



Criteria for Corporative Responsibility of Soy Buyer Enterprises

Towards a Production with Less Damaging Environmental and Social Impacts

Results of the debate between Brazilian environmental and social NGOs

February-May 2004

In order to reduce the environmental and social damaging impacts of the production of meaningful volume in the international soy market, to be implemented through market mechanisms, the Soy Platform – Brazil organized a national debate among NGOs and environment and social movements. The results presented below form an initial roll that we are now proposing for negotiation between our organization and those of agribusiness – that should assume their corporative responsibilities – for the adoption in their chain suppliers, in order to place this production in a track of less damaging impacts.

In the definition of these parameters we tried to reach a design that didn't generate meaningful increase in the production and commercialization costs, They are also based in trust between the all part involved, and that is understood to be the ground of this process. Immediately, the control can begin only with increase in costs related to the organization of proceeding and some few copies of documents and the declarations to be signed by the producers.

The Brazilian Soy Platform is an initiative of the Rios Vivos Coalition, the Brazilian Forum of NGOs and Social Moovements for Environment and Development (FBOMS), the Amazon Working Group (GTA) and the Federation (union) of the Family Workers of the South Brazil (FETRAF-Sul). The CEBRAC Foundation is encharged of this project implementation. This project has received financial support from the DOEN Foundation, Cordaid and Solidaridad (organisations from Netherlands), from FETRAF-Sul, the organisation who are in the Forest Working Group of FBOMS and CEBRAC's resources.

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1- Lower Common Denominator

The Forum created by Soy Platform -Brazil happened between the months of February and May 2004, with meetings and a virtual forum in Internet. It had 121 persons enrolled and the active participation of 82 persons from 61 NGOs and Brazilian environment and social movements that undersign this document.

The debate aimed to determine the “**lowest common denominator**” between the organizations that participated actively on the debate. The criteria presented here could suffer changes on medium and long term, resulting from improvement and new information that studies and researches will offer. In order to promote the essential dynamic to a life and effective process, it is proposed the creation of especial fund, presented in the recommendations that precede the criteria.

II- Concepts

The consolidation of the debates results had as main target to incorporate the qualitative content pointed by the participants, tried to reach simple, clear and effective definitions, and with operational feasibility.

Another referential that interposed the work is that this process is building up a guideline that allows to establish a dialogue with other actors from the soy productive chain –from an immediately and specific way, to guide the negotiation process, signals and suggestions of criteria that should be adopted globally.

1- The first consequence of the debate was the exclusion of the expression “sustainable production”, for “production with less damaging impacts” and similar. The use of the word “sustainable” leads to an expectation that, for sure, will be difficult to be reached by the large soy production. With this proposition it is understood that is more clear to everyone what it is supposed to reach: reduce the damaging social and environmental impacts of the production of meaningful volumes (in relation to the world production) of soy;

2- Corporate Responsibility: The criteria has the purpose to be as a base for a negotiating process that leads large enterprises importers / consumers to adopt them as their corporate responsibilities. The “backwards” effect in the suppliers’ chain will re-orientate the soy productive process, with the adoption of the proposed criteria;

3- Thinking in the future: it is not the idea here to punish anyone for their past action but on the contrary, always to guide the forwards sector actions, with the agreements. The baseline of the minimum behavior required is the compliance with the country’s laws;

4- Local matters: specific criteria will care for enough local strategic problems.

5- Referring date: it was tried to fix the criteria with dates the way as much suffice as possible;

6- Global references: we should convince the buyers to adopt the general criteria **worldwide** and not only for Brazil and other South America countries.

7- Against discrimination: the adoption of the main criteria proposed only for the production from our country or from neighboring countries would generate a discrimination and “punishment” that we can not accept, as much as for political, social, environmental and economical reasons as for coherency with ethics values: it will be of no use to reduce the deforestation in our country if we are indirectly giving incentives to it in other countries. The same we can say about the social matters. It refers to a product – soy – that is an uniform product traded worldwide (*commodity*), and for coherency the proposed criteria should also be applied globally. If a country or region stays out of these criteria there would have in it, for sure, an increase of its production because of the economic “advantage” since it would avoid the social and environmental costs, and we would export there social and environmental problems, what doesn’t make any sense.

III - Forwards

The following steps in this process are presented next:

1- The Soy Platform – Netherlands will convene another meeting, in the near future, in order to present to their interlocutors the proposed criteria. It would be useful to feel the reactions about the main criteria. In this way, the process can gain precious time if the large dealers accept to apply immediately – for the 2004/5 crop – the first general criteria from the list, that looks for the reduction of deforestation impetus.

