Monitoring the Impacts of Your Regenerative Sourcing Initiative

January 2024

The Global Food System causes $10 trillion* per year in damages

- ‘’*Negative externalities*’’, (degenerative) e.g. soil erosion, pollution, deforestation, aquifer depletion, biodiversity loss etc.
- Compliance requirements are becoming much more stringent in USA & EU.
- ‘’*Positive externalities*’’ (i.e. regenerative outcomes produced by farmers) soon to be highly valued, e.g. reforestation, watershed restoration, carbon sequestration, biodiversity revitalization etc.

*FAO State of Food & Agriculture Report November 2023

The Regenerative Economy is Emerging:

- Major environmental legislation is coming into effect in the world's largest economies (USA, EU, UK).
- Corporate readiness is lacking due to a significant gap between data availability and the requirements for compliance.

2021

- **EU Green Deal - Environmental Policy Package** (Green Claims Directive, Deforestation-free Regulation, Eco Design Directive Etc.
- UNFCCC NDC-Glasgow Pact Net Zero
- EU Biodiversity Strategy 2030
- UK Environment Act

2022

- **US Inflation Reduction Act (IRA)**
- UK Plastic Packaging Tax
- UK TCFD Mandate
- EC Ban on Products Made with Forced Labour

2023

- **EU CSRD (Corporate Sustainability Reporting Directive)**
- EU CBAM (Carbon Border Adjustment Mechanism)
- Science-Based Targets (SBT): Water Mgmt, Forest Land and Agriculture & Nature Valudation Mandate
- UK Task Force on Nature-related Financial Disclosures (TNFD) framework

2024

- **CA SB-253 Corporate Climate Data Accountability Act**; 5,000 companies with revenues of $1 billion+
- CA AB-1305 Voluntary Carbon Market Disclosure Act
- EU Corporate Sustainability Directive (CSRD) for 500 listed companies to be published in 2025
- UK TNFD Mandate for listed Large Companies

2025

- **EU CSRD Large Non-listed companies**
- CA SB-253 Familiarization with CARB regs and implementation

2026

- **EU CSRD Listed SMEs**
- UK TNFD Mandatory for non-listed Large Companies
- CA SB-261 Reporting of climate and financial risks & mitigation efforts; biannual reporting thereafter
- CA SB-253 Reporting and assurance carried out by deadlines; scope 3 preparedness

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Monitoring the Impacts of Your Regenerative Sourcing Initiative

Contextualizing Your Monitoring

- What do I need to monitor?
- How much data-granularity do I need?
- How do data insights need to help my team internally?
- How can monitoring support my brand’s external communications?
- What do I aim to accomplish through monitoring?

Contextualizing Your Monitoring

Identifying Impact Goals

- CSR/ESG Ambitions
- Industry Regulations
- Consumer Demands

Defining Regeneration

- Industry Trends
- Brand Essence
- Place-Based Context

Implementing Sourcing Programs

- Supplier Engagement
- Building Traceability
- Shifting Impact

Monitoring and Verifying Outcomes

- Gathering Insights
- Increasing Transparency
- Adding Credibility

Reporting, Storytelling, Claims & Compliance

- Building Credibility
- Demonstrating Integrity
- Meeting Demands

Monitoring is an iterative process

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These Aspects Determine:

- What information should be collected
- How granular the data needs to be
- What tools might be necessary for data collection

Digging into Monitoring

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Digging into Monitoring

1. Aligning with Regulations
2. Selecting Outcomes
3. Selecting a Framework
4. Making Monitoring Actionable

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Aligning with Regulations

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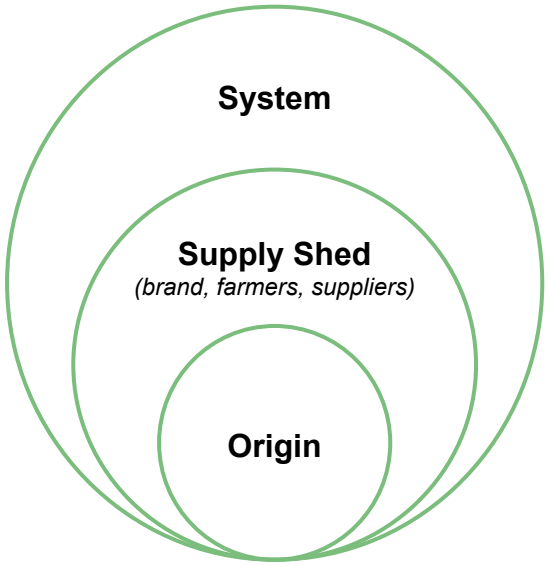
Selecting Indicators



- What outcomes does each layer need?
- Which indicators might tactfully assess for regeneration?
- How might the needs of each layer conflict with or contribute to one another?

Selecting a Framework

Working To: *Harmonize & reconcile scientific rigor on biodiversity outcomes with scalability & monitoring feasibility*

Therefore: *Build from data at farm scale (system state) indicators to develop credible landscape scale (practice/adoption) indicators*

Working To: *Articulate interoperability of on-farm practices across industries, crops, climate regions*

Therefore: *Scorecard of easily observable/measurable production practices & soil/water/vegetation conditions*

Working To: *Accelerate whole industry GHG reductions through high credibility target setting & verification process*

Therefore: *High accuracy & precision GHG emissions & removals monitoring, accounting, & verification*

Working To: *Accelerate a transition across the food system focused on evidence, outcomes, and principles,*

Therefore: *Develop an outcomes-based framework to provide transparency to market, policy, and finance actors*

Making Monitoring Actionable

Selecting a program/methodology for data collection

- Doesn’t place undue burden on producers
- Flexibly adapts to place-based needs/opportunities
- Addresses multiple different data needs at once
    - Ecological
    - Socio-cultural
- Designing for data sovereignty
- Takes a farmer-centered approach

Learning from Case Studies

Regenerative Oats

North America | 2021-present

THE ORIGINAL OATLY!

Aims:

- Reduce corporate climate footprint per unit produced, including via procurement, by at least 70% from 2019 baseline
- Actively restore carbon and soil health, improve biodiversity, and boost farmers' income
- Meet company outcome-based goals while incentivizing practice adoption amongst producers
- Design a "directionally correct" program that can adapt to changes in reporting over time

Approach:

- Monitor practice adoption and progress towards outcome goals
- Use a suite of data providers to track high-level data points based on need for data granularity
- Use farmer-facing surveys to gather primary data and center farmers' perspectives in the design and implementation of programmings

Regenerative Rubber

Thailand | 2020-present

Aims:

- Develop the world's first verified regenerative rubber supply system for the fashion industry
- Continue growing the program from pilot to scaled supply chain
- Establish a monitoring and verification system that enables quantification of regenerative social and ecological outcomes

Approach:

- Center farmers as active leaders of data collection
- Use Ethos™ Regenerative Outcome Verification to monitor changes in environmental and social outcomes
- Compensate farmers for their data to promote data sovereignty

The contrast between highly diversified rubber agroforestry (left) and rubber monoculture (right).

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