

Synopsis of Comments on the BSI Standard: Version 1, based on the first public consultation, pilot studies and BSI member comments and their influence in formulating Version 2 Standards

Background

The detailed comments on the BSI Standard Version 1 received during the first public consultation phase from 2nd March 2009 to 30 April 2009 were placed on the BSI web site and are still available at www.bettersugarcane.com. Further input was obtained from pilot studies based on the standards in Brazil, India, Dominican Republic, South Africa and Australia and various stakeholder outreach meetings.

General

Some general comments were received. Overall the reception was favourable, but not unexpectedly a number of issues were raised, in the most case helpful. The simplicity and conciseness of the proposed standards was applauded.

Comments on certification and administration of the system were noted and passed on to the relevant sub-committees. It was proposed that BSI consider a tiered approach for its certificates (for example: silver, gold and platinum certificates) to encourage producers that do not comply with all the criteria to enter the BSI scheme and, progressively, adopt better practices. While there was sympathy for this approach, it was considered that it would lead to an impossibly complicated certificate administration system.

The difficulty in measuring some of the proposed standards was commented on. These were tested in pilot studies and a number of changes were made, to ensure a practical system of metrics. More detailed methods for obtaining values of the metrics were compiled into a document for Audit Guidance, to assist auditors in their assessments.

A further difficulty evident in comments was an incomplete understanding of the system of metrics used, as a basis for measuring impacts not practices. Best management practices are a valuable way of achieving the right impacts, but are different in different areas. Measuring impacts appears to be practical and effective in most cases while a metric using process measurement has also been incorporated (for environmental management plan). Establishing metric indicators for some of the social indicators proved to be more difficult.

The format of the standards document was simplified as a result of comments. The "Audit Column" was removed and the indication of whether an indicator had a social implication also caused confusion and was removed.

Benchmarking by Ecofys showed that the BSI Version 1 standard covers sufficient criteria to achieve the full RTFO Meta-Standard level on Social aspects, but is missing a number of key criteria in order to reach the Qualifying Environmental Standard level. Their comment was that overall the BSI draft standard covers wider topics than most other benchmarked standards. The (recommended) RTFO criterion on the use of by-products is not met, which aims to prevent potential negative effects of using by-products for bioenergy purposes. Consequently a new indicator has been incorporated in Version 2 to satisfy this requirement.

Comments on specific items of the standards follow below.

Principle 1. Obey the Law

1.1 Criterion - To comply with relevant applicable laws.

Conflict between national and international laws was flagged. An addition to the notes in Version 2 states that the more strict regulation or ratified convention should prevail.

1.2 Criterion - To demonstrate clear title to land in accordance with national practice and law.

The wording of the indicator was changed from “Right to use the land” to “The right to use the land can be demonstrated and is not legitimately contested by local communities with demonstrable rights”. This arose from concern about minorities and usufruct rights.

Principle 2. Respect Human Rights and Labour Standards

2.1 Criterion - To Comply with ILO labour conventions governing child labour, forced labour, discrimination and freedom of association and the right to collective bargaining.

Different countries have different regulations regarding the minimum age for young workers and apprentices. The standard was clarified to differentiate between the minimum age of 15 years for non hazardous work and 18 years for hazardous work. Another note was added for family labour: work by children on family small holdings is only acceptable under adult supervision and when work does not interfere with the child’s schooling and does not put at risk his or her health.

It was suggested that forced labour and discrimination indicators should refer to the absence rather than the existence of such practices. This was adopted. Reference to the appropriate ILO conventions was included.

Where the right to freedom of association and collective bargaining is restricted under law, it was suggested that the employer facilitates and does not hinder the development of parallel means for independent and free association and bargaining. Audit guidance incorporates such efforts.

2.2 Criterion changed - From “To respect and protect human rights and labour standards for employees and workers including migrant, seasonal and other contract labour” to “To apply BSI human rights and labour standards to suppliers and contractors”.

It was suggested that for practical reasons, given the number of suppliers in this sector, it would be extremely hard for any mill to comply with such indicator. This was addressed by defining that major suppliers only (> \$5000/y business) be considered and that the value of the standard be reduced from 100 to 95 %.

