

**PROTOCOL  
VISEC DEFORESTATION-FREE SOYBEAN (VISEC SLD)  
ARGENTINA**

**APRIL 2024**

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# 1. Introduction

The Platform for the Sectoral Vision of the Gran Chaco (VISEC) was born in 2019, as an initiative of the Chamber of the Oil Industry of the Argentine Republic, the Cereal Exporters Center (CIARA-CEC), The Nature Conservancy, Tropical Forest Alliance and the Peterson Group.

The main objective of VISEC is to achieve that the total amount of soybean traded through the VISEC Protocol is recognized as deforestation-free in order to comply with the sustainable development requirements that the world is adopting. In this way, VISEC seeks to reconcile the productive, environmental and social visions of the soybean production chain in Argentina.

In line with this definition, it is proposed to create this Protocol, which with its application can guarantee that, throughout the chain of custody described in this document, the use of soybeans is deforestation-free.

The name according to VISEC of the Protocol will be VISEC Deforestation Free Soybean (hereinafter VISEC SLD) and this Protocol is the result of consensus with the entire soybean agro-industrial chain in Argentina, as well as with internationally recognized environmental NGOs.

# 2. Background

## *Argentina*

In Argentina, the National Congress has established a regulatory framework for the protection of native forests through the approval of Law 26.331 of Minimum Standards for the Environmental Protection of Native Forests, regulated by the Executive Power in February 2009. Argentina being a federal country, and according to Art. 41 of the National Constitution (CN), it is up to the provinces to dictate the necessary regulations to complement the national ones. Under Articles 121 and 124 of the National Constitution, the provinces retain all powers not delegated to the Nation and have the original dominion over the natural resources existing in their territory.

Therefore, each province established Forest Management based on conservation categories, including those not suitable for conversion and/or cultivation:

**Category I (red):** Sectors of very high conservation value that should not be logged or used for logging or other activities and should be maintained as forest forever. This category includes nature reserves and their surroundings, which have outstanding biological values, and/or sites that protect important watersheds (headwaters of rivers and streams).

**Category II (yellow):** sectors of high or medium conservation value that may be degraded but, if restored, may have high conservation value. These areas may not be decommissioned but may be subject to the following uses: sustainable use, tourism, harvesting and scientific research. The production of soybeans or any other grain is not allowed in this category.

**Category III (green):** sectors of low conservation value that can be partially or totally transformed, subject to an Environmental Impact Study. Soybeans can be produced here with prior environmental approval, based on provincial regulations.

As established by the Law and its associated regulations, all proposals for intervention on native forests must be submitted by the landowners to the Local Application Authorities (ALA) in the form of Conservation Plans (CP), Sustainable Management Plans (PM), Formulation Projects (PF) or Plan of Land Use Change (PCUS). These plans will require the evaluation and approval of the ALA prior to their execution and must be subscribed by the owners and by a qualified professional, registered in the provincial registry that the ALA keeps for that purpose, in the form and with the scopes that it establishes.

**European Union (EU)**

The European Parliament and the Council, as co-legislators in the EU's Ordinary Legislative Process, reached a political agreement on EU Regulation 2023/1115 concerning the placing on the Union market and the export from the Union of certain goods and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010. It states among its recitals that, *"Forests provide a wide range of environmental, economic and social benefits, including timber and non-timber forest products, and provide essential environmental services to humankind, hosting most of the terrestrial biodiversity of our planet. They maintain ecosystem functions, contribute to the protection of the climate system, provide clean air and play a key role in water and soil purification, as well as water retention and recharge. Large forests act as a source of moisture and help prevent desertification of continental regions. In addition, forests provide livelihoods and income to approximately one-third of the world's population, and forest destruction has serious consequences for the livelihoods of the most vulnerable populations, including indigenous peoples and local communities who are highly dependent on forest ecosystems."*

According to the EU, the Regulation ensures that a set of raw materials and products placed on the EU market no longer contribute to deforestation and forest degradation in the EU and other parts of the world. Within the soy raw material category, the relevant products included are as follows:

Relevant raw material	Relevant products
Soybeans	1201 Soybeans, whether or not broken 1208 10 Flour and meal of soybeans (soya beans) 1507 Soya bean oil and its fractions, whether or not refined, not chemically modified. 2304 Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soya-bean oil

According to the EU, the new rules aim not only to reduce greenhouse gas emissions and biodiversity loss, but also to help guide the EU's work with partner countries to halt deforestation, while paying special attention to the situation of local communities and aboriginal peoples, who depend heavily on forest ecosystems.

The institutions agreed to set the deadline for the new standards (Cut-Off Date) as **December 31, 2020**.

**Operators and traders will have to demonstrate that the products are deforestation-free (i.e. produced on land that was not deforested or not subject to forest degradation after December 31, 2020) and legal (i.e. compliant**

**with all relevant applicable laws in force in the country of production).** The co-legislators agreed to **strict due diligence obligations** for operators, who must trace the products they are selling back to the parcel of land where they were produced and must be able to demonstrate that such products have not been produced on deforested or degraded land and that they have been produced in accordance with the laws of the country of production.

The core of this regulation is traceability, to ensure that products are "deforestation-free".

The objective of the directive is to promote sustainable and responsible business behaviour along global value chains and to strengthen human rights and environmental considerations in the operations and corporate governance of companies. Businesses play a key role in building a sustainable economy and society.

In this framework VISEC shall publish an annual Report of relevant national legislation as detailed in Article 10 of the European Regulation 2023/1115. This report will detail the survey described in Annex 7 of this protocol and will be updated and published by VISEC at the end of each calendar year. Additionally, producers shall sign an affidavit guaranteeing compliance with such legislation.

### ***United Kingdom***

DEFRA (UK Department of Agriculture) is advancing legislation that makes it mandatory for every exporter to the UK to establish and implement a due diligence system in relation to that forest risk commodity, in this case soybeans, which includes all shipments of soybeans, soybean meal or oil (as well as beef, palm, coffee, cocoa, timber and others) and demonstrate that they are free of illegal deforestation based on current legislation in the country of origin.

Thus, DEFRA's draft provides for the following conditions:

Avoid illegal deforestation based on the legislation in force in the country of origin (in Argentina the Native Forest Protection Law of 2007)

The legislation is expected to be adopted and implemented in 2024

There could be transition periods

Each exporter must provide information on soybean farms of origin, their non-deforestation status, and ensure that the shipment contains soybeans or by-products that do not originate from farms that have deforested

The importer is responsible for complying with the legislation and reporting to the relevant authorities

Mass balance is not allowed

- "Forest" means an area of land larger than 0.5 hectares with at least 10% tree canopy cover (excluding trees planted for the purpose of producing timber or other commodities).

