



## 1st SEMINAR ON RESPONSIBLE SOY PRODUCTION

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MARCH 19 2008

RTRS DEVELOPMENT WORKING GROUP  
PROGRESS REPORT

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## RTRS : DEVELOPMENT GROUP

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- 2 MAIN TASKS
  - DEVELOP SET OF PRINCIPLES AND CRITERIA TO DEFINE RESPONSIBLE SOY PRODUCTION
  - DEVELOP MECHANISMS TO VERIFY IMPLEMENTATION OF THE P & C

## RTRS-DG members

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|-------------------------------|----------------------------------|
| 1. Ashok Kuma (India)         | 11. Joao Veloso Silva (Bra)      |
| 2. Augustin Bianchini (Arg)   | 12. Joao Vianna (Bra)            |
| 3. Carlos Klink (Bra)         | 13. John Landers                 |
| 4. Daniel Nepstad (Bra)       | 14. Carlos (Paraguay)            |
| 5. Daniella Mariuzzi Rabobank | 15. Marieke Leegwater MVO/Fediol |
| 6. Jochen Koester             | 16. Monika Bergamashi ABIOVE     |
| 7. Jan Maarten Dros           | 17. Luiz Dinnouti BASF           |
| 8. Joao Shimada (Bra)         | 18. Sergio Guilmaraes            |
| 9. Silceu Dalberto (Bra)      | 19. Carlos Dietrich (Cargill)    |
| 10. Stewart Lindsay (Bunge)   | 20. Yvan Dejaegher Fefac         |

BALANCING INTEREST GROUPS !

## WORKING GROUP

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- ADEQUATE PARTICIPATION
  - GEOGRAPHICAL SPREAD
  - REPRESENTATION
  - BRINGING EXPERTISE
- REPRESENTING IMPORTANT STAKEHOLDERS: COMMITMENT
- EXTERNAL FACILITATORS EASE PROCESS
- PUBLISHING OF DRAFTS

## **RESULTS : ProForest = facilitator**

- Terms of reference
  - Complaints Committee
  - Code of good conduct
  - Outline containing principles and headings agreed and published
- 11 Principles developed and criteria elaborated for these principles (incl deforestation, labor, environmental issues, ...)

## **TIME-LINE**

- **OCT 30 -07: BEGIN CONSULTATION**
- **DEC 22 2007 : END OF FIRST CONSULTATION**
- **JAN 28 2008 : COLLATED COMMENTS SENT OUT**
- **FEB 8 2008 : PREPARATION FOR MEMBERS**
- **FEB 11-15 2008: DG-MEETING ARGENTINA**

## TIMETABLE

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OUTPUT DOCUMENTS	29/02/2008
EXEC BOARD	20/03/2008
PUBLIC CONSULTATION START	27/03/2008
PUBL CONSULTATION END	30/05/2008
COMMENTS TRANSLATED	23/06/2008

## NEXT EVENTS

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26-27/04/08:	RTRS General Assembly Argentina
11-18/08/2008:	Next Working Group DG

