

FY24 ANNUAL REPORT

ZERO CONVERSION COMMODITIES

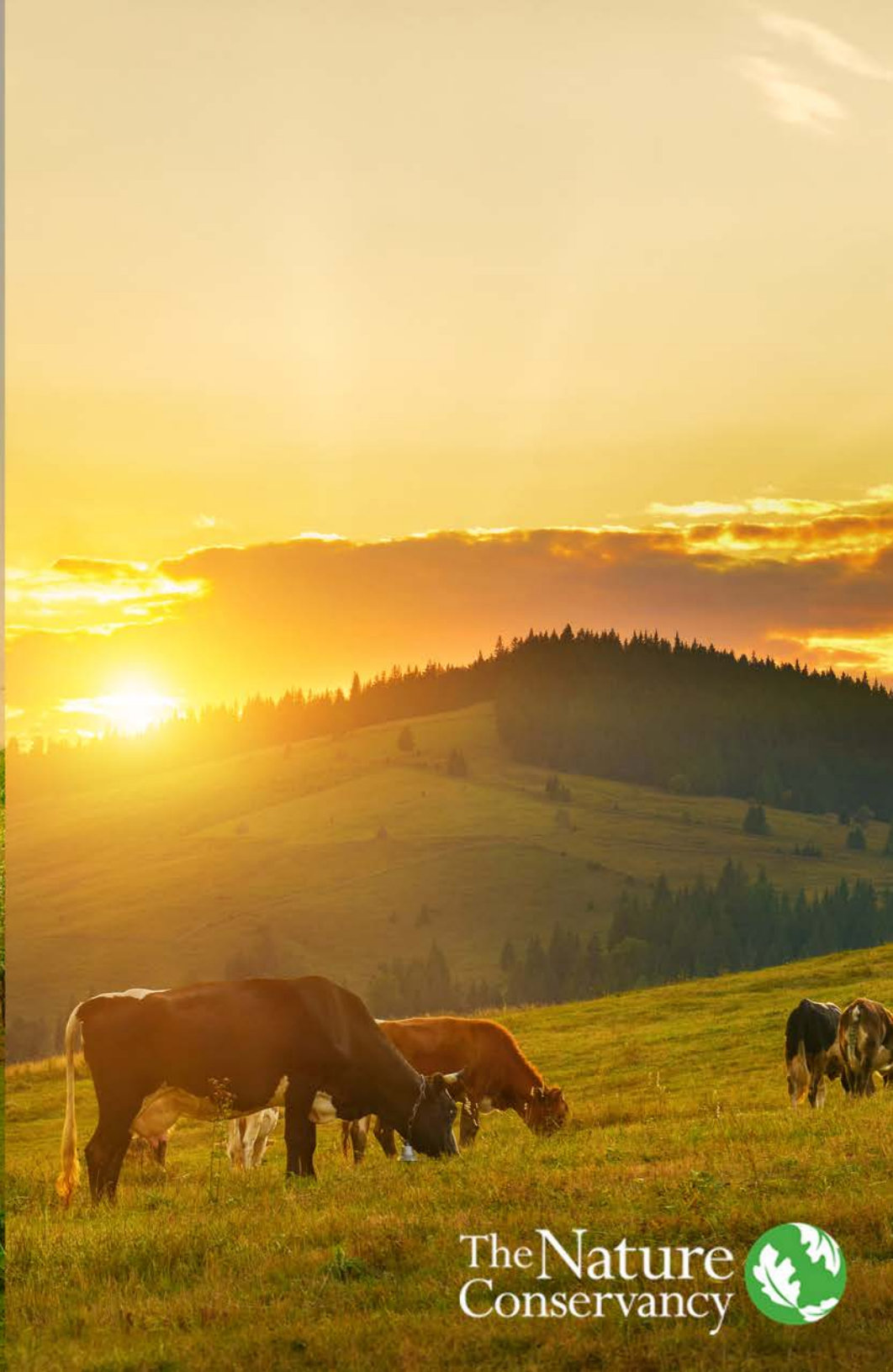


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* For the purpose of this report, the fiscal year refers to the period of July 2023 to June 2024





Melissa Brito | Strategy Director

Director's Note

The dual crises of biodiversity loss and climate change are pushing the planet to a tipping point. These threats are our biggest collective challenge. The science is clear: we must act now.