2- The assessment and incorporation of specific criteria from each soy producer country NGOs will amplify the circle and will fortify this proposition;

3- It is essential to –as soon as possible – **point out a group of organizations** that will represent us in the dialogue process. They will also help to articulate the organizations from civil societies from the producer countries (at least in South America);

4- There should be establish a Fund, with shared administration, transparent, and under equally control by the North and South NGOs. As initial suggestion, it could be organized with the contribution from the large dealers, of 2% of the value of the acquired soy. Its main target will be to promote, stimulate

and do some studies and debates that assess and orientate, in a scientific way, the follow up and the implementation of this negotiation process. Relying in these studies there should be created a continuous process of criteria revision, after the third year of its starting point, in order to update them with the information available each moment. This fund should be used, also, to finance the development, implementation and execution of the processes of satellite monitoring and certification with more refined controls and a local organisation web closer to the producers.

- **Coalizão Rios Vivos**
 - **Grupo de Trabalho Floresta do Forum Brasileiro de ONGs e Movimentos Sociais pelo Meio Ambiente e Desenvolvimento –FBOMS**
 - **Grupo de Trabalho Amazônico –GTA**
 - **Federação dos Trabalhadores na Agricultura Familiar do Sul –FETRAF-Sul**
- Agência de Desenvolvimento da Capetinga,
 - Amigos da Terra –Amazônia,
 - Núcleo Amigos da Terra/Brasil,
 - Animação Pastoral e Social no Meio Rural – APR,
 - Argonautas Ambientalistas da Amazônia,
 - Assessoria e Serviço a Projetos em Agricultura Alternativa - AS-PTA,
 - Associação de Educação e Assistência Social Nª Sª da Assunção,
 - Associação de Mulheres Trabalhadoras do Baixo Amazonas –AOMTBAM/Pará,
 - Associação dos Chacareiros do Córrego Coqueiros,
 - Associação Maranhense para Conservação da Natureza -AMAVIDA,
 - Associação Mineira de Defesa do Ambiente – AMDA,
 - Cáritas Brasileira Região Norte II,
 - Centro de Apoio aos Projetos de Ação Comunitária –CEAPAC/Pará,
 - Comissão Pastoral da Terra – CPT,
 - Comunicação e Cultura,
 - Departamento de Estudos Socioeconômicos Rurais – DESER,
 - ≡ Ecodata,
 - ≡ Ecologia e Ação – ECOA,
 - ≡ Federação de Órgãos para a Assistência Social e Educacional- FASE
 - Fundação Águas do Piauí – FUNAGUAS,
 - Fundação Centro Brasileiro de Referência e Apoio Cultural – CEBRAC,
 - Fundação O Boticário de Proteção à Natureza,
 - Fundação Pró-Natureza – FUNATURA,
 - Instituto Ambiental Ratonas,
 - Instituto Centro de Vida – ICV,
 - Instituto de Estudos Socioeconomicos – INESC,
 - Instituto de Formação e Assessoria Sindical Rural – IFAS,
 - Instituto de Pesquisa Ambiental da Amazônia – IPAM,
 - Instituto de Pesquisa e Desenvolvimento Amazônico,
 - Instituto Sociedade, População e Natureza –ISPN,

- Instituto Goyá,
- Instituto para o Desenvolvimento Ambiental – IDA,
- Instituto Sociedade População e Natureza – ISPN,
- Instituto Socioambiental – ISA,
- Movimento dos Pequenos Agricultores –MPA,
- Organização de Cidadania Cultura e Ambiente – OCCA,
- Sociedade de Proteção e Utilização do Meio Ambiente –PUMA,
- Semapi-Sindicato,
- Sindicato dos Trabalhadores Rurais de Sarandi.

Criteria for Soy Purchasing

To be adopted by large soy traders/ consumers and the private financing sector.

I- Short term

In order to promote a quick reduction of the damaging impacts, we propose that the large soy dealers/consumers, from the 2004/5 crop onwards, adopt the following criteria to acquire soy production with less damaging social and environmental impacts:

1. To purchase soy production only from areas legally deforested before December 31st 2003.

How to *Verify*: (in Brazil): The deforesting authorization given by the state environment agency (OEMA) or the federal IBAMA will be the producer certificate to be presented to the dealer. The production volume acquired cannot be above the proportion between the authorized area and the average productivity of the region.

This will be, therefore, a criteria susceptible of being applied immediately, ease to be proved and without further certification costs. It is considered essential for the production of “market “ signs that could lead to a reduction of the uncontrolled deforestation process on the agricultural frontier. Afterwards, in medium term, should be implemented with means of the fund to be created with soy dealers’ support and private financial sector, a monitoring process with the use of satellite images, and also involving NGOs trade unions and local government.

