

TAB meeting

18 – 19 September, London

Attendance, TAB:

Jean-Claude Autrey
Amy Jackson
Damien Sanfilippo
Armando Ortega
Manoel Regis Lima Verde Leal
Raoul Lionnet
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Attendance, Bonsucro:

Nicolas Viart
Rafael Seixas
Nahuel Tunon
Anne Nistad
Sonia Slavinski

1. Introduction to Bonsucro

An introduction to Bonsucro, TAB role and intended objectives was presented. A brief overview of funding was provided and the role of end-users. The Bonsucro Secretariat confirmed that the membership fee is the main source of income as certification fees were eliminated. A comment was made that due to commitments to 2020 sourcing goals it is expected that more sugar will be Bonsucro-sourced.

2. Presentation of the Theory of Change and Outcome Report

The Outcome Report was presented and its scope outlined. The high-level results were highlighted with a focus on the worker outcomes. One question was raised about smallholders and how they are included in the Calculator. There was extensive discussion on the unit of certification and the farms and workers included. A question was raised about the 25% world surface under cane engagement in Bonsucro and what that meant. It was noted that the year on year certification area could decrease, as it did for example in 2015 and the reasons for this were explained. Bonsucro confirmed that there hasn't been an

exercise to investigate why mills may be decreasing their unit of certification. A suggestion was made to access non-certified mill data and the discussion continued about the value proposition of Bonsucro and some comparison with the Fair Trade system was made. Discussion followed as to what is the best data to be covered. It was mentioned that South Africa has extensive data.

Some clarification on the GHG emission data was requested and a question on what standard or convention is used for agrochemicals: Montreal, Stockholm, Rotterdam, WHO 1a and 1b. Bonsucro confirmed that all of them are used.

The CAEI case (Dominican Republic) was discussed and where the Bonsucro input was in this case and a connection to the mission to show continuous improvements was mentioned.

It was also cautioned when using the terms 'reducing' and 'decreasing' which implies that change is happening and there is a slight risk when comparing Bonsucro against non-Bonsucro certified mills that it is not a meaningful comparison.

Action: It was requested that more data be presented to the TAB (but not published). Overall a yield comparison – historical 'before' and 'after' would be good to have.

The Theory of Change was presented including the pathways and principles, and the approach to implementation. One question was raised about the Bonsucro tools and how farmers can have access to them. Assobari was mentioned and the positive feedback received was highlighted. CTC (technical experts of sugarcane in Brazil) used to be a reference for the mills, the sector is without a reference now so perhaps a certification system could become that reference? Finally, it was stated that the theory of change is slightly unclear in places.

Action: In choosing partners for change, mills and farmers should be given priority. Request for participation in the consultation.

The terms of reference of the TAB were re-iterated, linking it to the theory of change. Input will be needed in the logic as opposed to the steps that will lead us to the implementation of the theory of change.

3. General Update on Bonsucro work in regions

It was summarised that in the past Bonsucro had the same engagement in every country, now there is a clear focus on priority countries. An explanation of the rationale behind the country groups was made.

Some more information was requested from Bonsucro on the public prosecutor case in Brazil followed by a question about the reputational risks to Bonsucro.

An explanation was provided on non-compliance with legal requirements and a question raised as to how Ethical Sugar can find issues with social aspects and not Bonsucro? An explanation was provided and the extent of the involvement of trade unions was questioned.

4. Revision of the Production Standard to support smallholder farmers

One comment was made on agrochemicals and indicator 4.1.5 as less than 5 kg cannot be used in all contexts. The composition of the Smallholder Committee was raised and the extent of their sugarcane experience.

A request was made to potentially add a representative from India on the Committee, however, explanation was given on the representative from China's prior work at an Indian mill group (EID Parry).

The question of how many smallholders are there globally was raised: 20 million in India alone.

The definition of smallholder was discussed and it was proposed that this should be as the country defines it.

The difficulties in collecting data of smallholders were highlighted. The setup of mills and farmers in India was discussed and the universality of the standard highlighted. It is expected that the mills will be the driver of the smallholder programme.