We know that the best way to address these dual challenges is together – by working with partners, communities and decision-makers around the world to transition from individual projects to system change that conserves the lands and waters on which all life depends.

This year, COP30 in Brazil will mark a milestone moment half-way through this critical decade. Urgency and opportunity are both rising. Against this backdrop and grounded in science, our 2030 Goals represent how TNC will contribute during these vital years.

TNC 2030 GOALS

3B

Avoid or sequester 3 billion metric tons of carbon dioxide emissions annually- the same as taking 650 million cars off the road every year.

650M

Conserve 650 million hectares land area twice the size of India of biodiverse habitats such as forests, grasslands, and desert.

4B

Conserve 4 billion hectares of marine habitat-more than 10% of the world's oceans-through protected areas, sustainable fishing, and more.

45M

Support the leadership of 45 million people from Indigenous and local communities in stewarding their environment as well as securing their rights.

30M

Conserve 1 million kilometers of river waterways-enough to stretch 25 times around the globe-plus 30 million hectares of lakes and wetlands.

100M

Help 100 million people at severe risk of climate-related emergencies by safeguarding habitats that protect communities.

Melissa Brito | Strategy Director

The way we produce food is the top threat to nature, but food systems are also a huge part of the solution to realizing these goals. Nowhere is this truer than in our interconnected and complex agricultural commodities systems, which underpin entire economies, support millions of rural livelihoods, and permeate our global food structure from farm to fork.

Commodity production, that is taking raw materials and manufacturing them into consumer goods, is the single biggest driver of habitat and biodiversity loss globally, [accounting for 40% of total loss worldwide](#). Beef alone accounts for [around 7% of global greenhouse gas emissions](#) according to the UN Food and Agriculture Organization (FAO) – about the same amount as the whole country of India.

The demand facing our food systems is growing. To meet that demand without fueling an increase in associated emissions and biodiversity loss, we need to decouple commodity production from land conversion – be that forests, grass lands or other natural ecosystems that risk being cleared for commodity production.

Transforming this system would have a monumental impact: [science tells us](#) that halting deforestation and land conversion is the most efficient, easiest and cheapest pathway to keeping our world under 2 degrees of warming.

This is an enormous global challenge, but there are proven levers for change. What used to be a lowest common denominator sector is now witnessing a race to the top – and there is still more to be done. Companies that are making and implementing zero deforestation and land conversion commitments within their own supply chains can use their corporate voice, influence, resources, and actions to lead landscape-level initiatives. Financial institutions and governments can provide capital to farmers and ranchers to help them transition to zero-conversion production, while also reducing the material risks caused by deforestation and land conversion within their investment portfolios. Governments in the global south can include more efficient land use policies in their climate change planning, and governments in the global north can help provide resources to support that transition.

Success hinges on partnerships and collaborations across the food sector and with decision-makers in the places that are most acutely affected by land conversion for commodity production.

Our mission is to decouple priority commodity supply chains, specifically soy and cattle from habitat loss in the critical biomes of the Amazon, Cerrado and Gran Chaco by transforming the global market for those commodities and shifting to a more regenerative food system. verifiable, conversion-free soy and beef will become the new normal, thanks to ready supply and demand on the market. By 2030, our aim is to establish a new standard where commodity producers can meet growing global demand without converting any more natural habitat.

OUR IMPACT

By 2030, we will work to achieve two goals

9.5 MILLION

Avoid the conversion of over 9.5m hectares of critical landscapes in the Amazon, Cerrado and Gran Chaco

600 MILLION

Prevent nearly 600 million metric tons of CO2 emissions annually, significantly contributing to global climate goals

WHY THE AMAZON, CERRADO AND GRAN CHACO?

