



# Improving the sustainability of biomass production: main conclusions of a survey among biofuel producing & importing companies and certification bodies

## 1. Introduction

The Netherlands Centre for Indigenous Peoples, Oxfam Novib and CREM organized a survey in the context of two pilot projects on improving the sustainability of the production of palm oil, soy and sugarcane for biomass, funded by NL Agency.<sup>1</sup>

Biomass production for the EU renewable energy market and the auditing of EU RED approved sustainability schemes face some very serious sustainability and certification challenges which are outlined below. This survey was organized to learn from experiences of certification bodies and companies related to these challenges and aims to identify opportunities to further improve the sustainability of biomass production.

43 surveys were sent out to auditors working for different certification bodies and 25 to biofuel producing and importing companies. Additionally two interviews were held with auditors operating in Brazil as well as two interviews with biofuels importing companies. Eight auditors and three sustainability officers from companies responded to the survey. This makes the response relatively small, but still provided interesting information for further discussion. A summary of the survey responses is presented below. The questionnaire among auditors also asked for an opinion on a list of social-environmental indicators derived from consultations with indigenous peoples and local communities involved in the projects. One auditor provided an interesting list with things he considers an auditor needs to comply with to perform quality auditing. This list is presented in Annex 1.

## 2. Goals of the survey

The goals of the *survey among certification bodies* were to get more insight in the practical or systemic challenges of auditing EU RED-certified biomass; to get feed back on the practical applicability of the

---

<sup>1</sup> These projects are: (1) Working towards sustainable biomass production in MatoGrosso, Brazil; (2) Improving the social-economic impact of biomass production for local communities and indigenous peoples (Indonesia)

indicators identified in the pilot projects and to identify opportunities to further improve the sustainability of biomass production.

The goals of the *survey among companies* were to get more insight in challenges of companies to prevent negative and promote positive impacts of biomass production; to get more insights in considerations of companies in selecting a certification system; to identify what companies can do to improve reporting on social impacts and to identify opportunities to further improve the sustainability of biomass production.

## 3. The challenges for certification bodies and biofuel importing & producing companies

### 3.1 Challenges from project findings are recognized

The following challenges, identified during the implementation of the two projects, were presented in the survey:

- The production of palm oil, soy and sugarcane appears to have significant negative social-environmental impacts at the local level.
- Important sustainability issues are not (yet) included in EU RED criteria, such as the quality of water, soils and air and social-economic issues.
- Many criticise the Renewable Energy Progress Report of the European Commission (April 2013) for providing only superficial information on the sustainability impacts of the EU RED.
- There are significant differences in the level of principles and criteria and the way their implementation is assured between the various certification systems approved by the EU to prove compliance with RED and the majority of companies choose the weakest systems.<sup>2</sup>
- Auditors face several verification challenges that are of systemic and practical nature and vary among the different schemes. These include: incentivising local stakeholders to talk to auditors and distinguishing facts from stories, time limitations, the level of credibility of the records and procedures shown, the abundance of applicable laws and regulations, the availability of good quality assessors and independency between auditor and company.

Half of the respondents recognized all of the above challenges. Striking is that all expressed a clear opinion that the multitude of the EU RED approved certification schemes is creating a *race to the bottom* and that the EU RED does not include safeguards for the social sustainability issues reported from the projects. All auditor respondents agreed that auditing companies face difficulties. According to one respondent 'of course auditors face verification challenges. The way they handle those says something about their quality'. The biofuel importing companies were less aware of the auditing difficulties.

A third of the respondents stated that the findings of the projects were too negative and that it should be noted that palm oil, soy and sugarcane also can have very positive social impacts. Specific mentioning was made of Thai smallholders in palm oil.<sup>3</sup>

---

<sup>2</sup>See for example: NL Agency, Selecting a biomass certification system – a benchmark on level of assurance, costs and benefits, March 2012

<sup>3</sup> Groups of independent Thai smallholders were the first independent smallholders to receive RSPO certification. They have been part of a funding programme of GIZ and the Thai Government to achieve this.