Action: It was requested that Bonsucro should identify where the growers are more likely to be certified with the mill as collecting data on smallholders will be difficult.

The frequency of data collection was mentioned and the Fairtrade example was provided. It was noted it is possible to collect massive amounts of data if that data recording process offers something to the producer. The larger objective of sustainability was highlighted using the example of water usage – but the issue is about mobilization and data collection.

A question was raised about using children within the family and whether this can be considered child labour and the extent this applies to small holders. However it was also noted that driving the sustainability agenda in the smallholder sector should not be diluted. A question was raised about whether the current standard would work for smallholders and that first the unit of compliance would need to be defined. The BCI example was provided where it defines groups based on the same socio-economic situation. This is particularly important for training purposes so that it can apply uniformly because farmers as a minimum must know they are part of that group. It was mentioned that there are no farmer producer organisations in India.

Action: It was recommended that Bonsucro carry out a pilot which would highlight any difficulties to meet these objectives: 1 in Latin America, 1 in India etc.

The incentive for small growers to become certified was questioned and it was confirmed that it was likely the scheme would only succeed when the mill is also on board and if there is a value proposition for farmers linked to costs. The situation in India was re-iterated where there are only 2 certified mills and the hard reality of having to provide PPE to thousands of workers was raised. However, it was also stated that safety is a major concern and should never be diluted.

Action: It was agreed that for the smallholder context Bonsucro should consider which core criteria could become non-core criteria, but that criteria should not be removed.

Action: It was also suggested to look at how other ISEAL members assess smallholders.

The definition of farms was raised once more and it was noted that the key component would be who are the farm management and decision-makers as the issue is about decision-making. Some discussion followed on what is meant by outgrower which then led onto the cost of certification for a mill. Some concerns were raised over the time that is taken away from the mill staff during audits.

5. Bonsucro Innovative Tools

The following tools were presented:

5.1 IPM Coalition Pesticides database

A question was raised about when an alternative is not found. An example of a high-conservation area was provided.

5.2 Global Forest Watch

The online tool was presented.

5.3 Bonsucro Academy

The following questions were raised and answered:

What happens if a mill fails the exam, but passes the audit or vice-versa? Who is the primary audience for the Bonsucro Academy? Can the Bonsucro Academy log skills and training attended? Response from Bonsucro was that yes, this is possible, but the Bonsucro Academy has not been launched yet.

5.4 Bonsucro Connect.

The following questions were raised and answered:

Would one be able to have historical data? Can those that are not certified use the tool? Is the audit report available? Trading on Connect: should this be made mandatory? Would smallholders use the Connect tool? Who has made the tool? Mills complain about the amount of time needed by staff for certification. Is the idea that it saves time?

End of Day 1

Day 2

6. The case of Traders in the Mass Balance Chain of Custody

It was suggested that paper traders need to be researched more fully and taken to consultation with the membership and the Member's Council.

The TAB agreed that mass balance continues to be the right approach, but that there is a need to communicate to the end user that they are not getting segregated certified sugar. The claim is always that the product supports sustainable production because it is mass balance, but potentially they might expect that the particular product is made from sustainable practices. It was highlighted that allowing the ownership to show the traceability now presupposes the outcome of the consultation.

Action points: It was suggested to make a theory of change on what the impact is with regards to traders which might result in a Mass Balance Chain of Custody standard revision.

It was suggested to suspend use of the label until there is an assured mechanism to have a physical supply chain in the case of paper traders. There was a suggestion to require physical trade for logo use. Otherwise paper traders can use credits where it does not represent physical movement. There was a general feeling of unclarity expressed by the TAB on what is happening now.

Several questions were raised such as: What is the mission/vision of the organisation? Does it imply that the whole supply chain needs to be certified (i.e. refineries)? In the long-term, should Bonsucro consider sustainability criteria for the refineries?

The following were presented:

Reference shared on chain of custody

models: https://www.isealalliance.org/sites/default/files/ISEAL_Chain_of_Custody_Models_Guidance_September_2016.pdf

UTZ video: <https://www.youtube.com/watch?v=lTly8OebL-Q>

Reference: Video shown on the difference between mass balance and segregation.