Due diligence system

(1) A person regulated in relation to a forest risk commodity that uses that commodity or a product derived from that commodity in its business activities in the United Kingdom must establish and implement a due diligence system in relation to that commodity.

(2) In this Schedule, a "due diligence system", in relation to a forest risk commodity, means a system for:

- (a) identify and obtain information about that product,
- (b) assess the risk of non-compliance with relevant local laws in relation to that commodity, and
- (c) mitigate that risk.

### 3. Objectives and Scope

By virtue of the above, the main objective of this Protocol is to ensure that the soybean used by the export industry is produced in a sustainable manner, without contributing to deforestation. This implies generating food in a responsible manner while preserving the biological diversity in and around the production areas in the country.

Through this Protocol, it will be possible to identify the origin and flow of soybeans produced in Argentina in order to prevent them from coming from deforested areas and to ensure that the described objective is met.

For the purposes of this Protocol, and following FAO definitions and considerations, forest is defined as land extending over at least 0.5 hectares or 5,000 m<sup>2</sup> with planted trees (predominantly composed of trees established by planting and/or deliberate seeding) or natural trees (includes virgin or naturally regenerating forests composed of native species) with a height of at least 5 meters and a canopy cover of at least 10% or potentially reaching these parameters (e.g. abandoned agricultural areas with regenerating trees that can reach these requirements). Within this definition, windbreaks, barriers, and tree corridors at least 20 meters wide with an area equivalent to at least 0.5 hectares or 5,000 m<sup>2</sup> are also considered as forest. Land that is predominantly used for agricultural and/or urban purposes is not included in this definition and therefore not considered as forest.

Deforestation refers to the conversion of forests to agricultural use, whether caused by human activities or not. A decrease in canopy cover below the 10% threshold is considered deforestation. Although the definition clarifies that conversion is independent of human action, FAO specifies that in the event of a natural disaster (e.g. a forest fire), if the affected forest is allowed to regenerate and the disturbance is not used for conversion to agricultural use (or other than the original use prior to the disturbance), it would NOT be considered deforestation. In the event that the change caused by the natural disaster results in the detection of an agricultural use (or other use that differs from the original one) in that area, it will be considered as deforestation. Additionally, a change from a forest to an agricultural use, such as the introduction of an agroforestry system, even if it does not involve land clearing, will be considered deforestation. The term excludes, in the case of forest plantations, areas where trees have been removed as a result of harvesting or logging, and where the forest is expected to regenerate naturally or with the help of silvicultural measures.

On the other hand, forest degradation is defined as structural changes in forested areas, which include the transformation of natural regeneration forests and primary forests into forest plantations or other wooded lands, as well as the conversion of primary forests into planted forests, both criteria will be considered for areas equal to or greater than half a hectare.

The definition of Deforestation Free Soybean according to the Protocol considers the following points:

- All soybeans produced on land that was not deforested after December 31, 2020;
- All soybeans produced on land that complies with all relevant applicable laws in force in the country of production.

In terms of scope, VISEC covers the entire national territory under agricultural production, but focuses on the Gran Chaco region. The Gran Chaco, a region spread over 108 million hectares of Argentina (62 %), Paraguay (25 %), Bolivia (12 %) and, to a lesser extent, Brazil (1 %). It has a great diversity of environments and is one of the main forested regions of South America along with the Amazon and the Brazilian Cerrado. The Gran Chaco is a site of high value for biological diversity on a global scale, with a wide variety of ecosystems and native species.

In Argentina, the Gran Chaco, or Parque Chaqueño, has a total area of 65 million hectares and is the largest forested area in the country, containing 40 million hectares of native forests, where important urban centers are located, and where there are also peasant communities belonging to native and creole cultures.

At the same time, it is a very active hub in the origination of grains, meats, fibers and biofuels, with more than 12 million hectares under production. For this reason, the agricultural sector is one of the most important for the region and for the country.

## **4. About the organizations, institutions and companies that make up and lead VISEC**

The Platform for the Sectoral Vision of the Gran Chaco (VISEC) is a sectoral initiative that brings together different actors in the soy value chain to promote the reduction of negative environmental impacts. VISEC focuses on deforestation and other forms of land use change, encouraging sustainability at the national level and improving the chain's competitiveness: "Promoting an environmentally responsible and economically viable chain".

### **4.1 Membership and Governance**

VISEC is a transparent and open platform that makes every effort to disclose its processes to advance the continuous improvement of soybean chain sustainability through leadership, science and multi-stakeholder participation and collaboration. VISEC membership establishes three categories of participation:

- Full Members: organizations directly involved in the soybean chain. This category includes (I) Producers and producer associations; (II) Stockpilers or Brokers; (III) Processors and Industry; and (IV) Exporters. The members belonging to this category are those who have a vote at board meetings and are part of the working committees.
- Collaborating Members: organizations indirectly linked to or with a particular interest in the sustainability of the soybean chain. These include retail and wholesale chains, civil society organizations, inputs and services, government entities, academy, or research institutions, among others. Members belonging to this category do not have a vote at board meetings but may be part of the working committees.
- Observer Members: These are individuals or specialized organizations that have specific experience in the various fields related to sustainable soybean production and/or wish to be kept informed about the progress of the initiative and the steps to be taken. They do not participate in the working committees and do not have the right to vote in the board of directors.

VISEC has an internal Operating Regulation that seeks to ensure the correct governance and structure for decision making. As established in the Operating Regulations, VISEC has Committees or Working Groups: Technical Committee, Communication Committee and Finance Committee. Both the VISEC SLD Protocol and the VISEC System

were developed in a participatory manner within the Technical Committee and approved by the Steering Committee. The annex is available to all VISEC members.

#### 4.2 Operators adopting the VISEC SLD Protocol

The operators that can adopt this protocol are: **Exporting companies of soybeans or soybean by-products, Intermediate Stockpilers, Brokers, Producers, and other actors** handling grains, meals, oils and soybean derivatives, which are located in Argentine territory and are committed to fully comply with the requirements of this Protocol.

## 5. VISEC SLD Protocol

Technically, the development of the VISEC SLD Protocol was based on the monitoring, reporting and verification (MRV) recommendations of the Accountability Framework Initiative (AFi). **Through this methodology, VISEC makes it possible to identify and trace the origin of soybeans starting from the lowest possible level, the production unit, and to follow the flows of soybeans along the entire value chain produced in the Argentine Republic, demonstrating that it does not come from deforested areas based on the cut-off date established in VISEC with regard to the European Union market (December 31, 2020) and compliance with Law 26.331/07 of Territorial Management of Native Forests and its applications at provincial level regarding the non-deforestation and subsequent cultivation in areas of forests categorized as red (Cat I) and yellow (Cat II), as well as not coming from areas of forests categorized as green (Cat III) that do not have the proper approval of change of land use by the competent enforcement authority.**

This systems model consists of three general stages:

The first is **Monitoring**, in which methods are established to collect information from the productive units and specific evaluations are made related to changes in land use in accordance with VISEC's commitment. This stage also seeks complete traceability of soybeans throughout the entire chain of custody reaching Argentine export ports.

