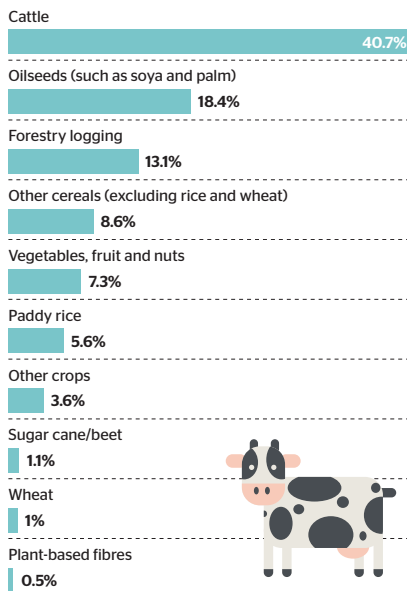


Source: UN Food and Agriculture Organization (FAO), Our World in Data

PRODUCTS MOST RESPONSIBLE FOR DEFORESTATION

Share of tropical deforestation from agricultural products

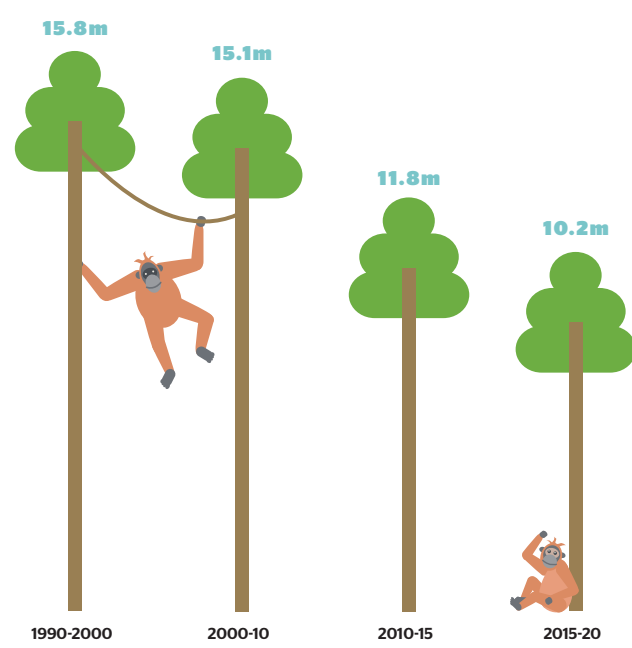
Average over the period from 2010 to 2014



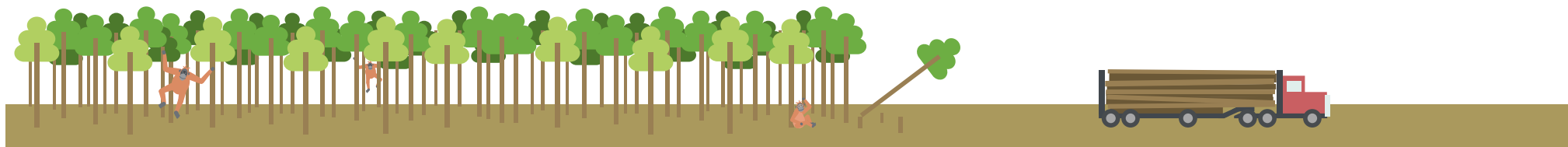
Source: Pendrill, Agricultural and forestry trade drives large share of tropical deforestation emissions, Our World in Data

DEFORESTATION OVER TIME

Deforestation has slowed down since the 1990s, but 10.2 million hectares were still lost each year between 2015 and 2020 (Average hectares lost per year)



Source: UN Food and Agriculture Organization (FAO), Forest Resources Assessment, Our World in Data



Tesco, Waitrose and Sainsbury's have created a fund to incentivise soya farmers to stop tearing down the jungle. Is it mere tokenism, asks **Caroline Bullock**

When Tesco tried to tackle deforestation driven by the soya industry by going directly to farmers and traders in the Brazilian plantations, it ruffled feathers, admits Anna Turrell, the supermarket's head of environment. "There was a sense of 'who are you to tell us how to manage our industry,'" she says of workers in the Cerrado region, where more than half of the native vegetation has been lost to soya bean farming since the turn of the century.

"It's that neocolonialism perception of European companies sticking their oar in," she says. "But in the absence of a coherent policy from global government, the burden has fallen to business to take action ... and that very much needs a collective approach."