‘Human rights and labour standards’ was qualified to include the “BSI” before “human rights and labour standards”.

2.3 Criterion - To provide a safe and healthy working environment in work place operations.

The definition of lost time accident rate was queried. This has now been comprehensively defined in the standards. On the basis of comment received, two different values of the indicator are now specified for field and factory operations.

Comment was that training for H&S is unrealistic for 100% to be trained annually. This was modified to include training for all new employees and training updates within at least 5 years for all employees.

The issue that protective equipment should not just be provided but that it should be appropriate and should be used was incorporated in version 2.

Standards for what constitutes safe drinking water have been included.

2.4 Criterion - To provide employees and workers (including migrant, seasonal and other contract labour) with at least the national minimum living wage.

The indicator ratio of cost of living to local minimum wage provoked a lot of comment. The main issue was how to estimate a living wage. This proved impractical in the pilot studies and was ultimately omitted. The word living was also removed from the wording of this criterion.

The procedure in case there is no government defined minimum wage - the ILO C131 is listed in the notes as the guide.

2.5 Criterion - To provide clear, equitable and comprehensive contracts.

The elements expected in an acceptable contract are spelled out in the notes, in response to a request for more detail.

2.6 Criterion - To provide appropriate social and technical support programmes to complement production and processing efficiency plans.

Some comments received:

- It is a responsibility of the State and not the company's
- Should be legal safeguards for when people become redundant for severance. This indicator should not be included because it could lead to the use of labour contractors rather than direct hiring. This should defer to the local law as a minimum, and up to the individual discretion, existing labour agreements, or local customary practice that may exceed this.
- Really hard to achieve this in practice. It should be linked to 5.8 and involve Government, NGOs, UNIONS etc.
- Fear that such criterion could slow or prevent the adoption of technical innovations and create market distortions.

Although the social TWG felt that this criterion was important, especially when the legal framework does not cover this issue well, the above comments together with the BSI members' opinions led to approval for the criterion to be removed.

Principle 3. Manage input, production and processing efficiencies to enhance sustainability

3.1 Criterion - To monitor production and process efficiency; to measure the impacts of production and processing so that improvements are made over time.

A definition of raw materials was included in response to requests for clarity. This indicator is preferred to cane/sugar ratio because one of the major issues in sustainability is the efficient use of raw materials and so all raw materials are included. The use of value added as the denominator in the indicator was considered instead of mass of product, so that power exports could be captured. Instead it was decided that any supplementary fuel inputs will be neglected if the mill exports power. Pilot studies showed that the indicator is very dependent on whether sugar or ethanol is being produced. Thus the standard value depends on the relative quantities of sugar and ethanol being produced.

Sugarcane yield has been more specifically defined, particularly in relation to the areas harvested and the time frame of one year. A rolling 5 year average figure was proposed and accepted to avoid unrealistic effects on yield from droughts or floods in a particular year. Different standards are required depending on the natural rainfall/irrigation regime. The indicator on biomass yield was removed, because it causes confusion and there are not yet sufficient mills for whom total biomass yield is more important than cane yield i.e. those maximizing power exports or providing second generation ethanol. Also the indicator would tend to encourage removal of biomass from the field to the detriment of soil health

There was some confusion between working hours lost and the lost time accident frequency in criterion 2.3. This indicator was properly defined and retained here, because it fits into the category of efficiency, rather than safety.

The use of overall time efficiency was queried, particularly as it is affected by rain stops. However the length of season is regarded as a management option, balancing down time against length of milling season and use of milling assets and mechanical down time. The option of using a 5 year rolling average instead of the figure for a particularly rain-affected year is provided.

Confusion as to when Factory Performance Index or Industrial Efficiency (both measures of processing efficiency) should be used has been clarified. The first and not the second is required when only sugar and no ethanol is produced.

3.2 Criterion has been modified - "To monitor climate change impacts" changed to "To monitor global warming emissions with a view to minimizing climate change impacts".

The change in criterion wording was suggested in a comment, and it better reflects what it represents.