The Amazon, Cerrado, and Gran Chaco are three of the most critical biomes on the planet, each playing a vital role in global biodiversity, climate regulation, and water systems. All three biomes are also threatened by expanding commodity production in some of the world's biggest producer countries.

CATTLE IN AMAZON: Cattle ranching is a way of life in Brazil and a significant part of the country's economy. But cattle farming in Brazil amounts to [24% of all tropical forest loss each year](#). The Amazon is at risk of turning into a dry, savanna-like ecosystem and releasing millions of tons of CO2 into the air.

In the Amazon, TNC is aiming to radically reduce habitat loss linked to cattle by 2025 and completely decouple as soon as possible after 2025. We want to support the industry to avoid 400 million metric tons of carbon emissions per year and reduce deforestation by 75%.

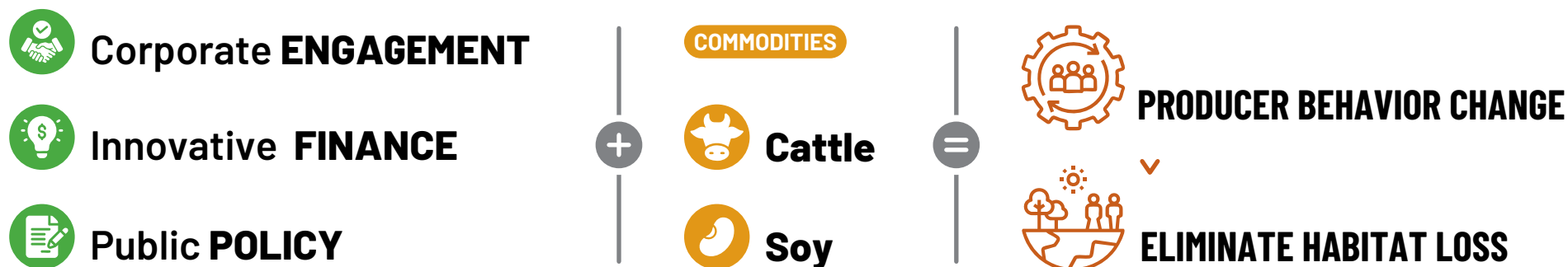
SOY IN THE CERRADO: The Cerrado is an environmental and economic powerhouse for Brazil and the planet. Larger than Western Europe, the Cerrado covers approximately 25% of Brazil's surface area and represents the most biodiverse savanna ecosystem on Earth. As one of the world's last remaining biodiversity hotspots, conserving the Cerrado is critical to the biodiversity crisis, mitigating carbon emissions, and regulating water supplies for the continent. But roughly 45% of this unique ecosystem has been converted by farming.

The Cerrado has approximately 18.5 million hectares of already-cleared land that is suitable for soy crop production, though much of it is experiencing some degree of soil degradation. By 2025, our aim is to decouple soy production from habitat loss by using technology and better practices to increase productivity on active farms and to recover degraded, abandoned lands.

SOY IN THE GRAN CHACO: The Gran Chaco is the second-largest forest in South America and covers an area the size of Spain and France across four countries (Brazil, Argentina, Bolivia and Paraguay). It is one of the most deforested areas in the world. Every month, an area of over 345 square kilometers is lost.

In The Gran Chaco we are aiming to conserve 1.7 million hectares, and mitigate 1.2 million metric tons of CO2.

Our Strategies For Impact



Accelerating Market Actor Action and Accountability for Zero Conversion Commitments:

TNC engages companies with direct relationships with producers, financial institutions and global platforms to generate, implement, and accelerate deforestation and conversion-free commitments. These companies seek to create fully deforestation and conversion-free supply chains by 2025, by improving monitoring, traceability, and transparency.