The second stage is the **Report**, which reflects the progress and results related to the implementation of the commitments, which are reported in a transparent manner through VISEC. The reports present quantitative and qualitative progress metrics, adhere to common definitions, indicate data sources and independently verify the information by detailing the monitoring methodology used. If a plan has been re-evaluated and new targets are defined, the implementation plan will be agreed again.

Finally, the **Verification** stage will be carried out, where compliance with the commitments is validated through third party verification processes carried out in accordance with good practice standards of credibility, rigor and independence.

## 6. Requirements for Productive Units for agricultural use (Primary Level)



## 6.1 Data Collection Methodology and Analysis of Production Units

At the production unit level and as a first action to comply with this protocol, VISEC established that it shall determine and/or analyse whether the production units of agricultural use in Argentina were deforested after December 31, 2020 and consequently, are outside Categories I and II or in Category III without proper government authorization in accordance with the Forestry Law. For this, VISEC will use the information provided by the Protocol operators to collect, analyse and then determine the status of compliance with the purposes of this Protocol for each production unit provided.

Productive Unit is defined as the parcel of land (within a property) that will yield a given crop as a result of the production of a defined producer.

### VISEC System

Led by the Rosario Stock Exchange, and the participation of VISEC members through the Technical Committee, a digital solution on traceability and traceability adapted to a diversity of producers (including small producers) was developed to facilitate legal and deforestation-free trade flows to the EU in the soybean value chain.

Operators shall upload to the VISEC System the boundaries of each production unit whose georeferencing will allow precise identification by means of satellite images of changes in land use according to the requirements of this Protocol.

### ***Information requirements for the fulfilment of the VISEC Production Unit Requirements:***

- Identification of the production unit according to RENSPA ID codification
- Bill of Lading accompanying the soybean with the RENSPA ID of the production unit in question.
- Georeferencing data (polygon delimiting the production unit)
- Satellite images of production units prior to December 31, 2020, as defined by RENSPA.
- Current images of productive units for agricultural use.
- Plan of Land Use Change (PCUS) approved by provincial authorities in forest areas categorized as green (Category III) according to the Forest Law, when applicable.

### **Identification of the production unit according to RENSPA**

The RENSPA is the National Sanitary Registry of Agricultural and Livestock Producers that covers all agricultural, livestock and forestry activities and associates the producer with the production and the farm. **The RENSPA is mandatory to carry out any agricultural and forestry activity in Argentina and allows the identification of the producer and the farm where he carries out his activities, the products he grows and the area affected by each of them (production units).**

The person responsible for the RENSPA is the human or legal entity that carries out the agricultural-livestock and/or forestry activity and is the sanitary responsible.

The RENSPA is a Register of Producers (Responsible for Sanitary Production), associated to a CUIT and to the information that the AFIP has on the person responsible for the production. **Owners of leased fields do not have RENSPA.**

**A RENSPA number is assigned to each producer in each production unit.** Therefore, each of the producers within the same establishment must register in the RENSPA.

The productive units to be declared in this registry are those where the producer carries out his activity as of the date of registration, regardless of the form of land use. They are delimited territorial areas that function as a unit, which may or may not coincide with the parcel subdivision of the provincial cadastre and land ownership.

### **RENSPA Number Coding Criteria**

The assignment of a RENSPA number or unique code or key has the purpose of identifying a producer located in a particular production unit. The producer will be assigned a RENSPA for each production unit where an agricultural, livestock or mixed activity is carried out. In other words, a producer will have as many RENSPAs as there are production units. The RENSPA will be granted to the producer responsible for the activity, without this implying the creation, transmission, modification or extinguishment of rights over the property where these activities are carried out. In cases where several producers work in the same establishment, the RENSPA grants a different number (registration) to each producer.

#### **Coding for RENSPA**

- i. ID territory, establishment, field or property.
- ii. ID natural or legal person (producer).
- iii. ID RENSPA corresponds to the entity "Productive Unit".

**The ID territory, establishment, field or property** corresponds to the five-digit coding that, together with the province, district and region codes, must not be repeated in its jurisdiction. This area has its unique identifier, which is a part of the RENSPA number: 00.000.0.00000, although several owners may coexist in the unit. The number is unique and unrepeatable. It corresponds to the register of establishments in the Unified Registry.

**The ID individual or legal entity** is the number that uniquely and unrepeatably identifies an individual or legal entity, is the agricultural producer responsible for the activity, is nominated as holder and its unique identifier is the CUIT-CUIL that corresponds to the register of persons of the Unified Registry. Even in cases where animals or crops owned by different owners or producers or holders coexist in the same establishment, each of them will be registered independently in the register of persons.

**ID RENSPA, according to the "Productive Unit"** corresponds to the holder of the production.

This is the territorial area covered by the productive unit delimited on the map, drawing a polygon of as many points as required to achieve the best approximation to the real shape of the productive unit, obtaining the latitude and longitude of the area. This data is a critical input for the development of the current work.

VISEC will use the RENSPA ID to refer to the production unit. The RENSPA ID also contains the georeferencing of each production unit. The georeferencing data can be a point (latitude and longitude), and the territorial area covered by the productive unit is also delimited on the map, drawing a polygon on it, with as many points as required to achieve the best approximation to the real shape of the productive unit. **Each producer must provide information related to the production unit that allows determining its correct geographic location, without causing overlapping.** These polygons will be used for *compliance analysis* by independent companies contracted by VISEC.

### **Approved Productive Unit VISEC**

To be classified according to the VISEC Protocol as "VISEC Approved Productive Unit":

- Land in agricultural use must not have been deforested after the cut-off date of December 31, 2020.
- The land for agricultural use must not belong to a protected area included in the National System, Natural Reserve, Provincial System, or internationally recognized areas (Biosphere Reserve, Ramsar Site and World Heritage Site).
- The land for agricultural use must not belong to an area containing forests catalogued as Category I (Red) or Category II (Yellow) or Category III (Green) without provincial authorization according to the Argentinean Forest Law. It must present the number of the approved Plan of Land Use Change (PCUS).

