



ISCC General Assembly  
Brussels, 8<sup>th</sup> February 2011

# Experience with Sustainability Certification in Practice

Ian Pinner, GM EU Softseeds: [ian.pinner@adm.com](mailto:ian.pinner@adm.com)

# Contents

- Structure and definitions – potential issues
- Legislation and certification system roll-outs
- Summary

# About ADM

We are:

- A Fortune 30 company, and named the Fortune Most Admired Company in the Food Production Industry in both 2009 and 2010.
- A leader in the agricultural processing industry - creating food, fuel and industrial products that connect the harvest to the home and serve vital needs.
- 30,000 people working across 60 countries with net sales in fiscal year 2010 of \$62 Billion.
- And we are committed to the responsible, sustainable development of agriculture throughout the world.



# The Audit Spectrum



# Structure and Definition - Potential Issues

- When is a farmer a firsthand supplier?
- What is a producer group?
- What is a first gathering point?
- Is a producer group a first gathering point?
- Is a trader a first gathering point if it buys from farmers?
- What entities and assets have to be certified?
- Who has an obligation to pass on documentation, and how?
- How to fix system boundaries?

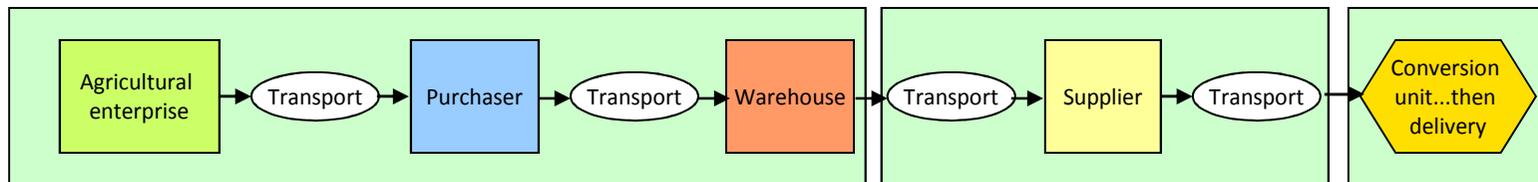
*It is vital that definitions are clear and consistent, and that they are not in conflict with how the supply chain operates.*

# Structure and Definition – Potential Issues

- Systems or legislation were initially developed for simple chain of custodies rather than diverse, long, international and complex chain of custodies.
- Complex, structured companies and companies with international and or diverse subsidiaries and supply chains do not automatically fit into legislation or sustainability schemes.
- Sustainability system adoption is often complicated and requires assistance of the certification system, as well as an open-minded approach from the legislative body.

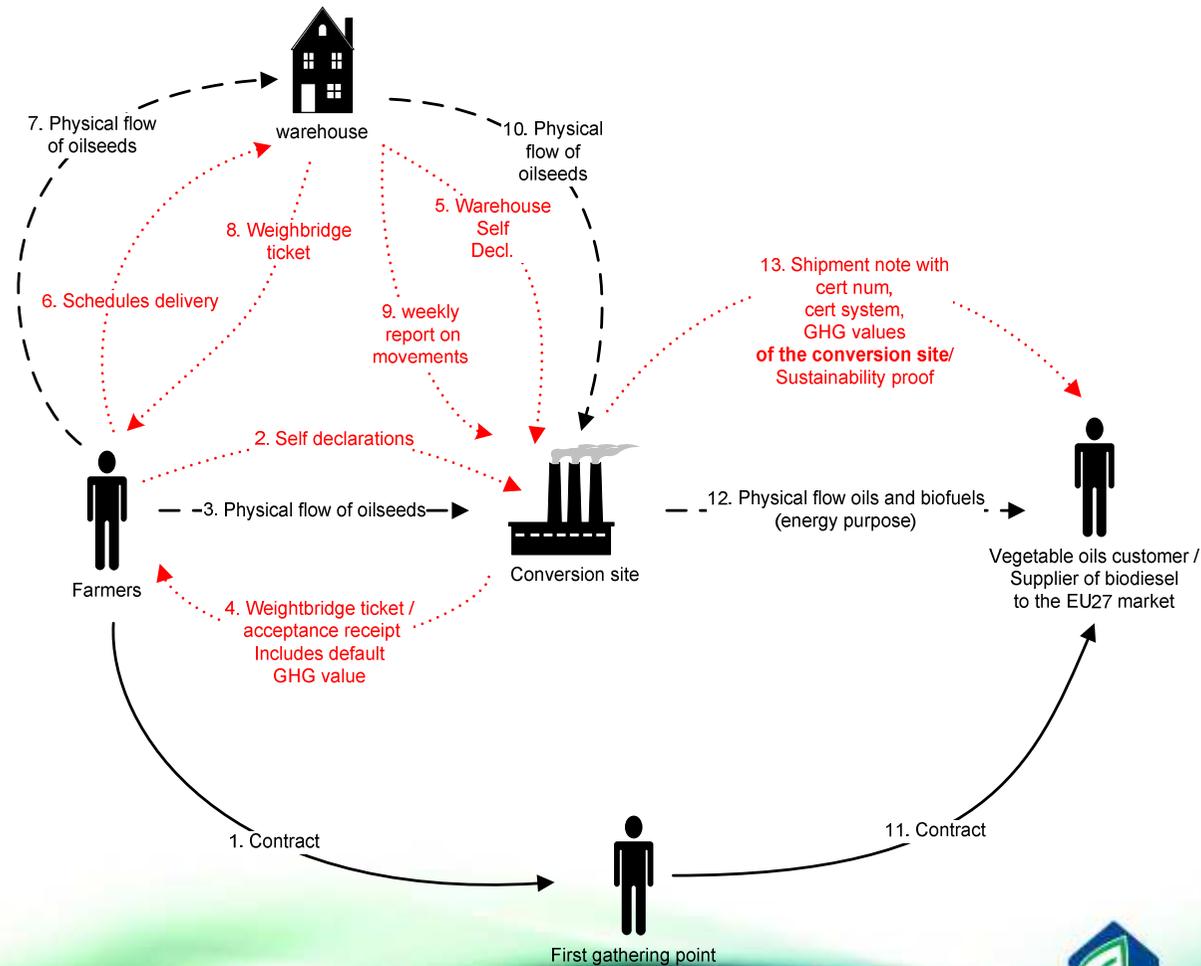
# Structural and Definition - Potential Issues

