

Augusto Freire
B&I Seminar on Soy
Berlin, February 28, 2007



"Certification Options - How do they work".

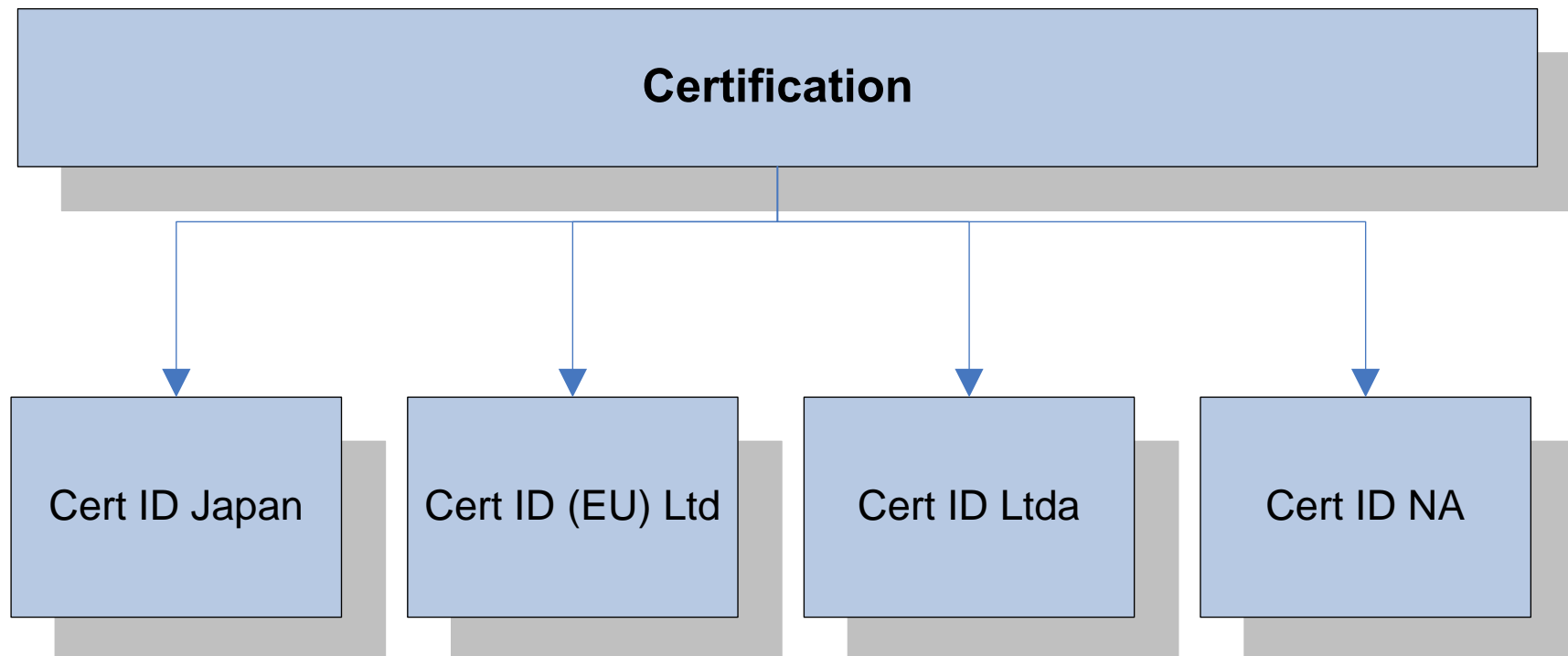


Cert ID

Cert ID is a global Certification organisation formed in 1999 with operations in the USA, Brazil, Japan and the European Union



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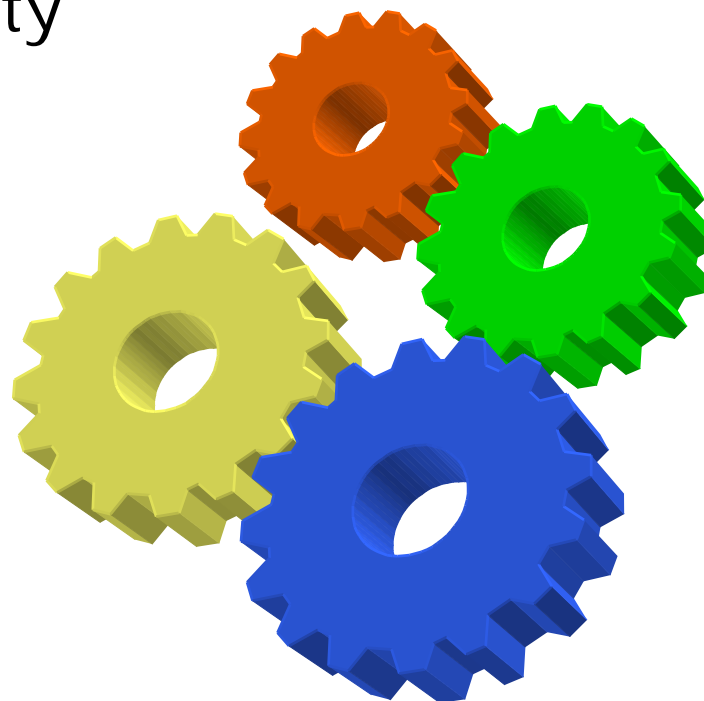
Cert ID's core competencies