On the contrary, any land destined for agricultural use and located in a protected area, within categories I and II, or within a green category without its corresponding PCUS approved according to the Argentinean Forest Law and/or with deforestation (either legal or illegal) in an area equal to or greater than half a hectare after 12/31/20 will be considered as "Non VISEC Approved Productive Unit". Any soybeans originating from these non-approved production units will not be eligible for deforestation-free certification.

Likewise, and under this same methodology, the maintenance of the status of Approved Productive Unit will be verified as long as there have been no land use changes in 0.5 hectares (5,000 m<sup>2</sup>). The methodology for analyzing satellite images, including the primary sources of information and the tools used, is described in detail in *Annex 1*.

## 7. Chain of Custody

Soybeans will only be considered eligible if there is evidence that they originate from a VISEC Approved Production Unit, according to the analysis described in *Annex n°1*.

For this purpose, together with the coordinates of the production unit, the VISEC System will identify the total area of the production unit, in order to establish the maximum possible volume to be certified by that RENSPA ID in relation to the maximum yields established in the system for the campaign in question.

All deforestation-free soybean biomass moving downstream in the Chain of Custody must be accompanied by a Product Movement Record (PMR), which accompanies the official transport document (Bill of Lading, Removal Guide, BL, Remittance, or Internal Document).

The Product Movement Record shall detail the RENSPA(s) equivalent to the volume determined in such document, so that the corresponding chain of custody can be verified and ensured.

### 7.1 Relevant Members of the Chain of Custody

The collection points and/or conversion units that receive soybeans directly or indirectly from the "VISEC Approved Productive Units" must be registered in the VISEC System.

The collection points must have previously undergone a qualification audit and have the Certificate of Conformity of the facilities.

**The collection point will ensure that the producer incorporates its RENSPA number in the Bill of Lading or official document accompanying the goods.** Likewise, the producer will be requested (in case it is the first time he delivers

biomass that will be verified in the VISEC System) to submit the specific ge positioning data of the production unit according to the RENSPA registry in which the soybean was grown. This procedure will be avoided if the producer has already loaded the positioning of the RENSPA number either by previous declaration or if SENASA has granted access to that information to VISEC from its database, so as to have all the specific information of the production unit.

At this collection point, at the first point of reception of the merchandise prior to unloading the merchandise, it must be verified whether the production unit is approved by the VISEC System and whether it appears as a "VISEC Approved Production Unit", complying with the basic requirements of the system (free of deforestation and in compliance with local law).

Conversion units that produce any product derived from soybean and have a valid Certificate of Conformity of installation, at the moment of exporting/trading goods shall request a recognized Verification Body to issue a "**Certificate of Deforestation Free Product (CPL)**" for each lot of product exported/traded under VISEC. This certificate shall be issued for each lot exported/traded as Deforestation Free.

Operators may be present at various stages of the Chain of Custody (i.e. Collection Point, Conversion Unit or Intermediate Collection) and have facilities in different locations.

If an operator delegates tasks to external suppliers (such as transportation, etc.), the operator is responsible for ensuring that the external supplier complies with the Protocol. The supplier must be included in the operator's management system.

VISEC may provide as Facilitating Operators of loading of Production Units (UP), relevant members of the soybean chain, such as operators of grain brokerage services.

These members will be able to operate exclusively in the load of productive units.

## 7.2 Acceptance to VISEC: Qualifying audits and Certificates of Conformity of installations

All supply chain actors participating in the program must first register in the program as operators (VISEC system). Secondly, to have training certificates of the specific plant/branch personnel (online training) confirming the passing of the exam. Thirdly, provide the chosen Verification Body with the appropriate procedures and documentation to demonstrate product traceability (the Verification Body will validate these documents). Finally, within three years, the site must undergo a site audit of its facilities in person.

Facilities that have passed a qualifying audit have a "Certificate of Facility Compliance". Only operators that have passed the pre-audit will supply soybeans to downstream conversion units or export and will issue a detailed evidence of compliance on the Product Movement Record accompanying the appropriate Bill of Lading, Consignment Note, Removal Guide or other document for a lot of product.

All operators will be subject to a compliance audit and must be approved before any claims will be accepted. Certificates of Conformity for facilities will be issued by an approved Verification Body. VISEC will maintain a list of all Gathering Points, Conversion Units and Intermediate Gatherings that have Facility Certificates of Conformity.

In the case of the Productive Unit (PU) load facilitator operators, they must complete an online loading course in the system and accept the terms and conditions to operate the VISEC system in the PU loading module, in order to be enabled and be granted the exclusive access key to said loading module.

### 7.2.1 Minimum requirements for VISEC approved operators

All members shall have a written procedure, approved in advance by VISEC (delegated to the verifying companies), which shall be available at all times, that ensures compliance with the Protocol. This written procedure shall demonstrate how the member will ensure that the amount of outgoing deforestation-free product never exceeds the total product received at the member's facility and how to avoid double counting.

At a minimum, all Members of this Program shall have systems and operating procedures (work instructions) to ensure consistency, accuracy and transparency of information and flow of goods and an overview of the scope, Tasks, Responsibilities and Authorities (TRA) of employees, with a description of operations.

Members must designate those responsible for the implementation, maintenance and surveillance of the Chain of Custody. Employees must be trained to:

- Verify the integrity and validity of documentation of renewable biomass and raw materials (Product Movement Record - Bill of Lading, or other documentation to ensure compliance).
- Identify a product transfer.
- Document the origin of each soybean load and verify the origin and yield against a list of approved areas and yield references.
- Indicate the storage (physical disposition) of approved cargoes.
- Perform internal tasks related to this Protocol to issue Product Transfer Documents for outbound shipments and that these are consistent with inbound volumes.
- Ensure the identification of deforestation-free soybeans during the storage and transportation process.
- Comply with record keeping requirements related to the Protocol.
- Collect and deliver the requested documentation for auditing purposes.

### 7.2.2 Certificate of Conformity of Installations (See Annex 2)

Certificates of Conformance for facilities will be issued only after a prior on-site audit, provided that all nonconformances, if any, are corrected to the satisfaction of the noncompliance. Applicants will have 30 working days to correct any nonconformities.

The Certificates of Conformity of the facilities shall include, as a minimum, the following information:

- Identification of this Program.
- Identification of the Certifying Body/inspector that performed the initial audit.
- A unique certificate number.
- Date of issue and period of validity.
- Name of Member and nature of business activity (Storage facility - Transshipment facility).

After receiving a Certificate of Conformity from the facility, it will be allowed to operate with the program.

Certificates of Conformity of facilities shall remain valid for a period of 12 months from the date of issue. Maintenance audits shall be performed every twelve months and no more than 30 days prior to the expiration of the annual validation. Certificates will be valid as long as they are published in the VISEC System.