Deploying Incentives to Accelerate the Transition to Zero Conversion Production:

TNC mobilizes private and public capital to support producers in transitioning to zero conversion production. Through initiatives like Innovative Finance for the Amazon, Cerrado and Chaco ([IFACC](#)) - a program from TNC, Tropical Forest Alliance (TFA) and United Nations Environment Programme (UNEP) to accelerate lending and investment for climate-friendly beef and soy production models in these biomes, which has already secured over US\$ 10.17 billion in commitments - financial mechanisms are being deployed to provide the necessary incentives for sustainable practices. This financial support is crucial in engaging governments and scaling zero-conversion solutions.

Building Policy Pathways to Scale Zero Conversion Solutions:

Government engagement, particularly in producer nations like Brazil and Argentina, is essential for the success of zero conversion strategies. TNC works closely with these governments, offering advisory and implementation support for initiatives that promote low carbon agriculture and environmental compliance. We advise key strategic stakeholders on influencing demand-side strategies and implementing bilateral commitments and support between major producer and consumer markets like Brazil, China, the US and Europe.



HOW WE ARE WORKING WITH COMPANIES AND INDUSTRY GROUPS

TNC engages directly with companies and industry groups to help drive credible commitments on deforestation and land conversion, and works to ensure successful implementation through monitoring, reporting, traceability, and transparency.

MILESTONE | Coupling deforestation- and conversion-free soy production with regenerative agriculture with the Louis Dreyfus Company

TNC and Louis Dreyfus Company (LDC) announced a collaboration to promote and implement regenerative agricultural and habitat conservation practices in strategic agricultural supply chains, as part of a shared goal to mitigate climate change from food and agricultural production and improve biodiversity and ecosystem services. To promote deforestation and conversion-free production, the collaboration will introduce new transparency standards for LDC's sourcing and scale incentives offered to producers to adopt DCF practices.

"The Nature Conservancy has been a critical partner in LDC's sustainable agriculture journey. Their pioneering research, innovative tools, and influential advocacy have been instrumental in guiding soy traders like us towards deforestation and conversion-free soy production. Together, we are fostering a future where environmental stewardship and agricultural productivity go hand in hand, ensuring a healthier planet for generations to come." -

Wei Peng, Global Head of Sustainability for LDC

In addition to the collaboration with LDC, TNC works with traders across the entire soy sector to encourage ambitious commitments to eliminate deforestation and conversion from their supply chains as well as successfully implement these commitments in the coming years.

MILESTONE | Mainstreaming deforestation and conversion-free soy production with new company commitments

In addition to the collaboration with LDC, TNC works with traders across the entire soy sector to encourage ambitious commitments to eliminate deforestation and conversion from their supply chains. Building on decades of work between TNC and partners, this year saw several new commitments across the sector, signaling an industry-wide raising of standards and building the foundation for DCF production to become the new normal. These commitments include:

- **Cargill** announced an accelerated commitment to eliminate deforestation and land conversion from its direct and indirect supply chain of key row crops in Brazil, Argentina, and Uruguay by 2025, with a cut-off date of Jan 1, 2025.
- **ADM (Archer-Daniels-Midland)** announced its commitment to have all direct supply chains free of conversion of primary native vegetation in defined high-risk areas by December 31, 2025, and indirect supply chains free of conversion of primary native vegetation in defined high-risk areas by no later than December 31, 2027.
- **Bunge** has accelerated its corporate commitment to eliminate deforestation and conversion in its supply chain by setting a 2024 cut-off date for its 2025 target, while also achieving 100% traceability and monitoring of direct and indirect soy purchases in priority regions of Brazil's Cerrado biome—making it the first global commodity exporter to attain such comprehensive oversight.



DCF soy production: Deforestation and Conversion-free (DCF) soy is produced on land that has not been converted from natural ecosystems, such as forests, swamps, and savannahs, after a specific date.



TNC has been working with soy traders on strengthening their deforestation commitments for decades. This long-term work is now culminating in sectoral transformation as companies align their practices with new expectations and DCF production practices become the norm. We look forward to monitoring implementation as these commitments and cut-off dates come into affect.

Cut-off dates: the date after which deforestation or conversion renders a given area or production unit non-compliant with no-deforestation or no-conversion goals, commitments, targets, or other obligations.