Legalisation appears to be designed for the simplest supply chain structure:



# Structural and Definition - Potential Issues

But the supply chain is not as simple as it first appears:



# Structure and Definition - Potential Issues

- **Risk of interruption with the chain of custody:**

traders are not obliged to be certified and are sometimes not willing to give information about the upstream chain.

- **Information flow in the chain:** legislation and systems are required to ensure the fulfillment of sustainability criteria in the upstream chain. Given the length of the potential *string* this can be particularly difficult.

- **Third party warehouses are audited but not necessarily certified:**

  - No guarantee or direct control about fulfillment of sustainability criteria

- **It brings a significant administrative and risk burden:**

  - we have to ensure the potential impacts are assessed and control points are put into the business.



# Legislation and Certification System Roll-outs

- Too few certification bodies and resources in order for companies to achieve timely certification.
- Certification auditors are learning as they go, and so delays can occur with clarification of issues and final certification.
- Lack of availability of checklists or guidelines or pre-audit opportunities.
- Lack of translation.
- Late entrants can gain commercial, financial and time advantage as legislation and certification systems evolve.
- Country specific requirements leading to additional audits, internal controls, differing mass-balance systems.



# Legislation and Certification System Roll-outs

- Many updates and newsletters come within a short timeframe and it becomes a full time job keeping up with and then understanding them.
- Interpretation of legislation by certifying bodies varies and so different standards and requirements appear.
- Under these circumstances, once issued, a certificate must enjoy protection of confidence.

# Legislation and Certification System Roll-outs

- Synergies between already existing standards and international or regional sustainable systems:
  - RSPO in SEA
  - Company Schemes
  - Global GAP
  - ACCS
- No complete bilateral acceptance between national or international legislation or certification systems:
  - ACCS & ISCC
  - Difficulties to convince farmers in one country to use an additional scheme if another one is already in place.
- Acceptance:
  - Generally it is difficult to convince farmers and stakeholder in the supply chain in one country to use a scheme just accredited under another country's law.

# Legislation and Certification System Roll-outs

- We need clear timely information about political amendments on any legislation and we must have stakeholder consultation:

**e.g. NUTS 2 values:** certification for first gathering point activity in Poland, including the use of default values, was issued. Latterly Poland has not submitted specific values required by the EC.

→Potential consequence: No sustainable crop from Poland.

- ISCC was able to analyze and understand complex and different processes and was able to advise and support:

- with regards to GHG emission allocation
- with regards to the definition of system boundaries
- with regards to system adaption within complex structures

- The provision of an e-mail information service in case of expiry and loss of certification is valuable to operators.



# Summary

- There is no fast-track solution for certification under a sustainable certification system.
- Certification can bring a competitive position to your company.
- Free-trade and no cross-border trade barriers are a must for the integrity and future success of sustainability legislation.
- Country or regional specific solutions do not work and can penalise all market operators: acceptance and harmonisation is required.
- ADM is fully committed to sustainable biofuels as required with the EU's Renewable Energy Directive.





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