### 7.2.3 Deforestation Free Product (CLD) Certificate (See Annex 5)

VISEC will issue Deforestation Free Product Certificates (CLDs) as evidence that the biomass covered by these documents complies with VISEC requirements. The CLDs will be used by economic operators as proof of compliance with VISEC requirements.

The CLD will be issued by authorized Verification Bodies whose list will be published by VISEC as established in point 10.2 of this protocol at the request of the owner of the product to be marketed. The processing plants must have a Certificate of Conformity of Facilities in force at the time of requesting the CLD.

This certificate will be delivered to the applicant company by the OV and will be duly registered in the system.

CLDs will be void if they are falsified or contain incorrect information, or if at the time of issuance, the Verification Body is not recognized by VISEC.

### 7.3 Product Movement Record (PMR): Document assuring compliance / Bill of Lading (See Annex 3)

In Argentina, the Carta de Porte (Federal Guide) is a document that proves the legitimacy of grain movements. In accordance with the provisions of National Decree 34/2009, as of January 26, 2009, all shipments of agricultural products must be accompanied by this document. The Bill of Lading is a document used to control shipments of goods and is a valuable source of information as it provides transparency on the origin and commercial chain of grains during transportation.

To ensure compliance with tax obligations and commercial transparency in the transportation of grains, the required procedure must be followed.

Chain of custody members shall maintain RMPs throughout the supply chain for all deforestation-free soybeans handled by members. Any movement of goods from one operator to another must be accompanied by RMPs. In addition, information on how and where products were stored, transported and/or processed can be retrieved at any time from a database and/or data management system.

Traceability and chain of custody will be guaranteed by a document that ensures compliance from the First Collection Point to the last processing point issued by the VISEC System and the Certificate of Deforestation Free Product (CPL, as per Spanish translation “Certificado de Producto Libre de Deforestación”) issued by the Verification Bodies (at export level) authorized by VISEC.

Traceability will be verified through the operators' Product Movement Records (PMR) and will be supported by official documents (e.g. Bill of Lading and/or delivery notes).

#### 7.4 Collection of documents: traceability at first point of collection/reception

The information will be stored in the VISEC compliance database to avoid double counting. The system lists certificates by number and company, blocks identical numbers and generates reports on renewable biomass processed from any member facility. In addition, the VISEC system will have a crop yield check (annual average per zone), which, if exceeded, will trigger an alarm that will start a data audit-verification system to validate or not the operation in relation to the arable area established for each ID (See Annex 4).

This information will be available to the "Auditing" companies for desk audits and also when auditing facilities so that they can confirm that there is no double counting of products.

## 8. Data management

Records shall be kept at all stages of the Chain of Custody. Operators shall have a documentation and record keeping system that conforms to the requirements of this Protocol.

VISEC (or its designated administrator) shall maintain a "Database" to verify that soybean shipments comply with the requirements of this Program. VISEC shall have overall responsibility for administering the database. It may delegate all or part of this responsibility (for database administration) to authorized personnel, or administrative delegates or independent IT companies.

In order to maintain the confidentiality of the commercial operations that may be originated in the process, only the certifying company in charge of verifying the chain of custody will have access to the entire record of product movement and supporting documentation throughout the process. Participating companies will only be able to view the data originating from their participation in the process. The scheme may even have several levels of access to data visualization within each company if requested.

Member operators will enter the required data and documentation into a web-based system using a unique password for each company. The system will record the data and documentation by number and company to identify and thereby ensure chain of custody at each step of the process. The database management will be checked during the annual VISEC audit.

All members of the supply chain that handle renewable biomass and feedstock and want to demonstrate compliance with the VISEC Protocol shall maintain the following records and make them available for review within 10 business days upon request.

- Documents evidencing the data included in the Product Movement Record (Bill of Lading or Proof of Compliance), with all required information listed in this proposal, for each shipment of renewable biomass feedstock received and shipped at the member facility. Also, documentary identification of storage points (silos, cells) where deforestation-free soybeans are safeguarded.

- Verification that an accurate accounting of deforestation-free versus non-deforestation-free (or no evidence) soybeans was maintained in the inventory at any given time.

## 8.1 Data management system to ensure compliance baselines

All spatial information (imagery) will be stored and managed in a feedstock database developed for this purpose, which can be audited and queried as needed. Data in the Approved or Unapproved Production Unit feedstock GIS database will include all satellite imagery specific to the Production Unit through December 31, 2020, or the approved Category III (Green) Land Use Change Plan (LUCP), if applicable. This Deforestation Free (DF) feedstock GIS database will be part of the overall biomass compliance database to be managed by VISEC or as determined by VISEC.

A RENSPA ID database of VISEC Approved Productive Units will be created for real-time use at soybean biomass processing and storage sites. The database will be used at biomass processing and storage, storage sites to classify soybeans as deforestation-free biomass or not, according to their origin in the Product Transfer Documents.

Grain elevators or processing plants listed by VISEC will enter data into a web-based system using a password operated by VISEC. The system will generate the Product Movement Record only if the production unit is considered as Approved. Also, the identifying data of the SLD storage cells will be entered in the system or in the operator's record. The system will list the RMP by number and operator.

VISEC will maintain a Compliance Database that will track Product Transfer Documents entering a point of conversion. The compliance database will quantify soybean shipments from Approved Producer Units entering each storage, processing or transformation facility. The compliance database will provide a real-time summary of this data for independent inspectors to review as needed.

Likewise, data on products derived from SLD (flours, oils, etc.) will be established, for which the system will establish parameters of average industrial yields based on historical data recorded according to CIARA-CEC, as well as the storage places of these derived products in the Product Movement Record system as described for grain. This value will be taken as a standard for the control and calculation of SLD volumes and their by-products. In the event of finding values of industrial milling ratios that differ by more than 10% from those established by CIARA-CEC according to its historical data, an alarm will be established in the system so that the company must justify these deviations or correct the data loaded.

## 9. Compliance (third party verification)

VISEC will arrange for Verification Bodies to carry out a comprehensive program of annual compliance verifications (Certificate of Conformity). VISEC will also manage the record keeping and general data management for the program and will be responsible for the overall integrity of the implementation and may utilize third party verification.



## 9.1 Verification objectives

The overall purpose of the Compliance Verification Program is:

- Obtain the documents and Product Movement Record associated with the transfer of soybeans and derived products between the different points of the storage, industrialization and transportation process;
- Confirm that the raw materials used to produce SLD Certificates meet the definition of deforestation-free soybeans.