SPOTLIGHT | Tracking and shipping deforestation-free soy in Argentina with VISEC

To enable companies to follow through on their sourcing commitments, TNC is investing in the science infrastructure that allows ecosystem changes to be tracked. VISEC is an example of one such tool currently being implemented in Argentina.

Two-thirds of the Gran Chaco, or 130 million acres, are in Argentina. This critical biome is threatened by expanding soy production. Deforestation resulting from agriculture has resulted in Argentina losing nearly 25% of its portion of the Chaco, mostly in the last 20 years.

To address this problem, in 2019, TNC and partners founded [VISEC](#) (Sectoral Vision for the Argentina Gran Chaco), a multi-stakeholder platform committed to sustainable soybean production.

This year, a MRV (Monitoring, Reporting and Verification) system was launched to monitor the flow of soybeans produced in the Chaco region that helps ensure legal compliance and deforestation-free sourcing in the Chaco biome. VISEC completed the first four pilot shipments of deforestation-free soy from Argentina to Europe that is expected to meet the requirements of EU Regulation 2023/1115 (EUDR), which will come into force on December 30, 2025. These shipments included georeferenced certificates that guarantee that the product comes from fields free of deforestation, which will be required for all soy shipments entering the EU by the end of this year.

The success of VISEC within Argentina relies on robust private-public partnership. In April, the province of Córdoba became the first in Argentina to establish a collaboration agreement with VISEC, allowing for exchanging information on regulations in destination countries, coordinating common actions in those markets and agreeing on compliance methodologies based on current national and provincial legislation. More provinces are expected to follow suit in the coming months.





HOW WE ARE CHANGING THE MARKET THROUGH FINANCIAL INNOVATION

TNC is catalyzing increased capital and developing large scale incentive mechanisms to support producers to transition to zero conversion production. In 2021, TNC created IFACC (Innovative Finance for the Amazon, Cerrado and Chaco) alongside TFA and UNEP to accelerate lending and investment to enable farmers to transition to zero conversion practices. The platform brings together major institutional investors to channel transition funding to TNC's three key target biomes in Latin America.

Over **90,000** hectares of already cleared pastureland have been converted into soy production and **135,000** hectares of natural ecosystems have been protected with financing from IFACC signatories.

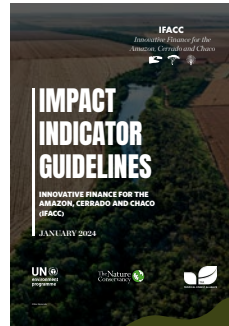
MILESTONE | IFACC Welcomes New Signatories and Sets New Disbursement Record

This fiscal year, IFACC welcomed four new signatories: Fialis, Belterra, Courageous Land and Arapyaú. By December 2023, IFACC's then 16 signatories had collectively committed \$4.6 billion for deforestation and conversion-free soy, cattle, and other commodities in the region. At the time, \$240 million had been disbursed to farmers and other players in the supply chain through a variety of innovative finance products and instruments which offer greater financial incentives than are generally available on the market (e.g., longer tenors, grace periods, lower interest rates).



MILESTONE | New Guidance Released for Signatories

In March 2024, IFACC released its second annual market report, which highlights the eleven IFACC-aligned products and \$240 million in disbursements created since IFACC's inception. The report also covers IFACC's exciting growth to include agroforestry and non-timber forest products, updates on impact goals, and the outlook for mobilizing finance at scale in the years ahead. Updated Impact Indicator Guidelines have also been released, which now include indicators applicable to agroforestry and non-timber forest products financing. These guidelines enable a consistent performance measurement and reporting across all IFACC financial mechanisms.



SPOTLIGHT | Convening the Finance Sector

In addition to welcoming new members and releasing new guidance, IFACC is active in convening the finance sector, leading at major global events such as New York Climate Week and COP, and spearheading the conversation on financing the transition to deforestation and conversion-free agriculture.

There is a \$30 billion investment opportunity

to support the sustainable production of beef and soy in the Amazon, Cerrado and Chaco biomes of South America



With the right approaches, all three biomes can be protected while continuing to grow agricultural production.