7. Certification Protocol and Assurance Presentation

The Bonsucro oversight system was presented as well as the result of the 2017 Bonsucro assessments.

A concern was expressed regarding auditors being Bonsucro qualified but in some cases not understanding the sugarcane production process and a question was raised about how Bonsucro manages auditor competencies. Bonsucro confirmed that they are assessed

during witness assessments and that they should all have an established complaints policy mechanism.

A concern was also raised about the quality of audit reports especially on descriptions and details of findings. It was suggested that there should be a process to improve the quality of the reports. Bonsucro confirmed that the report review process has been put in place and looking ahead, Bonsucro is investigating how the entire audit process, including audit report can be hosted in Bonsucro Connect to increase the visibility of auditing.

It was noted it is important to consider the local knowledge of the auditors. Ideally, they should be local as it provides more confidence in the audit outcome but it was also asserted that alternatively in some cases if the auditors are external they are not swayed by local acceptance and conditions.

A question was raised as to whether Bonsucro considers the cost of auditing in the report review stage. It was confirmed Bonsucro does not get involved in the cost of audits.

Bonsucro asked the question as to whether it should introduce a risk-based frequency of audits and there was a general consensus that audits are generally too frequent. The issue of credibility versus reducing transactional cost was raised.

Action: It was agreed that Bonsucro assess risk parameters, the history of conformity and how well mills and operators have acted on corrective action plans in order to create risk assessment tools on audit frequency.

BCI explained that they will do a credibility assessment of potential tools to use for a risk based audit.

Bonsucro asked the question as to whether deadlines for non-compliances should be set. It was noted that an increasing compliance score could be used as justification for reducing the frequency of audits: an incentive based system instead of a stepwise approach. Discussion followed on what is the impact of allowing the 80% and allowing the uptake and is driving improvement where the energy should be?

Action: It was suggested to review consistently repeated non-conformities.

Bonsucro asked the question as to whether a group of mills can be audited together. It was noted that mills can be at very different stages within the group and very different operationally. It was agreed that group mill certification should not be introduced because there might have management system that is working at the corporate level but is not well implemented at the mill. There are benefits and potential synergies when they are evaluated together though but it was noted that introducing a group scheme is a big task.

Bonsucro asked the question of how to audit a farm during a mill audit that is certified on its own under the farm scheme. It was agreed that if the farm is certified the certificate only should be checked and that this should be sufficient. The audit report or the calculator should not be reviewed. The certified farm should not be included in the pool of farms to

be audited that supply the mill in its unit of certification. The conversation continued as to how to manage volumes between the farm and the mill.

8. Technical Topics

8.1 GM cane

Bonsucro provided an update on GM specifically for Bt cane. Bonsucro confirmed that no guidance or views on GM cane so far have been expressed by Bonsucro. CTC is putting the material forward for the US and Europe to know if it is acceptable and if it has to be labelled as GM.

It was stated that this issue is very political but ultimately depends on the legality in the country. It was agreed that when it is approved formally and legally, then Bonsucro will need to take a position.

There are misconceptions and people are not well informed on the topic and impartial information is not widely available. It is likely this will continue to be on the agenda for the following year meetings and the TAB will support with staying updated on developments.

Action point: Bonsucro to consult the membership on this issue to be able to make informed statements. No further action at present.

8.2 Agrochemicals

Indicator (less than 5kg) and (no banned) agrochemicals was discussed: current average 3.1/kg a.i./ha/year. It was noted there is no scientific background to 5kg limit and this was discussed and whether it should be a ratio indicator. Secondly, whether active ingredient matters was discussed and whether it should be on “potency/strength/toxicity”. A context-specific indicator (can be considered), based on climatic zone and rainfall

Action point: Bonsucro should check where the 5kg comes from and look into more sophisticated approaches

The BCI example was presented as they are currently strengthening pesticide requirements as improvement/non-core requirements based on toxicity. The current assumption is that it is applied evenly across all the land. A question was raised on previous crops (rotation, and use of banned agrochemicals in intercrop), but was felt this was not relevant.