## 9.2 Sites to be Verified

Annual Compliance Verifications will be performed at all registered industrial and logistic plants. The Verification Program requires the registration of all industries and their raw material suppliers (crushing plants and grain elevators) to comply with the VISEC program. Every site along the Supply Chain (warehouses and intermediate storage) will be subject to visits in the first year to verify compliance with the Verification Program. This enabling audit ensures that members are informed of their requirements and have the systems and personnel in place to collect and report the required data. Upon passing the enabling audit, the facility receives a Certificate of Compliance and access to the Compliance Database where their Product Transfer Documents are stored.

## 9.3 Sampling methodology (documents)

The sample size will be guided by statistical principles to ensure a sufficient and representative sample to guarantee a confidence level of 95%.

The verification design will use a random sampling methodology with probability proportional to the size of the raw material quantities supplied for processing. The approach improves precision for samples of given size by concentrating samples on large items that have the greatest impact on population estimates. The frequency of verification is determined on an annual basis.

## 9.4 Verification reports (to be developed)

The Verification Body and its auditors shall make a report evidencing that the verified site complies or does not comply with the requirements demanded by VISEC, ensuring that the correct traceability of deforestation-free soybeans on the site is met.

# 10. Requirements for Verification Bodies (VBs)

Verification Bodies (VBs) will conduct the audits of members wishing to participate in VISEC. The following points detail the accreditation requirements and recognition procedure for any Verification Body and its auditors wishing to verify compliance with the requirements of this Protocol:

- Full name of the Verification Body
- Name and contact details of the main contact person/Program Manager
- Geographic area in which the service(s) will be offered
- Addresses of the certification agencies' offices to be used to provide certification services and contact details

- Complaints procedure for the management of complaints regarding certified organizations, open to any interested third party.
- Procedures for identifying and managing potential conflicts of interest
- A certification scheme Program and Quality System developed by the Verification Body, including at least:
  - a. A record of competence, training and a clear justification for qualifying as a lead auditor to provide the certification service.
  - b. Performance of audits according to ISO 19011 requirements.
- Appointment of competent and trained employees in terms of the requirements of this Scheme.
- List of recognized and approved auditors (name and e-mail contact details).

Verification Bodies shall also comply with at least the following requirement:

- Evidence of accreditation by a National or International Accreditation Body to the requirements of ISO/IEC 17065:2012, with the address of the office where the accreditation takes place.

These requirements ensure that the Verification Body is competent and can produce credible results.

Auditors of any Recognized and Approved Verification Body shall comply with the following requirements:

- They must be independent of the audited activity and free of conflict of interest.
- They must have sufficient skills to perform general audits.
- They must have sufficient skills and knowledge to perform specific audits related to the criteria of this Scheme.
- They must demonstrate that audits will be properly planned, conducted and reported.

The competencies and skills of the designated auditors are key factors for the success of the VISEC Protocol. Training will familiarize them with the requirements of this Protocol. Lead auditors shall successfully complete a VISEC training course covering the criteria, indicators and guidance of this Protocol.

Auditors of VISEC approved Verification Bodies must meet the following minimum requirements in order to be an auditor in the VISEC system.

- Be part of a verification company/agency with a proven track record in the certification system of at least 2 years.
- Successful completion of a VISEC training course for auditors.

Knowledge of the "VISEC Approved Production Unit" definition, traceability and segregation system are the main requirements for auditors. VISEC will provide a training course for auditors covering the understanding of the VISEC Protocol, the "VISEC Approved Production Unit" mapping methodology, traceability, the segregation system and basic auditing techniques.

At a minimum, the auditors' tasks should include:

- The identification of activities and systems relevant to the criteria of this Protocol.
- Verification of the effective implementation of control systems.
- Establishment of a limited assurance level that contributes to audit risk management.
- Analysis of risks that could give rise to a material misstatement.
- Development of a verification plan, including risk analysis and definition of sampling methodologies.

- Execution of the verification plan through the collection of evidence.
- Request members to provide missing items.
- Report a final verification conclusion.

Auditors must be re-qualified every 3 years. This qualification is done through a monitoring program/process developed by each Verification Body. The monitoring program may include harmonization meetings, administrative reviews, external trainings, parallel audits conducted jointly by an external auditor, etc. Proof of the program must be submitted to VISEC.

Monitoring results should be documented and records kept for at least 5 years.

## 10.1 Procedure for Recognition of Verification Bodies in VISEC

The final recognition of all Verification Bodies will be decided by VISEC based solely on the general procedure described below:

- Review of all information and documentation submitted in accordance with the aforementioned list;
- Meetings with senior executives of the Verification Body and other management levels as deemed necessary;
- References of the accreditation body that granted the required accreditation;
- The right to act as an observer in at least one audit of the different Members of the supply chain. The selected Member(s) shall be informed in advance by the Verification Body and all potential conflicts of interest shall be avoided;
- The right to add additional requirements to those included in the minimum list at any time, provided that reasonable notice for compliance is given to the Verification Bodies and to investigate any complaints or suspected deviations from this Scheme;
- Take disciplinary action or withdraw approval.

VISEC shall sign an agreement with each Verification Body after the Verification Body is recognized.

## 10.2 Register of recognized and approved Verification Bodies

VISEC will maintain an updated list of recognized Verification Bodies, which will be available to the public.

## 10.3 Penalties

VISEC will withdraw the recognition of a Verification Body in case of non-compliance with the terms agreed with VISEC or if the Verification Body does not comply with the policy and requirements of this Protocol.

## 10.4 Confidentiality and conflict of interest of employees of verification bodies

Note: direct and subcontracted employees shall be considered employees of the Verification Body.

Employees of the Verification Bodies shall sign a "Code of Conduct / Confidentiality and Conflict of Interest Agreement". The Verification Bodies shall sign a similar agreement with each audited VISEC Protocol Member.

At a minimum, the following topics will be addressed:

- Confidential information: employees shall ensure that all confidential information received/obtained during the audit is kept confidential unless it is necessary to achieve and/or maintain certification status.
- Independence: Employees shall not engage in activities/tasks that may affect their independence. Employees shall inform the Verification Body of any potential conflict of interest with the applicant.
- Professionalism: employees shall act in a professional, accurate, independent and impartial manner.
- Gifts: Employees shall not accept any incentive fee, gift or other benefit from the requesting organization or its employees.

## 11. Penalties for non-compliance VISEC operators

### 11.1 Types of operator non-compliance

According to point 7.2.2, the Certificates of Conformity of the installations shall be issued only after "qualification", provided that there is no non-conformity that prevents it.

For the purpose of chain qualification, VISEC will admit equivalences with similar sustainability certification systems. This will allow its automatic qualification, as long as the analogous standard is in force. If the certificate is cancelled for reasons external to VISEC, the certificate for VISEC will also be cancelled.