-  Proven business models are available to increase production yield and farmer incomes
-  Growing demand for deforestation-free products
-  Avoid further biodiversity loss, water, climate and social impacts
-  Upcoming regulatory changes in consumer countries, and investor expectations

IFACC's Innovative Finance for the Amazon, Cerrado, and Chaco

UN environment programme | THE NATURE CONSERVANCY

IFACC experts have deep relationships with local farmers, banks, supply chain companies and concessionary capital groups and work one-on-one with IFACC signatories to provide:

-  **Market intelligence on products created**
Intel on products created to date and lessons learned from these experiences
-  **Connections with key stakeholders**
Connections with producers, banks, traders, slaughterhouses, concessionary capital groups, emerging new finance facilities, institutional investors, and NGOs
-  **Advice on environmental impact management**
Design environmental standards of finance programs for impact, appropriate requirements, KPIs, and monitoring approaches
-  **Access to our knowledge hub**
Contains the leading research and information on the science, economics, and practice of innovative finance for beef and soy in the region

A close-up photograph of a brown cow's head and neck. The cow is looking slightly to the left. It has two yellow ear tags. The tag on its right ear (viewer's left) is partially visible. The tag on its left ear (viewer's right) has the numbers 'JU479' and 'W846' printed on it. The background is a blurred field with other cows and trees.

HOW WE ARE CREATING IMPACT WITH PUBLIC POLICY MAKERS

TNC is informing policy making around the world to ensure habitat protection on farms and ranches is rewarded, that land-use change is included in national climate change planning, and that incentives and structures that currently favor agricultural expansion are reworked to channel expansion to already cleared land.



About EUDR: The European Union Deforestation Regulation (EUDR) aims to prevent the import of commodities linked to deforestation and forest degradation into the EU market. It requires companies to prove that their supply chains for products like palm oil, soy, beef, and timber are deforestation-free and legal. The regulation aims to reduce the EU's contribution to global deforestation and promote sustainable trade practices.



MILESTONE | Establishing a critical connection between China and Brazil

In a significant step towards sustainable commodity production, the “[Sustainable Supply Chain Guidelines for China-Latin America Soft Commodities](#)” were launched in China on July 11, 2024. This initiative underscores China’s commitment to global biodiversity governance and its pledge to enhance cooperation with Brazil in environmental protection, climate change mitigation, and sustainable development.

At the same time, a strategic China-Brazil research alliance was established through a series of collaborative meetings and workshops in Sao Paulo, Brazil. This alliance, facilitated by TNC, targets climate neutrality and agricultural sustainability in Brazil and China, with a focus on the soy and beef markets. The alliance’s significance lies in its potential to foster high-quality joint research on sustainable supply chains between Brazil and China, advance sustainable agricultural practices in international trade, and establish a knowledge-sharing platform for deforestation-free production.



These initiatives mark a significant step in strengthening the relationship between China and Brazil, aiming to achieve market support for deforestation-free commodity production. The combined efforts are expected to inform policymaking and contribute to bridging the knowledge gap among supply chain stakeholders of both nations.

MILESTONE | Preparing for the future of Europe’s commodity sourcing

TNC, in collaboration with TFA and UNEP, successfully hosted a policy workshop on innovative finance solutions to support the transition to sustainable agriculture in South America. This marked the first ZCC Strategy event in Europe, held at the Norway embassy, with keynotes from the EU Commission and Ambassadors of Norway and Brazil to the EU. The workshop evaluated conversion trends, sustainable land use opportunities, and the role of European finance in accelerating this transition. Expert panels discussed leveraging European initiatives for private sector investment in soy and beef sectors in countries like Brazil.

Prior to this, in November 2023, TNC Europe published a [policy briefing](#) addressing collaboration with commodity-producing countries. The paper presents recommendations to enhance the implementation of the EU’s deforestation-free products regulation (EUDR) and maximize benefits for all stakeholders. This initiative has positioned TNC as a thought leader in Europe, supporting the successful implementation of the new deforestation regulation policy in the EU.