## 3.2 Specific challenges for certification bodies and auditors

Auditors face systemic challenges, practical challenges and limitations that certain certification schemes entail.

### On systemic level

- Certification bodies are part of an economic system that makes them compete with other certification bodies, where it is felt that often there is unequal competition. Especially in schemes that are not under accreditation bodies, competing certification bodies can make low offers that only provide a minimum of quality in terms of verifying compliance with criteria.
- Auditors are mostly supposed to audit a plantation or farm, which makes it hard to verify the social environmental or socio economic situation in the communities surrounding the farm.

### On practical level

- It is often a problem to find well trained (local) assessors. Providing enough training to assessors all over the world for the different schemes is found to be challenging. Others state that this also largely depends on how much a certification body is willing to invest in its assessors.
- Time in general is perceived as a challenge but not necessarily as a problem. The general opinion is that if the assessors are well trained and prepared before going into the field and expectations between the auditor and client are well managed, an audit can be performed well within the available time.
- The exception to this seems to be the stakeholder consultation, which is mentioned many times as a difficult process. Often stakeholders do not respond to invitations for meetings. “ Stakeholders don’t want to be seen as ‘green washers’”. “If people depend on the company (as worker or supplier) they may be afraid to talk to you, afraid to lose their job or that the company will go away”. Also sometimes certain stakeholder groups that represent a minority are provided an unequal proportion of the time available for the stakeholder consultation. The time and efforts necessary for a proper stakeholder consultation often appear at odds with the available time and budget for an audit process.

### On certification scheme level

- It is a broad felt issue that many schemes have unclear indicators that allow (too much) room for interpretation. The formulation of principles and criteria often is the result of political multi-stakeholder processes and sometimes little feasible to work with in practise or include unclear formulations like ‘significant’ or ‘sufficient’.
- NTA 8080 and the accompanying document NTA 8081 are mentioned several times as relatively clear. The positive side of this is that the NTA 8080 scheme can be seen as reliable; however it might also lose popularity because of being too demanding in terms of compliance.
- The lack of synergy between the different schemes contributes to the training challenge that auditors face: that a lot of training is required for auditors to be able to comply with the different schemes and their different rules about training, which makes it very cost ineffective for certification bodies. Also most EU RED schemes do not allow the use of consultants to help with the implementation, which for example is allowed under ISO 9001 and 14001. Some even mention that for some round tables the training of auditors seems to become a revenue stream.
- Some schemes are leaking, for example they certify an area and not the mill. This means that a mill in a certain area can be certified while a supplier to that mill is producing unsustainably (example of sugarcane under Bonsucro in Brazil)

### 3.3 Specific challenges for producers in meeting the requirements of EU RED certifications

- Producers also mention the lack of good criteria which makes it difficult for them to meet the requirements of a certain scheme and which may cause different interpretations between producers, certification bodies and NGOs.
- For smallholders it is complicated to comply with the schemes, especially because of the costs involved and the level of training that is needed on several issues, such as bookkeeping and record keeping.
- Record keeping and the burden of documentation is mentioned as a challenge in general.
- Brazil has very strict laws and just the requirement of certification schemes to comply with national legislation means that companies are scrutinised on their performance on national laws, which often is extremely difficult to comply with due to the extremely detailed nature of some laws.
- The costs for audits are high and the bigger the area is, the more cost effective it is. This makes it relatively difficult for smaller companies to receive certification.

## 4. Opinions: what should different actors do in order to contribute to improve the sustainability of biomass?

What the different actors should do to improve sustainability of biomass was often not or partially answered. Below an overview is given of the reactions.

**Certification bodies** should share more their experience and knowledge with each other and with the different certification schemes. They should ensure that all their staff is properly trained on the certification scheme they work on. Certification bodies should provide feedback to the schemes and scheme owner (or scheme approver, such as the EU) on the feasibility of the indicators in the scheme.