It's why Tesco, Waitrose and Sainsbury's have co-created and jointly invested \$11 million (£9.5 million) in the Responsible Commodities Facility (RCF). It aims to incentivise Brazilian farmers to cultivate soya on existing cleared land rather than deforesting new areas, with the offer of a 25 per cent discount on their annual loans.

Thanks in large part to booming demand from China, which imports 60 per cent of global supplies, soya production has doubled in the past 20 years, according to the UK Roundtable on Sustainable Soya. The market for the crop, which is mainly used to feed cattle, is now worth £106 billion. The RCF expects the sector will use a further 5 million hectares of tropical ecosystem in the next decade.

The crop is grown a long way from the supermarket shelf, and the resulting lack of oversight, Turrell says, has made soya the biggest deforestation risk in the retailer's long and complex supply chain. However, with the UK representing less than 1 per cent of the



Wildlife across the tropics is threatened by the deforestation driven by industries selling items like soya and palm oil

world's global soya consumption and the RCF's present value a huge way off the \$3 billion target set for the next ten years, she is alert to accusations of tokenism and greenwashing.

"Critical voices that say this amount of money won't stop deforestation are unhelpful — if the concept is proven, then the model could be replicated across other agriculture supply chains," she says, adding that it has been hard, in these economically turbulent times, to secure more investment upfront.

"We've already deployed all the capital raised in this first phase to 36 farms producing a combined 75 tonnes of soy, which will equate to around 11,000 hectares of native vegetation being conserved annually. We really need to [move on from] this narrative that 'business should be doing more' to one that recognises that a bunch of retailers coming together in this way in the current climate, without any self-interest, is pretty innovative."

Not everyone is convinced. Gary Connors, a partner at the business transformation specialists Oliver Wight, whose clients include a leading soya bean importer, claims the rhetoric remains at odds with "typical supermarket behaviours", leaving him somewhat cynical. The supermarkets' negotiating power and habit of paying up to 120 days late, he says, will always be felt most acutely by the small, local suppliers, which are the lynchpin of truly ethical sourcing. Furthermore, Connors says, the big retailers are simply playing catch up with consumers, whose expectations for sustainably sourced products have risen sharply since Covid.

In recent years, governments, environmental agencies and the various roundtables have pressured the global supply chain to clean up its act," he says.

"And now that we know consumers are willing to pay more for sustainably sourced products, supermarkets are responding to that. I don't think it's about them suddenly developing a conscience, but they can be credited with having good business sense and using it as valuable marketing."

Perhaps in that sense they are in a no-win situation. The hope is that the supermarkets' brand power will convince other businesses to get involved in the RCF, such that it might one day be large enough to

seriously limit deforestation.

One of the scheme's co-creators, Pedro Moura Costa, hopes that it will benefit from a growing appetite for "green bond" investment, which is predicted to reach the \$1 trillion milestone by the end of this year, according to a survey by Climate Bonds. He also believes that, in contrast to many environmental pledges issued by companies, this initiative is an example of tangible, direct action, already being felt by farmers on the ground, whose progress will be monitored via satellite imaging and remote sensing, logged and verified at state level to ensure compliance.

Costa says the farmers have "every reason" to comply. "Brazil is renowned for pretty high interest rates," he says, "so a low-interest loan is a huge advantage and if they want the benefits ... you have to commit to the environmental objectives of the scheme."

But is he surprised that there hasn't been more investment upfront from the global retailers? "It's a bit of a chicken and egg scenario; it would seem that others are almost relying on the UK supermarkets to do the due diligence and take the risk before signing up. However, we are now seeing interest from other brands; we're in talks with the biggest Chinese trader."

Waitrose hopes that its \$1 million investment in the RCF will achieve a level of impact that exceeds its own relatively low use of soya. The supermarket is working with suppliers to optimise production of fava and broad beans as alternative crops that could be fed to livestock.

Soon, it may be illegal for larger businesses to use soya, cocoa, beef, coffee, maize and palm oil, that has been produced on deforested land. Last year, the Environment Act stipulated that businesses must carry out due diligence to ensure their commodities were not linked to deforestation. Yet it didn't specify which businesses, or which commodities. The government is expected to specify that later this year.

The act also states that it would be up to producer countries to enforce this regulation, but Waitrose argues that to achieve meaningful results the approach should be standardised. "The best possible outcomes for the natural world must come from ... collaborating with other businesses and organisations to deliver systemic change across whole industries," a spokesman says.