It became obvious too that there was a need to have two indicators, one for sugar and one for ethanol. Pilot tests have helped establish what values of the indicators are appropriate.

Comments received related to some of the contentious issues in GHG emission calculation, namely method of allocation for co-products, land use change issues and inclusion/exclusion of energy embedded in capital equipment. Attempts have been made to be compliant with RFA/RED requirements in the calculation methodology. Because the calculated emissions are dependent on the methodology used, this is now fully

described in an Appendix to the standards. In particular direct land use change effects after 1 January 2008 are included. Brazil members wish to have energy credits based on the marginal mix, but the RTFO requires the use of the average mix of power generation types - the latter is adopted.

Principle 4. Actively manage biodiversity and ecosystem services

4.1 Criterion - To assess ~~direct and indirect~~ impacts of sugarcane enterprises on biodiversity and ecosystems services.

It was suggested and agreed that the words "direct and indirect" be removed from the criterion. This was adopted.

Aquatic oxygen demand is now changed to be based on effluent flow and oxygen demand measurements, rather than by calculation from liquid analyses. This is a more practical option. It was also suggested that either BOD or COD could be used as the measurement. This has been incorporated, based on a fairly well developed ratio of COD/BOD in sugar mill effluents of 2. It was also established by comment and pilot study investigations that this indicator is not practical for agricultural operations and has been excluded as an indicator for agriculture.

A provision was made to include a cut-off date for the establishment of new cane estates for assessing the effect on carbon stock of the soil. The date of 1 January was adopted, to be consistent with the EU RED. It was also necessary to specifically exclude expansion on soils with a large risk of significant soil stored carbon such as peat lands, mangroves, wetlands and certain grasslands.

There was general criticism of the fact that certain biodiversity aspects were not covered at all, e.g. alien invader plants, animal diversity, protection of threatened species, corridors and buffers, soil erosion etc. This was addressed by including a new criterion requiring an environmental management plan; the requirements of such a plan are specified in a new appendix attached to the standards.

The practicality of assessing soil nutrient status was questioned. The indicator was extended to allow soil or leaf analyses to be used in assessing fertilizer requirements.

The term eutrophication was viewed with suspicion. In essence it involves a calculation of the combined effect of addition of phosphate and nitrogen fertilizers on the potential eutrophication of such usage. The concept was not at issue with the commentators and the wording of the indicator was changed to clarify what is required. The calculation is defined in the Appendix.

Likewise ecotoxicity as an indicator was the subject of a number of comments. The pilot test showed that the calculation method proposed (based on per tonne cane produced) was impractical, and the suggestion of substituting this with the amount of active ingredient in herbicides and pesticides added per unit area was adopted.

Comments noted that burning before harvesting is not mentioned in the standard while this practice has negative impacts on local air pollution and soil carbon. Burning before harvesting is known to be a contentious issue for sugar cane as it also impacts employment. In addition, mechanical harvesting may not be feasible in some areas due to terrain conditions. Nonetheless, burning is an issue in the sugar cane industry and it was suggested that it would be a positive development if this issue was at least recognised and preferably addressed in some way in the BSI standard. An attempt was made to account specifically in the standard for particulates. However it is difficult to set a metric that is practical and the BSI members believe that it is covered by other indicators. The energy and GHG emissions aspects are covered in the GHG emissions calculation. The Environmental Management Plan (indicator 4.1.3) requires minimizing burning and taking weather conditions into account before burning. Indicator 4.2 requires a plan to mitigate adverse impacts of the cane operation, including smoke and fallout from fires. Indicator 5.8 requires the establishment of recognized stakeholder channels of communication, where issues such as fire consequences can be raised.

4.2 Criterion - Changed from "To consult relevant stakeholders and implement appropriate mitigation where adverse impacts are identified" to "To implement measures to mitigate adverse impacts where identified".

The wording of the indicator as well as the criterion was queried. It was suggested that it should be possible to demonstrate that the documented plan was implemented, through an open and transparent process to engage relevant and interested parties. The wording of the indicator was changed from "Documented consultation plan" to "Documented plan and implementation of mitigation measures".