Should be negotiated to have worldwide enforcement

2. In the Amazon Forest region (“Bioma Amazônia” as stated by IBGE) to purchase only soy production originated from areas legally cleared/deforested before October 1999.

How to verify: Satellite images and the deforesting authorization given by the state environment agency (OEMA) or the federal IBAMA will be the producer certificate to be presented to the dealer. The production volume acquired cannot be above the proportion between the authorized area and the average productivity of the region.

3. For family agriculture and small producers will have an exception as far as the criteria 1 and 2, above, for crops from deforested lands up to 04 (four) fiscal modules (in Brazil) limited to 25% of its useful agricultural area (excluded the legal reserve and permanent protection areas);

How to verify: copies of Rural Income Tax Return (ITR) and of the deforesting authorization given by the state environment agency (OEMA) or the federal IBAMA will be the producer certificate to be presented to the dealer. The production volume acquired cannot be above the proportion between the authorized area and the average productivity of the region.

4. The soy production property could not be constituted or have been amplified with the aggregation of plots of land inferior to 200 hectares (ha), that had been acquired after October 1999, especially if it came from plots originally produced for settlements of Agrarian Reform.

How to verify: property documents of purchasing, local notary, local INCRA, STR (Union Rural Workers) data.

5. The soy suppliers should sign a statement that they comply with the country’s laws related to environment and labour relations.

If it is declared the forgery of such declaration, **the supplier** will be responsible and prosecuted for harm to the corporate image of the buyer.

How to verify: if necessary, under inspection: all the employees (even if they are subcontracted through enterprise/people) should have formal contracts, with all prerogatives guaranteed by the labour legislation (CLT, in Brazil; OIT, worldwide) and international agreements that the country had adhere. There should be compliance to local environment legislation. In the Brazilian situation, especially those related to legal reserves, riverine and riverheads forests.

Should be also verified:

- Regular origin of the property titles of the farmer: the buyers should not purchase productions from public or illegal land occupancy. Tenants should present their contracts with the documents from the landlord.

How to verify: negative certificate of the existence of other private or public titles, documents of the local notaries, official registry (in Brazil) in INCRA and/or land institution of the state, renting contracts.

- Protocolling and mantainance of the property legal reserve and respect to the permanent protection areas, in the situation of Brazilian legislation.

How to verify: document registered in the notary and term of behavior adjustment with the Public Ministry anticipating an eventual recuperation.

This declaratory document, of immediately implementation, would not burden the trade process either. Afterwards, in medium terms, should be developed, with resources from the fund to be created, monitoring processes with the use of satellite images and involving NGOs, trade unions and local government.

Should be negotiated to have worldwide enforcement.

6. Do not acquire from suppliers that produce in areas where **there was – without reaching a solution considered reasonable by the weaker part – or still persist social conflicts for the land possession.** Should be avoided suppliers /producers **that displaced traditional populations that occupied lands received from their ancestors without property titles.**

How to verify: it's applicable the same declaratory process, by the supplier, shown on the previous item. If it's proved that this declaration is false, the supplier will fall responsible and prosecuted for damage to the corporative image of the buyer.

Afterwards, in medium terms, should be developed, with resources from the cited fund, a process of monitoring with satellite images and involving NGOs, trade unions and local government.

Should be negotiated to have world wide enforcement.

7. There should be total transparency of the business transactions of all soy trade chain, with the buyers producing and publishing annually social report of their commercial actions. There should be specified, in it, the buying volume from production from Brazilian family agriculture.

How to verify: annual social report published by the enterprises;

8. Each trade enterprise/group must buy at least 20% of the total annual purchase of soy preferably from family agriculture and commercialized through their own cooperatives.

How to verify: the annual social report from the buying enterprises, as shown on the previous item.

9. Only will be fitted as suppliers for the cota on the criteria above mentioned those producers which the soy crop area on the family agriculture occupy up to 2/3 (two thirds) of the total agricultural area of the property, avoiding with this to occur monoculture that would deprived the producer from a basic characteristic as family production.

How to verify: copies of Rural Income Tax declaration (ITR) and the same declaratory process, by the supplier, shown on previous item. If it's proved that this declaration is false, the supplier will fall responsible and prosecuted for damage to the corporative image of the buyer;

10. The production should not be from areas where there was permanent culture that had been deforested after December 31st, 2003.