## PRINCIPLES

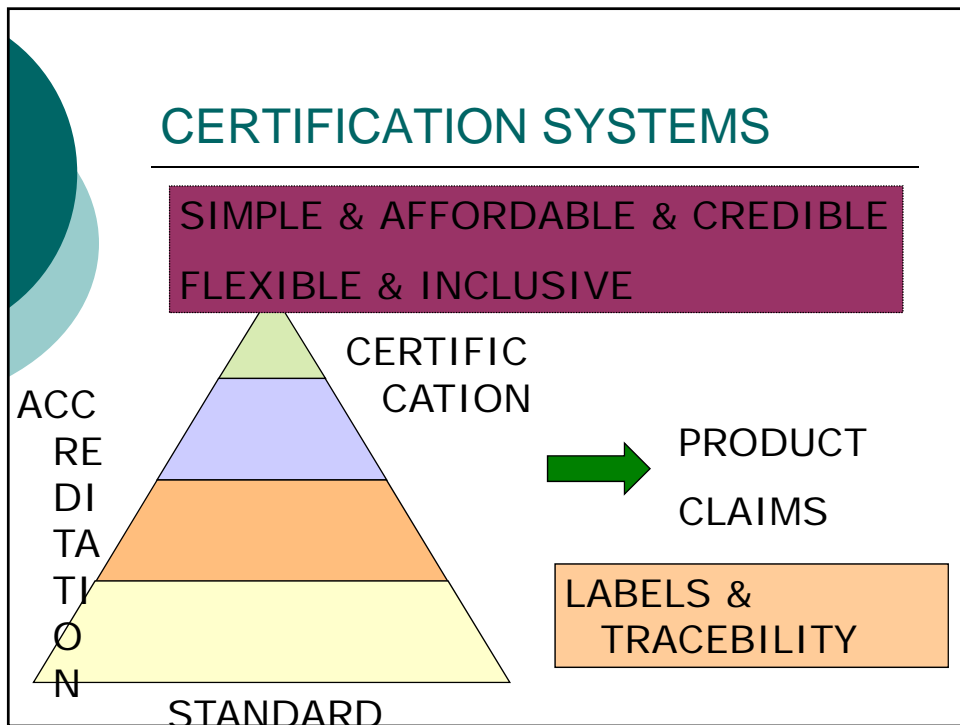
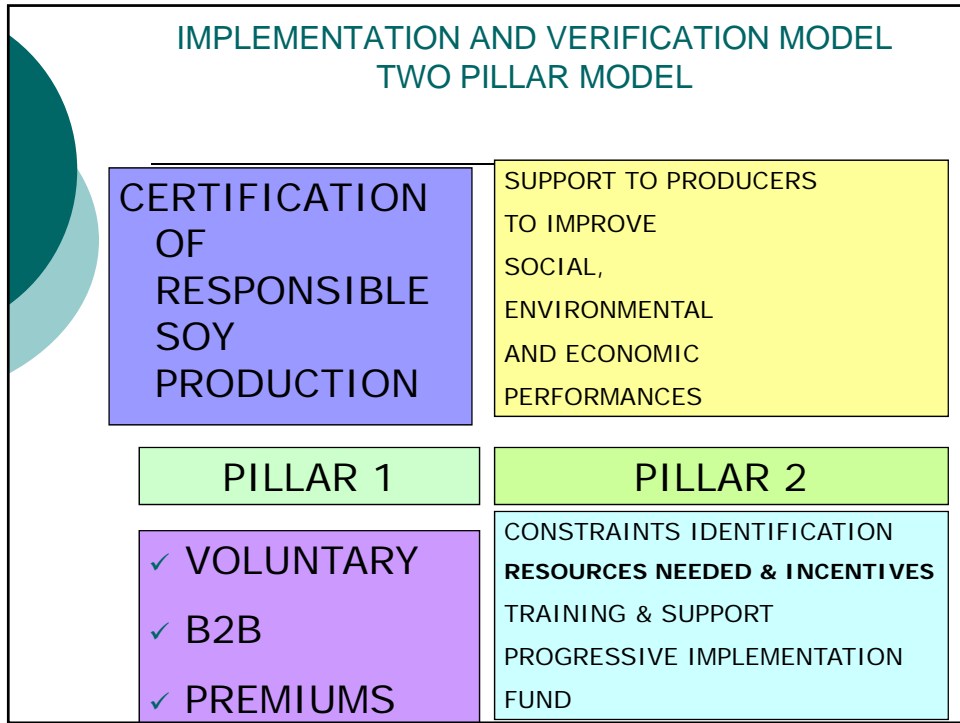
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- RESPONSIBLE BUSINESS PRACTICES (compliance legal requirements, openness & transparency, continuous improvement, long term economic viability)
- RESPONSIBLE LABOR CONDITIONS (respect human rights, training, fair salaries, health & safety issues, ...)
- RESPECT FOR LAND RIGHTS (land acquisition complies with law, .....
- SMALL SCALE AN TRADITIONAL LAND USE
- RESPONSIBLE COMMUNITY RELATIONS (local sustainable developments : plan, take, monitor, compensations for loss, ...)

## PRINCIPLES (2)

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- ENVIRONMENTAL RESPONSIBILITY (minimize negative environmental impacts, minimize pollution & waste, restoration, raising environmental awareness)
- RESPONSIBLE WATER MANAGEMENT
- RESPONSIBLE SOIL MANAGEMENT
- PROTECTION OF BIODIVERSITY (conservation of fragile ecosystems and landscapes, of native biodiversity)
- CROP PROTECTION AND RESPONSIBLE USE OF CHEMICALS (monitoring and control of pests, diseases, weeds, responsible handling and use of agrochemicals, ...)
- RESPONSIBLE ESTABLISHMENT OF INFRASTRUCTURE AND NEW AREAS OF CULTIVATION (HCVA !!, assessments of environmental impacts, prioritization of lands, compensations, ....)