Operators subject to a clearance will have 30 working days to correct any non-conformities (save and except for shipments). If the non-conformities cannot be addressed accordingly within the defined timeframe, the certificate cannot be issued.

Any non-compliance or violation of a VISEC Protocol requirement by an operator subject to qualification is considered a non-conformity. They can be minor, major or critical.

#### 1. They apply to the entire intermediate chain (stockpiles).

##### Minor Nonconformities:

- (1) No severe impacts,
- (2) Involve a lack of documentation or information requirements without severe impacts.
- (3) Do not lead to suspension or disqualification.

**Major nonconformities:**

- (1) have a severe impact or have a severe impact, but are not minor, and (2) have a severe impact or have a severe impact, but are not minor and
- (2) are not critical.
- (3) Suspend or suspend a rating.

If minor nonconformities are repeated or become systematic, they may be considered major.

**Applicable only to VISEC Protocol compliance shipments.**

**Critical non-conformities:** They have a severe impact, are systematic and irreversible and/or intentional. They lead to rejection of the operation (specific shipment) and temporary suspension.

## 11.2 Audit types according to installation

Different types of audits (e.g., follow-up or enabling or follow-up) will be performed on each facility to be audited. According to this categorization, the type and impact of its nonconformities will vary, and therefore, also the sanctions to be imposed on the operators, such as:

**Industrial processing and stockpiling plants**

**-Qualifying** audit, performed in the first year of operation, on all intermediate stockpiles. Its result implies enabled (compliant) or not enabled (non-compliant) to operate according to VISEC Protocol guidelines. Upon passing the enabling audit (according to specific requirements 7.2.1), the facility receives a Certificate of Conformity and access to the Compliance Database where its Product Transfer Documents are stored.

**Follow-up** audit, carried out in the following years after the qualification audit, on all the intermediate stockpiles. Its result implies continuity of its previous status as enabled (compliant) or otherwise it becomes not enabled (non-compliant) to operate according to VISEC Protocol guidelines.

Follow-up audits allow for minor or major nonconformities. In the event of a critical nonconformance, the physical site is suspended for 30 calendar days or until supporting documentation of the resolution of the systematic error is available.

**Ports**

- **Qualifying** audit, performed in the first year of operation, on all Ports. Its result implies enabled (compliant) or not enabled (non-compliant) to operate according to VISEC Protocol guidelines. Upon passing the enabling audit (according to specific requirements 7.2.1), the facility receives a Certificate of Conformity and access to the Compliance Database where its Product Transfer Documents are stored.

- **Follow-up audit** carried out every successive year after the qualification audit, on all ports of embarkation. Its result implies continuity of its previous status as qualified (compliant) or otherwise it becomes not qualified (non-compliant) to operate according to VISEC Protocol guidelines. Follow-up audits admit minor or major non-conformities. In case of critical non-conformance, the physical site is suspended for 30 calendar days or until supporting documentation of the resolution of the systematic error is available.

### **Shipments**

-**Single instance** audit, randomly executed on shipments.

In case of non-conformities, they are considered critical. Minor or major non-conformities are not allowed for the release of a shipment under VISEC guidelines. Non-conformities imply the direct cancellation of the shipment for the purpose of the VISEC protocol rigorousness.

## **12. Terms and Conditions (See Annex 6)**

VISEC shall establish terms and conditions of use (hereinafter referred to as "the Terms", "the Conditions", "T&C"). These shall be used by those who use or otherwise deal with the VISEC System.

## **13. Annexes (See Annexes Document)**

## **14. Glossary**

Local Enforcement Authorities (LEAs)

Conservation Plans (CP)

Sustainable Management Plans (PM)

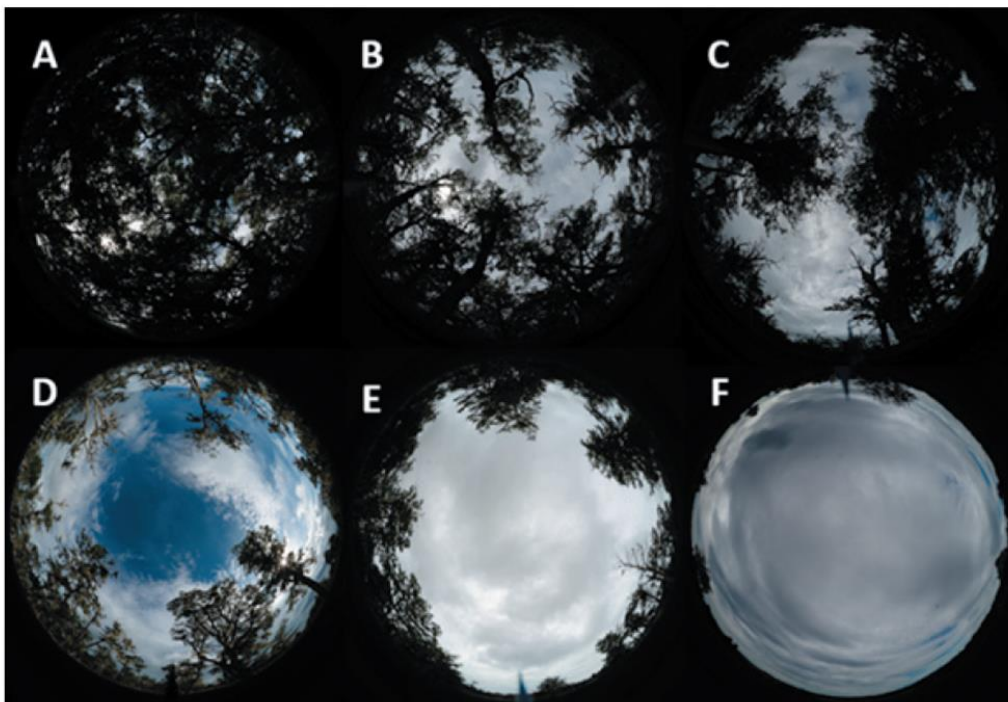
Formulation Projects (FP)

Plan of Land Use Change (PCUS), per Spanish acronym, "Plan de Cambio de Uso de suelo".

**Intermediate stockpiles:** intermediate or final biomass (soybean, soybean oil and biodiesel) collection points, including intermediate elevators, transshipment ports and storage facilities, among others, that store or transship biomass temporarily and deliver it to the next step in the chain.