How to verify: copies of Rural Income Tax declaration (ITR) and the same declaratory process, by the supplier, shown on previous item. If it's proved that this declaration is false, the supplier will fall responsible and prosecuted for damage to the corporative image of the buyer;

Should be negotiated to have world wide enforcement.

11. The production cannot be from wetlands and swamp that went trough land drainage after December 2003, for allowing its agriculture use.

How to verify: copies of Rural Income Tax declaration (ITR) and the same declaratory process, by the supplier, shown on previous item. If it's proved that this declaration is false, the supplier will fall responsible and prosecuted for damage to the corporative image of the buyer;

Should be negotiated to have world wide enforcement.

12. There should be acquired conventional soy (not genetically modified) or organic soy;

How to verify: when necessary, samples of DNA analyses; and the same declaratory process, by the supplier, shown on previous item. If it's proved

that this declaration is false, the supplier will fall responsible and prosecuted for damage to the corporative image of the buyer;

II- On Medium and long term.

From the **2005/6** crop onwards it is proposed a step-by-step criteria implementation that will need some time for the producers to adopt them, as much as the creation of some process/ monitoring mechanism by satellite and certification of controls and other closer to the producers, that will involve workers trade unions, environment state organizations and social/environmental organisations. The creation of the proposed Fund is essential for the monitoring and certification costs would not burden much the farmers. The most precise definition of those criteria should be done during the negotiation process that will develop on long term, with the following list used basically as a first indication of the themes that should be approached. The criteria for medium and long term are:

1. There should be adopted what is called “good agricultural practices” –GAP, accordingly to the patterns of FAO, and in Brazil EMBRAPA, ATER, FMT, etc).

How to verify: technical report of qualified organizations;

Should be negotiated to have worldwide enforcement.

2. The soy plantation should be limited to plots with continuous areas till 200 ha.

How to verify: Technical report from credentiated organizations and/or assessment with satellite images.

On the circumstance that the property has continuous plantation over the mentioned one, the producer should divide it in plots of land with the maximum 200 hectares, separating them with a strip of land of native recovered vegetation of 50 meters wide (allowing open space for machines to move between the agricultural plots). It is important to highlight that, in the Brazilian circumstance, **the occupied area for this strip could not be considered as part of the legal reserve;**

Should be negotiated to have worldwide enforcement.

3. Enlargement of the bordering riverine forests with native vegetation, with the proposed idea of preserving the biodiversity, making them shelter for flora and fauna, and even so, create ecologic corridors.

How to verify: Technical report from credentiated organizations and/or assessment with satellite images.

The enlargement of the width legally determined could help in this target, reducing the silting up and the contamination of the rivers' water. **The area enlarged with this amplification could not be considered as part of the legal reserve.**

Should be negotiated to have worldwide enforcement.

4. No one employed in the agricultural soy production should receive a salary less than four (04) minimum wage monthly. In the Brazilian case, this is approximately equal now to the total of 250 euros monthly.

How to verify: Technical report from credentiated organizations.

Should be negotiated to have worldwide enforcement.

5. The employees should receive participation in the results, with 2% (two percent) of the sales value being distributed among the employees through a mechanism of participation and incentive (by productivity, working time, etc).

How to verify: technical reports from credentiated organisations and annual financial report from the producer's enterprises.

Considering that the soy plantation payroll is below of 4% of the production costs, this mechanism of income redistribution wouldn't burden too much the farmer, and this is being used by many soy producer enterprises in Brazil.

Should be negotiated to have worldwide enforcement.

CREDIT

6- Crop inputs supplier enterprises of (agri-chemistry, seeds, etc) that are part of a soy buyer enterprise group should adopt the same before proposed criteria when granting credit to the producers.

How to verify: The operational guidelines and policies and the annual social reports from the groups or enterprises.

Should be negotiated to have world wide enforcement.

7. Private financial institutions should adopt all criteria here stated, especially on the concession of credit to enterprises or groups that that would use it to finance crop inputs to the producers. Besides the credits, previously described and that should be applied to them, we could add the following recommendations:

- **Concession of credit with smaller interest to incentive the use of areas already deforested, degraded pastures and abandoned;**
- **Establishment of credit lines with favorable interest, to plantation that limit the continuous plot areas to 200 hectares, in order to create corridors with native species of vegetation.**

How to verify: The operational guidelines and policies and the annual social reports from the groups or enterprises.

Should be negotiated to have world wide enforcement.

8. Private financial institutions should not give credit to soy plantation in areas that doesn't fulfill the orientations of economic and ecologic zoning, where it exists.

How to verify: The operational guidelines and policies and the annual social reports from the groups or enterprises.