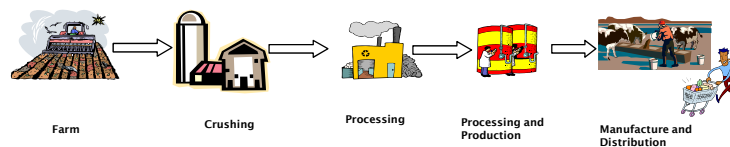


## VERIFICATION MODEL

- UNIT OF VERIFICATION : farm, municipality, cooperative, silo, ...
- TYPE OF VERIFICATION: 1st, 2nd or 3rd party
- FINANCING: self-financing, fund, logo, market benefits

## RTRS : SUPPLY CHAIN OPTIONS

- To make any claim about use of RTRS soy need to link product to production
- Requires supply chain control



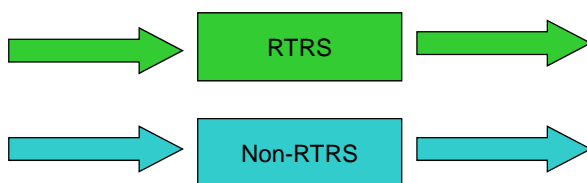
## Supply chain options

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1. Segregation
2. Controlled mixing
  - Mass balance (volume accounting)
  - Percentage-based claims
3. Tradable certificates (book and claim)

## Option 1: Segregation

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- Involves keeping RTRS materials separate from non-RTRS material throughout the supply chain

## Key issues: Segregation

- Perceived as credible because 'RTRS product' is always from beans grown on RTRS farms
- More practical with large volumes of oil (bulk commodity)
- Increases costs and logistics
- Likely to be particularly challenging for smaller companies
- Works well with market premium

## Option 2a: Mass balance



- No separation of RTRS from non-RTRS material
- Based on ensuring that the total quantity of RTRS product produced is proportional to the quantity of RTRS raw material used

## Key issues: Mass balance

- Generally cheaper and easier to implement than segregation
- Efficient for facilities purchasing raw materials from a wide range of sources
- Not perceived to be as credible as segregation because of concerns with the non-RTRS material
- Increased demand for product generates increased demand for RTRS raw material
- Mixed product claim might discount price when run parallel with segregation

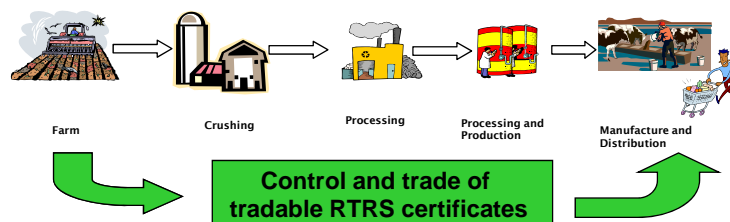
## Option 2b: Percentage labelling



- No separation of RTRS from non-RTRS material
- All product can be claimed as RTRS with a statement of the % from RTRS sources

- In practice requires some elements of segregation to maintain minimum % of RTRS material
- Not perceived to be as credible as segregation because of concerns with the non-RTRS material
- Allows producers to benefit from RTRS claims for all product even if they only buy a proportion of RTRS raw material
- Increased demand for RTRS product does not generate increased demand for raw material

### Option 3: Book and claim



- No traceability unlike conventional supply chain
- 'RTRS' element of the material is traded separately from the material itself using tradeable certificates or some form of credit
- Need separate control entity



## Key issues: 'Book and claim'

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- Credibility issues because actual material used could be from any source
- More direct financial link between producer and consumer of 'responsibility' element
- Needs transparent process for:
  - Establishing the quantity of tradable certificates a producer can sell
  - Developing a mechanism for controlling and trading certificates
  - Establishing the basis for purchasing certificates



## Supply chain options

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## CONCLUSIONS

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- STANDARD HAS TO PROVIDE CREDIBILITY
- STANDARD MUST BE IMPLEMENTABLE IN PRACTICE : list of indicators
- DEVELOPMENT THROUGH A TRANSPARENT AND CONSULTATIVE PROCESS
- MEANS OF MEASURING IMPROVEMENTS & PERFORMANCE
- ACCEPTABILITY FOR ALL STAKEHOLDERS
- COMMITMENT TO CLEAR DEADLINES !

## CONCLUSIONS 2

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- WRITING THE STANDARD: EASIEST PART !
- TRAINING OF AUDITEES, AUDITORS
- HARMONISED IMPLEMENTATION & CONTROL
- GOOD SET OF CERTIFICATION & VERIFICATION RULES
- GOOD COMMUNICATION IS CRUCIAL

## TIME FOR DEBATE

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