8.3 Irrigation

The following indicators were discussed: 3.1.2 – Yields and 5.2.2 - Water use efficiency. The 3 irrigation regimes were presented: Dry land: such as in Sao Paulo, Supplementary irrigation: some water is added to improve yields (also called deficit irrigation) and Full irrigation (100% the water requirements of the plant are satisfied). Survival irrigation: less

than 200ml in 4 layers and Supplementary: up to 400ml were also mentioned. The problems associated with vinasse were highlighted: the size of the operation makes it expensive as well as the proliferation of insects. In Sao Paulo there are limits for application in law. A question was raised as to whether reservoir of rainwaters are considered irrigation? It was considered that it is was irrigation as a delayed application of rain. The key component to monitor is the water use against yields. Important to think about consequences outside of cane production (communities and other users of water)

Action: Supplementary irrigation should be removed from the calculator.

8.4 Soil Quality

There is a correlation between yields and age of cane field. Discussion followed on whether we should consider more appropriate indicators on soil erosion (e.g. organic matter content). Also it was noted that minimum tillage is missing if slope is greater than 5% and that data on trash, mulch, compost applications should be collected (additions on organic carbon). Tillage related to yields (maybe remove from Standard)

Action: Collect data on trash, mulch, compost applications and consider eventually removing plating rate related to yields from the Standard.

8.5 Cost of Production

We should keep doing analysis but not publishing due to sensitive information and unreliable findings.

9. Meeting Review

Each member provided some feedback on the meeting:

- Good time on circulation of agenda and papers (informative/illustrative). Questions could be more defined/precise. More need to clarify the role of the TAB
- Information received and presented was the same. Gaps to discuss in smallholder questions, working groups. Expectations from secretariat also to be clarified
- More preparation ahead of meeting would be more helpful (maybe send paper 2 weeks before). More focus on who we want to help (biased towards Brazil and current certified companies). Broader topics rather than very technical and narrow questions
- 2-weeks prior for paper deliveries (aspiration). Questions to be more precise and suitable for TAB consultation. May need more facilitation if group grows. Improve logistics
- 3 topics that may need more focus: smallholder situation, mill group certification, GM cane. Missing topic: Bonsucro way of inducing improvement. Missing topic: what's confidential and what's not?

- Jargons: how to ensure everyone have a common understanding for discussions? Papers were very well-written (if you got to read them). We should have a TAB document hub where members can find useful information such as the standards, protocol, and presentations of TAB meetings. We must ensure we have an open space for reflection at the end of each meeting (outside of agenda, focusing on big topics).

SUMMARY OF ACTION POINTS:

1. It was requested that more data on the theory of change be presented to the TAB (but not published). Overall a yield comparison – historical ‘before’ and ‘after’ would be good to have.
2. In choosing partners for change, mills and farmers should be given priority. Request for participation in the consultation.
3. It was requested that Bonsucro should identify where the growers are more likely to be certified with the mill as collecting data on smallholders will be difficult.
4. It was recommended that Bonsucro carry out a pilot on smallholders which would highlight any difficulties to meet objectives: 1 in Latin America, 1 in India etc.
5. It was agreed that for the smallholder context Bonsucro should consider which core criteria could become non-core criteria, but that criteria should not be removed.
6. It was suggested to look at how other ISEAL members assess smallholders.
7. It was suggested to make a theory of change on what the impact is with regards to traders which might result in a Mass Balance Chain of Custody standard revision.
8. It was agreed that Bonsucro assess assurance risk parameters, the history of conformity and how well mills and operators have acted on corrective action plans in order to create risk assessment tools on audit frequency.
9. It was suggested to review consistently repeated mill and operator non-conformities.
10. Bonsucro to consult the membership on GM cane to be able to make informed statements. No further action at present.
11. Bonsucro should check where the 5kg Agrochemical comes from and look into more sophisticated approaches
12. Supplementary irrigation should be removed from the calculator.
13. It was suggested to collect data on trash, mulch, compost applications and consider eventually removing plating rate related to yields from the Standard.