

To: Bonsucro Standard Revision Working Group. Bonsucro Secretariat

From: Liza Murphy, Arjen Brinkman

Date: 17 October 2018

Re: Standard Revision Documents

### **REQUESTED ACTION STEPS**

- **REVIEW ATTACHED DOCUMENTS**
- **INDICATE IF THERE IS ANYTHING IN THE DRAFT THAT WOULD PRECLUDE OPENING OF THE PUBLIC COMMENT PERIOD BY CLOSE OF BUSINESS (UK TIME) ON MONDAY 22 OCTOBER 2018**
- **NEXT WG CALL 7 DECEMBER 12:00 UK time. PLEASE HOLD THE DATE AND TIME, INVITATION TO FOLLOW**

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As discussed in our call on 8 October and subsequent email we have been working on integrating the inputs received from the Working Group, the Secretariat and other stakeholders into a Draft of the Revised Chain of Custody Standard.

To recap the priorities that were identified included:

- Developing responses to the challenges faced by participants wishing to share Mass Balance attributes across multiple locations
- Clear language on requirements for documentation, reporting and other process and data related activities
- Reorganization of the standard to increase the “useability” of the document
- Streamline the sources of requirements participants are asked to be compliant with (consolidation of documents)

In the Draft of the revised Standard you will see that we have taken several steps to meet the goals set for us. The document titled “Summary of Changes” provides the details here.

- We propose a Multisite solution that will allow cross border and subsidiary linking for sharing mass balance calculations
- We integrate the Mass Balance - Credits supply chain into the standard - this will facilitate both credibility by requiring CB led audits and consolidating multiple systems into one standard.
- Where appropriate we have reorganized sections and merged indicators
- We have simplified language - and removed any reference to EU RED to facilitate this standard being the base standard with EU RED as an add on. (work will be done on that rationalization immediately following the standard revision)

Please review the documents attached:

- Updated Benchmark and Gap Analysis (updated as discussed below)
- Summary of Proposed Changes in relation to the current Standard
- Draft of the Proposed revisions to the Bonsucro Chain of Custody Standard.

As noted in mail sent last week we are planning to open a 30 day Public Comment Period by 25 October 2018. Should the current draft have anything in it that you do not feel should be in the version presented for public comment please let us know by close of business on Monday 22 October (18:00 UK time)

### **PROCESS SUMMARY**

Under the supervision of the Secretariat our process to date has included development of a Benchmark and Gap Analysis Document that compares the current Bonsucro standard to several other pertinent standards (ISCC, RSPO, FairTrade (sugar) and the proposed ISO CoC standard). This document was used to understand how other standards dealt with similar needs, and to identify best practices we might wish to emulate in our updated Standard.

Parallel with development of the Benchmark Document we conducted a series of interviews that clearly indicated the desire to address multi sites in relation to managing Mass Balance, the need to increase the credibility and uptake of Mass Balance Credit trading, and a desire to revisit the language and organization of the standard to simplify and clarify the requirements.

As you know we also convened a call with you, the Standard Revision Working Group, to discuss and confirm priorities, review the opportunities identified in the Benchmark and Gap Analysis and gather input on other topics of concern.

**A new request that emerged from that Working Group call was to identify if the proposed solution to Multi Site Mass Balance was being followed by any other ISEAL member.** We have done that and can share the following in summary.

The FSC has updated their CoC document (FSC-STD-40-004 V3-0) with approval of November 2016 to specifically allow cross border and multi legal entity MultiSites. There terms are a bit different than ours but the most pertinent section of the standard specifically allows for:

- two or more sites OR legal entities sharing common ownership,
- OR**
- all sites have a legal or contractual relationship to each other *and* have common operational procedures, subject to a centrally administered and controlled management system and either centralize purchase and sales of forest products or operate under the same brand name.

Additionally FSC allows for their version of Mass Balance to be applied at either a single or multiple physical sites.

In sum, we are not alone in this approach, and the approach has been in use for 2 years now in the global FSC system. We have added this information into the Benchmark Document with the updated version of that document also attached to this memo.

### **NEXT STEPS**

We plan on opening the Public Comment period for 30 days by Wed 25 October 2018. Once closed we will organize the inputs received and share them with you for review and discussion. We are planning on having a review call on **7 December 2018** as previously discussed. Thanks for holding the dates open as we finalized the call date/time.

After that review we will make the final changes to the standard and submit it to the Secretariat for review and formal approval via the governance process.

Please feel free to contact us if you have any questions. We look forward to the next phase of the project.