

## A trading platform for sourcing sustainable commodities

Recent commitments to deforestation-free supply chains, timber legality and sustainability standards can increase the demand for responsible commodities and reduce deforestation to unprecedented levels. Although the demand for some of these commodities is still small, there is potential to transform them from niche to mainstream products.



There are barriers to the rapid growth of market share for responsible commodities, however, including the lack of transparency in prices and volumes of production and the difficulty of buyers and sellers in finding each other in the global marketplace. Producers complain about the apparently low demand for their products, while buyers

face difficulties in procuring large and regular supplies of sustainable commodities with traceable and transparent supply chains, effectively, efficiently and with low transaction costs.

In response, BVRio Institute is developing a responsible commodities exchange. This is a multi-market negotiation platform for sourcing legal and/or sustainably produced agricultural and forest products, providing efficiency with transparency in order to accelerate the growth in the trade of responsible commodities.

A responsible timber exchange is already in operation, promoting trade in legal or certified wood in the Brazilian and international markets. This will be adapted to enable the trading of responsible agricultural commodities such as soy, sugar, palm oil, coffee and beef, which will contribute to the efforts of the various sustainability standards associated with these commodities.

A major challenge in sourcing legal and sustainable products is the difficulty of tracing products back to their source and, in some cases, rating these sources in terms of their sustainability or legality. BVRio's Due Diligence and Risk Assessment System uses big data analysis to screen tropical timber supply chains for their legal status, initially focused on Brazil. The system is an integral part of BVRio's platforms. It brings together and analyzes information on legality, including risks of non-compliance with environmental and social requirements during extraction, processing and transportation; supply chain inconsistencies; and social aspects such as abuses of labour legislation. The system has blanket coverage and will be adapted in order to trace agricultural commodities along their supply chains.

Creating a global responsible commodities exchange for agricultural and forest products would help to support a significant increase in the demand and supply of deforestation-free commodities, helping companies meet their zero deforestation commitments.

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