SPOTLIGHT | **The Pará Cattle Integrity Program at COP28 and Beyond**

Cattle ranching is the primary driver of habitat loss in Brazil and is a highly visible issue. Tracking cattle throughout the entire supply chain is critical to ensuring that banks, investors, supermarkets, restaurants, leather goods as well as Brazil's beef and leather export markets can finance and buy cattle raised legally on deforestation-free land. This tracking not only prevents fraudulent actors from making false claims about where their cattle originated, but also provides better insights on where incentives can be offered to halt deforestation.

At COP28 in Dubai, the governor of Pará, Brazil, announced the Cattle Integrity and Development Program, which creates the first mandatory individual traceability policy with environmental requirements for cattle in Brazil. The program will cover an area bigger than France, Spain and Norway combined, with the goal of tagging more than 30 million cattle on over 295,000 farms by the international climate conference COP 30, to be hosted in Belém in 2025. In the last year, Pará has made significant progress: creating a software system to track cows, releasing new regulations, training 200 technicians, and beginning system testing. A large-scale beta tagging initiative began this fall with 50,000 ear tags, allowing producers to order official tags and upload data.

The government has recognized TNC as a key partner in the development of this program, along with 13 other institutions representing the beef industry, large producers, small family farms, government agencies and other non-governmental organizations. This state policy win has been endorsed at the federal level as well—Brazil's Minister of Agrarian Development and Family Agriculture noted that the program's meeting of environmental issues with social issues is "fundamental for the development of the Amazon." The Minister of Agriculture declared that they will "transform it into a program for all Brazilian states, in the certainty that this will become a reference for Brazil and the world." In 2024, TNC was involved in the establishment of a working group within the Brazil federal government to implement this type of individual traceability policy throughout the whole country.

SPOTLIGHT | **Key highlights following the decree**

- In January 2024, TNC signed an MOU with the Brazilian Beef Export Association (ABIEC) that includes Pará but goes beyond, positioning ABIEC as an agent of scale and giving us indirect access to 39 meatpacker members, an entry agent into other key states like Rondônia where TNC does not operate, and enhanced credibility for dialog with all cattle value chain stakeholders, including the federal Ministry of Agriculture. ABIEC is a key player for negotiating increased market access for Pará and other states with reduced deforestation and reduced risk.
- Fueled by the learnings coming out of Pará, TNC brokered consensus among five key stakeholder platforms representing over 300 entities, including producers, for a proposal to the Ministry of Agriculture on key components of a national individual traceability program. The proposal represents a united front on several touchy issues around mandatory individual traceability coupled with monitoring for environmental compliance, and has paved the way for a national traceability plan.
- TNC has also been active in preparing for field implementation of the ambitious decree; in addition to supporting officials from the state agency responsible for tagging and traceability (ADEPARA) on technical missions to Uruguay, Australia and Santa Catarina (Brazil) to benchmark traceability deployment, TNC also closely accompanied a major meatpacker's successful pilot program that tagged nearly 30,000 cattle to test the operability of receiving tagged animals in their plants.

These experiences, coupled with our pragmatic conservation-with-production outlook, have solidified TNC's position as a trusted and essential partner to the many stakeholders involved in solving for deforestation attributed to cattle ranching in Brazil. FY25 is set to be a pivotal year for ground implementation and tactical deployment of ear tagging and producer engagement initiatives. TNC is mobilizing innovative partnerships and resources to support Pará as the state accelerates efforts to meet the bold ambition and showcase progress on the global stage of COP 30 in the Amazon in November 2025.

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While this page highlights the Core Team and International Program Leads, we also recognize the essential contributions of our Cross-Functional and Multi-Geographies Teams in the achievement of the milestones of this report. Though not listed here, their collaboration and expertise are vital to the successful implementation of ZCC's work.

Explore the strategy, goals, and inspiring stories behind our mission.

[CLICK HERE TO VISIT OUR WEBSITE](#)