**Companies producing under an EU RED approved certification scheme** should join forces and invite schemes to unify criteria. They should publicize about their sustainability achievements and emission savings. They should choose the more robust schemes that have better sustainability criteria, such as RSPO, RTRS and Bonsucro.

**Biofuel importing companies** should put more pressure on traders to obtain certified products and they should be willing to pay higher prices to EU RED certified producing companies. Just like producing companies they should choose for the more robust schemes in order to create more demand or sustainable Biofuels. They should know their supply chain in detail and put due diligence processes in place between them and their suppliers, actively involving suppliers in producing more sustainably.

**The EU RED approved certification schemes** should look into harmonization and ensure multistakeholder input in the development of their standards. They should also ensure premiums, otherwise the incentive for companies to get certified will stay low.

**The European Commission** should look for harmonization and decrease of the number of standards, while improving the quality of the criteria, especially with regard to social issues. There should be better guidance and interpretation on the requirements. There should be more and more realistic knowledge about the situation in biofuel producing countries.

**EU governments** should support the more robust multi-stakeholder standards that go beyond the current EU RED.

**Governments of producing countries** should internalise the problems around emissions and land tenure and develop or adjust laws and regulations to protect the environment and health and social rights of the population stakeholders. They should also provide financial incentives for companies who get certified. Smallholders should be supported by governments in their efforts to comply with scheme requirements.

**NGOs** should propose, investigate and monitor sustainability criteria. They should represent communities affected by expansions for biofuel commodities. They can play a role in liaising with all parties. They should expose bad performances, but even more so support those companies that are making efforts to improve their sustainability.

## 5. Looking at sustainability indicators

The survey for auditors was accompanied by a long list of indicators that were derived from consultations with indigenous peoples and local communities involved in the projects. The indicators are divided over the following issues: food and resources security, local prosperity, human rights, working conditions, property rights, local-well-being, deforestation, biodiversity and greenhouse gas emissions and pollution of soil, water and air. The auditors that went through the list of indicators found that most of them were relevant but that it is very difficult to measure positive impact through an audit, since this would require the establishment of a baseline. This raises questions about the level to which social indicators can be measured within an auditing system. An auditor mostly audits the plantation or area: is it feasible to also audit the (positive) impact of a plantation on the surrounding communities?

*For more information regarding this survey, please contact:*

Sandra Seeboldt: [Sandra.seeboldt@oxfamnovib.nl](mailto:Sandra.seeboldt@oxfamnovib.nl)

Leo van de Vlist: [leo.vandervlist@nciv.net](mailto:leo.vandervlist@nciv.net)

Madelon Meijer: [madelon.meijer@oxfamnovib.nl](mailto:madelon.meijer@oxfamnovib.nl)

Martine van Zijl: [m.vanzijl@crem.nl](mailto:m.vanzijl@crem.nl)

# Annex I

One auditor provided an interesting list with things he considers an auditor needs to comply with to perform quality auditing under for example the RSPO:

1. The Audit team must have no pre-conceived expectations. They are auditing the company against a given standard and must not be influenced by stories and press releases.
2. They must be totally impartial and subjective.
3. The lead auditor must ensure that his team seeks positive evidence of compliance and identifies the root cause of any apparent non-compliance.
4. The team must conduct the audit in a wholly professional way.
5. All aspects of the standard must be considered in a diplomatic and professional way.
6. Local stake-holders should ALWAYS be invited to an open stakeholder meeting .
7. The social auditor must be accompanied by the lead auditor in the evenings to visit workers and local communities in a relaxed atmosphere.
8. Company staff must be kept at least 50 metres from any interviews.

The integrity of the whole audit is solely down to the skills of the lead auditor who has a very demanding and exacting duty to ensure that the audit is conducted in a 100% professional way. This influences the integrity of the standard, the Certification Body and the accreditation / recognition process.