

# RTFO C&S Guidance Consultation workshop

Sustainability reporting

*17 December 2008*

Gemma Reece  
Bart Dehue

## Content

- **Proportionate feedstock reporting**
- **Norm for audit quality**
- **Benchmarked sustainability standards**
  - New benchmarked standards
  - Temporary solutions for standards in development

## Proportionate feedstock reporting

## Proportionate feedstock reporting

- Guidance is clear that in absence of operational chain of custody system, a Mass Balance (units in=units out) system should be used
- Mass Balance approach can be used to freely allocate C&S data to outgoing batches *within a feedstock type (e.g. palm or rapeseed)*.
- But current Guidance is not explicit on how to deal with ***mixtures of different feedstock types***.

### *Concrete example:*

Party A sources biodiesel which contains a mixture of PME and RME. It sells half of this for consumption in the UK and the other half is exported to France.

Can A sell the biodiesel for consumption in the UK with only RME data or does the C&S data of each outgoing batch need to be representative of the actual feedstock mix?

## **“Non-proportionate” feedstock reporting undesirable**

- Competitive advantage to internationally operating companies who can sell less desirable feedstocks outside the UK, despite these feedstocks being necessary in the blend to meet specs
- If there is an economic advantage of using a feedstock perceived to have a negative risk profile, a party would be able to enjoy the economic benefit whilst not having to face the negative risk
- If economic advantage drives demand for that feedstock, RFA would want to see this compensated by sustainable production of that feedstock
- Credibility of the RTFO: if certain feedstock mixtures are physically used under the RTFO, the RFA considers it misleading to report different feedstocks or feedstock mixes

## Proportionate feedstock reporting proposal

- The RFA intend that for the purposes of C&S reporting under the RTFO, each physical batch taken out of a containment be supplied with feedstock data which is *representative* of the actual feedstock mix of the fuel in the containment.
- *Within* a feedstock type however C&S data can be allocated freely from the C&S data a company holds.
- Key is that companies employ a transparent and consistent approach to reporting the proportion of different feedstock types in the fuel that they bring to the market.
- Companies are free to use their own internal systems to track the feedstock mix of the fuel they supply on a continuous or discrete basis.

## Norm for audit quality

## Development of norm for audit quality

- Why the need for a norm?
- Norm development
  1. Scope of the norm
  2. Concept of Major and Minor Musts
  3. Stakeholder involvement
- Guiding principles for determining Major and Minor musts
  - The importance of the criterion for the level of assurance provided
  - The extent to which current RTFO Qualifying Standards already comply with the criterion.

## Norm for audit quality 1

Criterion	Norm	Conformance
1. Accreditation of CBs	ISO Guide 65: 1996, ISO 17021: 2006, or justified equivalents.	MAJOR MUST
2. Management of the audit programme	ISO 19011: 2002, or justified equivalent.	MINOR MUST
3. Audit frequency	Once every 5 years for a full certification audit and once a year for a surveillance audit.	MAJOR MUST
4. Auditor competency	ISO 19011: 2002, or justified equivalent.	MAJOR MUST

## Norm for audit quality 2

Criterion	Norm	Conformance
4. Auditor competency	Specific requirements relevant to the product that the CB is certifying should be added as training requirements where appropriate.	MAJOR MUST
5. Stakeholder consultation	To include a range of relevant stakeholders.	MINOR MUST
6. Public summaries of the certification audit	To include overall findings of the certification audit, any details of non-compliance and any issues identified during the stakeholder consultation.	MINOR MUST

## Norm for audit quality 3

Criterion	Norm	Conformance
6. Public summaries of the certification audit (CONTINUED)	Information should be available in both English and the relevant local language(s), if applicable.	MINOR MUST
7. Accreditation process for ABs	'Commitment to comply' with ISO 17011: 2004, or justified equivalent, independently peer reviewed and approved by an auditor that is recognised by either ISEAL or IAF	MAJOR MUST

## Implications for Qualifying Standards

- All existing Qualifying Standards to be benchmarked against the norm
- Process for non-conformance
- Preliminary results indicate that existing Qualifying Standards do meet the norm – insufficient info yet on SAN/RA, LEAF and Genesis