Principle 5. Commit to continuous improvement in key areas of their business - wording changed in response to comment to: Continuously improve key areas of the business.

5.1 Criterion - To train employees and other workers in all areas of their work and develop their general skills.

The issue of including training costs or training hours was commented on. Pilot studies confirmed that training expense seems adequate and is a practical standard. A note was included to ensure that all grades of employees receive training.

5.2 Criterion - To continuously improve the status of soil and water resources.

It was suggested that it does not make sense to consider rainfall in the calculation. This was agreed and a new definition of water use in agriculture adopted. Values of the indicator were changed, using the pilot studies and comments received to set new values. Some difficulties were experienced in sourcing valid information

Soil organic carbon and above and below ground carbon stock were commented on as serious issues. Measurement is a practical problem. The indicator was omitted and replaced by other indicators which measure methods of affecting carbon content, namely “% Ground cover of tops or leaves after harvest” and “Soil surface mechanically tilled per year (% of area under cane)”. The latter is even more important in minimizing soil erosion, and has that function as well.

The indicator referring to soil acidity, compaction, salinity, organic carbon was changed to a measure of pH only due to impracticalities of the measurement of other parameters. The requirement for annual measurements was also questioned and it was changed to one sample per crop cycle

5.3 Criterion - To continuously improve the quality of sugarcane and products from the sugar mill.

It was necessary to define the Theoretical Recoverable Sugar content in cane in the Appendix. In addition, a new indicator was introduced to cover mills producing ethanol. In this case the reducing sugar content of cane is more important. The Industrial Efficiency parameter used in Brazil was adopted as an additional indicator.

5.4 Criterion - To promote energy efficiency.

There was much comment on energy used, most of it requiring clarification of what the indicators mean and how the metrics are calculated. Primary energy usage is calculated in the GHG emissions routine, and the description in Appendix 3 is now comprehensive. Values of the standard indicators were revised on the basis of comment received and pilot study data.

5.5 Criterion - To reduce emissions and effluents. To promote recycling of waste streams where practical.

The calculation of atmospheric acidification has been tested in pilot studies and with some input comment the standard value has been established.

In response to comments, the types of waste generated in a sugar mill were defined.

5.6 Criterion - To foster effective and focused research, development and extension expertise.

This was originally set to apply to agriculture only, but has now been expanded in response to comments to include the milling sector as well.

An objection to the use of value added in the denominator of the metric was accepted. Now R+D costs are related to sales (revenue), thus providing a metric in the same form as that used in a number of other industries.

5.7 Criterion - For greenfield expansion or new sugarcane projects to ensure transparent, consultative and participatory processes that addresses cumulative and induced effects via an environmental and social impact assessment.

“Greenfield” inserted in criterion, to clarify that this deals with new land. A cut-off date of 1 January 2008 was again adopted as per suggestions.

It was noted that the indicator should include compliance and not just existence of an ESIA. Some definition was provided on what it should include, and the need for a transparent process.

5.8 Criterion - To ensure active engagement and transparent, consultative and participatory processes with relevant stakeholders, ~~as well as with local communities and to provide clear grievance mechanisms.~~

Criterion reduced in length, as shown above.

It was suggested that indicators don't address some of the aspects of the criterion (e.g. active engagement, transparency, participatory processes etc.) and they only require a formal grievance/dispute resolution mechanism - which is a long way from a participatory active engagement with stakeholders. Some comment also wanted a more pro-active part played by the producers to promote social issues.

The indicator on number of cases resolved was replaced by a new indicator “Percentage of meetings of stakeholder engagement where agreement has been reached by consensus driven process”.

5.9 Criterion - To promote economic sustainability.

There was some considerable confusion between value added and profit. The latter is less subject to accounting practices and less useful for benchmarking purposes. Likewise value added is more reliable than return on capital, as the latter is calculated in many different ways. This is the only truly economic indicator in the set of standards, and pilot studies suggest the barriers to disclosure of financial information will not prevent the calculation of this metric.

BSI\Version 1 Synopsis
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