**Forests:** Following FAO definitions and considerations, forest is defined as land extending at least 0.5 hectares or 50,000 m<sup>2</sup> with planted trees (predominantly composed of trees established by planting and/or deliberate seeding) or natural trees (includes virgin or naturally regenerating forests composed of native species) with a height of at least 5 meters and a crown cover\* of at least 10% or that can potentially reach these parameters (e.g. abandoned agricultural areas with regenerating trees that can reach these requirements). Within this definition, windbreaks, barriers and tree corridors at least 20 meters wide with an area equivalent to at least 0.5 hectares or 50,000 m<sup>2</sup> are also considered as forest. Land that is predominantly used for agricultural and/or urban purposes is not included in this definition and therefore not considered as "forest".

**\*Canopy cover:** As developed in Pastur et al. (2023), canopy cover refers to the vertical percentage projection of trees above the forest floor (e.g., leaves, branches, shafts), and is often influenced by the surrounding landscape (Chianucci 2020) (e.g., relief or topography). Tree cover is not an indicator of stable values, but changes throughout the different successional stages described above or throughout the year, both for deciduous species (e.g., complete loss of leaves in times of drought or winter) and evergreen species (e.g., partial loss of leaves) (Toro Manríquez 2019). The following image was taken from the same work by Pastur et al. (2023), it exemplifies different % tree cover:



**Figura 1.** Ejemplo de distintas coberturas arbóreas en rodales naturales (A=93%, B=77%, C=62%) y bajo manejo o transformaciones de origen antrópico (D=35%, E=22%, F=7%) de bosques de *Nothofagus antarctica* en Tierra del Fuego. Análisis de fotos hemisféricas mediante el software Gap Light Analyzer (Forest Renewal, USA).

**Deforestation:** According to FAO definitions and considerations, deforestation is considered to be the conversion of forests to another type of land use, regardless of whether it is human-induced or not, understanding forest as defined above (at least 0.5 ha or equivalent and trees of at least 5 m in height and 10% canopy cover or the potential to reach them and/or forest curtains of at least 20 m in width and equivalent in surface area). A decrease in cover below the 10% limit is considered deforestation. Although the definition clarifies that conversion is independent of human action, FAO specifies that in the event of a natural disaster (e.g. a forest fire), if the affected forest is allowed to regenerate and the disturbance is not used for conversion to agricultural or other non-original use, it would NOT be considered deforestation. In the event that the change caused by the natural disaster results in the detection of an agricultural use in that area, it will be considered deforestation. Additionally, a change from a forest to an agricultural use such as the introduction of an agroforestry system, even if it does not involve clearing, will be considered deforestation. The term excludes, in the case of forest plantations, areas where trees have been removed as a result of harvesting or logging, and where the forest is expected to regenerate naturally or with the help of silvicultural measures.

**Forest Degradation:** In line with European regulation, forest degradation is defined as structural changes in forest cover that, without implying a decrease in the % of forest cover or the conversion of forests to agricultural use (**defined as deforestation**), take the form of:

- Conversion of primary forests (forests of native species with no evidence of human intervention) or natural regeneration forests (native/autochthonous species regenerated naturally or where it cannot be distinguished whether regeneration was natural or by plantation) to forest plantations.
- Conversion of primary forests to reforestation forests (forest predominantly composed of trees established by planting or seeding).

This definition is functional to the extraction of forest resources (timber and by-products made from timber).

**Cut-off date:** Date as of which deforestation or forest degradation of a production unit means that it does not comply with the commitments of no deforestation or no forest degradation, respectively.

**Legality:** The requirement of legality will be given by the adherence to the Argentine Legislation in relation to:

- Respect for the different areas that make up the Federal System of Protected Areas, considering the regulations of each jurisdiction. This includes areas included in: the National System (National Park, National Reserve, National Monument, Strict Nature Reserve, Wild Nature Reserve and Educational Nature Reserve); the Provincial Systems (Provincial Park, Provincial Reserve, Nature Reserve, Multiple Use Reserve, Wildlife Refuge, Natural Monument (provincial), Protected Landscape, Municipal Reserve, Private Reserve); as well as internationally recognized areas (Biosphere Reserve, Ramsar Site and World Heritage Site). Soybean production occurring within the boundaries of these areas, when it is not a permitted activity, will not comply with the legality requirement.
- Compliance with National Law 26.331 on Minimum Standards for the Environmental Protection of Native Forests, an instrument that sets the minimum mandatory standards for forest protection in Argentina, as well as the provincial laws that regulate the Territorial Management of Native Forests (OTBN) in each jurisdiction. National Law 26.331 orders each province to classify its native forests considering the following categories:



- Category I (red): Sectors of very high conservation value that should not be converted. Includes areas that, because of their locations relative to reserves, their connectivity value, the presence of outstanding biological values and/or the watershed protection they provide, merit their persistence as forest in perpetuity, even though these sectors may be habitat for indigenous communities and be the object of scientific research.
- Category II (yellow): sectors of medium conservation value, which may be degraded but which, in the judgment of the jurisdictional enforcement authority with the implementation of restoration activities, may have a high conservation value and may be subject to the following uses: sustainable use, tourism, harvesting and scientific research.
- Category III (green): sectors of low conservation value that can be partially or totally transformed, although within the criteria of this law.

Based on these criteria, soybean production occurring in areas where deforestation (as defined above) took place prior to December 31, 2020 will not meet the legality requirement if such areas are located in:

- Forests classified as Category I "red".
- Forests classified as Category II "yellow"

Soybean production occurring in areas where deforestation occurred prior to December 31, 2020, in territories categorized as Category III "green" forests will comply with the legality requirement subject to the presentation of the corresponding Plan of Land Use Change (PCUS) required by law authorized by the competent authority.

For clarification purposes, VISEC does not act as an inspector and/or enforcement authority of national or provincial laws. VISEC recognizes the legality of what is established by the legislation and the administrative acts of the corresponding enforcement authority.

**Traders:** any natural or legal person who, in the course of a commercial activity, introduces the relevant products into the market or exports them.

**Deforestation-free soybeans (DFS/SLD in Spanish):** deforestation-free (i.e. produced on land that was not deforested after December 31, 2020) and legal (i.e. in compliance with all relevant applicable laws in force in the country of production).

**Conversion unit (processing plant):** facilities where soybeans are processed to produce soybean oil and soybean meal and other by-products. These facilities may be oil crushers and/or processing plants. Conversion units will collect all the data from the previous steps in the chain.

**Productive Unit:** A Productive Unit is defined as the parcel of land (within a property) that will have a given harvest as a result of the production of a defined producer.

The Productive Unit will be defined by the RENSPA number, so that the different RENSPAs registered for the same establishment or property imply different Productive Units unrelated to each other. There is no concept of Polygon as such separate from the Producer, since it will be registered as RENSPA.

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