## Benchmarked sustainability standards

OUR MISSION: A SUSTAINABLE ENERGY SUPPLY FOR EVERYONE

## New benchmarked standards

- Following standards have been benchmarked against the RTFO Sustainable Biofuel Meta-Standard to determine whether they meet the requirements of an Environmental and/or Social Qualifying standard under the RTFO:
- Operational standards:
  - Genesis Quality Assurance (QA)
  - GlobalGAP
  - Scottish Quality Crops (SQC)
  - FEDIOL
  - German Qualität und Sicherheit (QS)
- Standards under development:
  - Round Table on Responsible Soy (RTRS)

## New benchmarked standards: results

	Genesis QA	Global GAP	SQC	FEDIOL	German QS	RTRS
P1. Conserve carbon stocks	Y	N	N	N	N	P
P2. Conserve biodiversity	Y	P	N	N	N	Y
P3. Soil conservation	Y	Y	P	N	P	Y
P4. Sustainable water use	Y	Y	P	N	N	Y
P5. Air quality	Y	P	P	N	N	Y
P6. Labour conditions	P	P	P	N	N	Y
P7. Land rights and community relation	N	N	N	N	N	Y

## New benchmarked standards: results

Benchmarked standard	RTFO Environmental Meta-Standard?	RTFO Social Meta-Standard?	Qualifying Environmental Standard?	Qualifying Social Standard?	Audit quality?
<b>Operational standards</b>					
Genesis Quality Assurance (QA)	<b>Yes</b>	No	<b>Yes</b>	No	<b>Yes</b>
GlobalGAP	No	No	No	No	Not analysed
Scottish Quality Crops (SQC)	No	No	No	No	Not analysed
FEDIOL	No	No	No	No	No
German Qualität und Sicherheit (QS)	No	No	No	No	<b>Yes</b>
<b>Standards under development</b>					
Round Table on Responsible Soy (RTRS)	No	No	<b>Yes</b>	<b>Yes</b>	Not yet developed

## Sustainability schemes other than third-party certification standards

- Sustainability standards benchmarked so far have all been third-party certification schemes
- A number of others were proposed to be examined for their suitability to report under the RTFO:
  - Defra's Environmental Stewardship (ES) scheme
  - International Finance Corporation's (IFC) Performance Standards (PS)
- ES not a certification scheme as such and does not meet sufficient criteria for Qualifying Standard
- IFC aim is to provide assurance to the IFC that it is investing in sustainable projects, therefore second-party verification process
- RFA considers third-party verification to be an important element for inclusion under the RTFO Sustainable Biofuel Meta-Standard and intends to focus in future on third-party certification standards

## Standards under development

- Benchmarked Sustainability standards which are under development can be reported if:
  - A successful audit has been undertaken against the relevant criteria and indicators; and
  - The feedstock producer is a member of the relevant standard
- In the 2008-2009 Technical Guidance, the standards under development are:
  - The Roundtable on Sustainable Palm Oil (RSPO)
  - The Round Table on Responsible Soy (RTRS) / Basel criteria
  - The Better Sugarcane Initiative (BSI)  
(Note this standard was not at a stage that it was able to be benchmarked.)

## Progress standards under development

- Roundtable on Sustainable Palm Oil:
  - Fully functioning standard from August 2008
  - GreenPalm book-and-claim system approved by RFA for use
  - Companies reporting RSPO must now source an appropriate number of RSPO certificates
  - Temporary solution can only be used if successful independent audits against the RSPO criteria have been carried out *before* RSPO went live

## Progress standards under development (2)

- Round Table on Responsible Soy:
  - Draft RTRS principles and criteria published on 15 Nov 2008, open for consultation until 25 Jan 2009
  - RTRS draft meets the Environmental and Social 'Qualifying Standard' level
  - Note: no formal audit and certification procedures developed yet
  - RTRS plan to publish "Field Testing Version" in early 2009 available for at least 12 months to allow soy producers to test the implementation of requirements
  - Then develop into fully operational standard
  - Once the *Field Testing Version* is published, the RFA intend to accept RTRS as a temporary solution under the RTFO and phase out reporting of the Basel Criteria

## Progress standards under development (3)

- Better Sugarcane Initiative:
  - First formal draft of principles and criteria due to be published soon
  - Benchmark will be conducted as soon as documentation is available
- Managing transition from standards under development - when an operational sustainability standard becomes available for a feedstock, intention is to phase out the temporary solution
  1. RFA will announce on website when sustainability scheme becomes operational.
  2. Companies should endeavour to source feedstock certified by the now operational standard. Audits of farms/plantations should be carried out as a part of the standard.
  3. Successful independent audits against the standard criteria carried out *before the sustainability scheme went live* can be reported under the RTFO according to the temporary solution for a further 15 months.