Expertise in

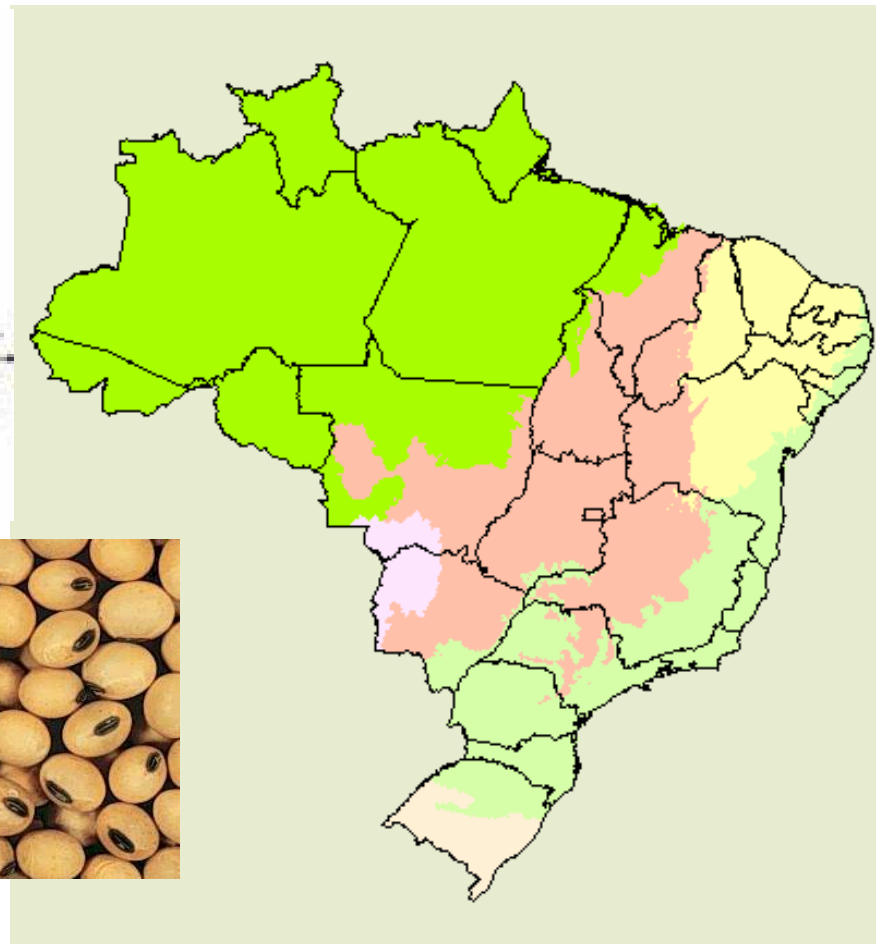
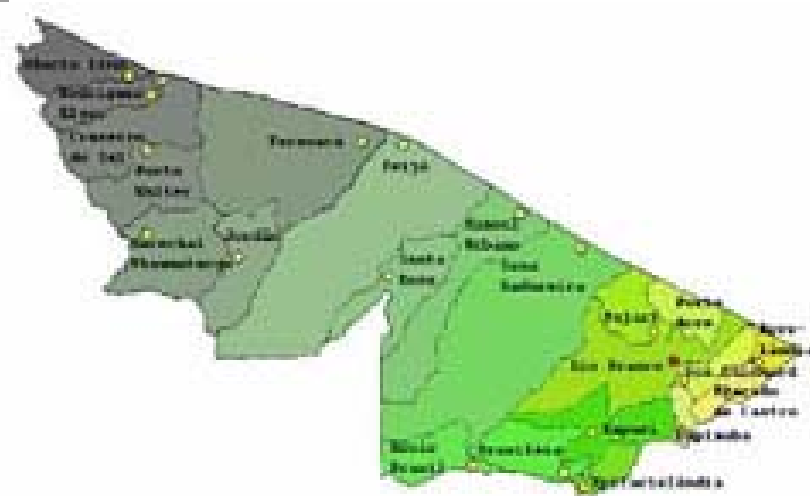
- Traceability
- Identity Preservation (IP) systems
- Food and agricultural quality assurance programmes
- Sampling and statistics
- Regulation

Integrating

- Molecular biology
- Information technology



"Certification Options - How do they work".





CERT ID ProTerra Standard

An option for Ethical, Social and Environmental
Certification Based on the Basel Criteria



- **BACKGROUND**

- Basel Criteria – created by ProForest upon request from WWF and COOP in August 2004.
- Technical feasibility study carried out by Genetic ID Europe AG in Brazil, in Paraná and Mato Grosso in January 2005.
- Consultation with stakeholders about certification regarding Basel Criteria – March to June 2005.

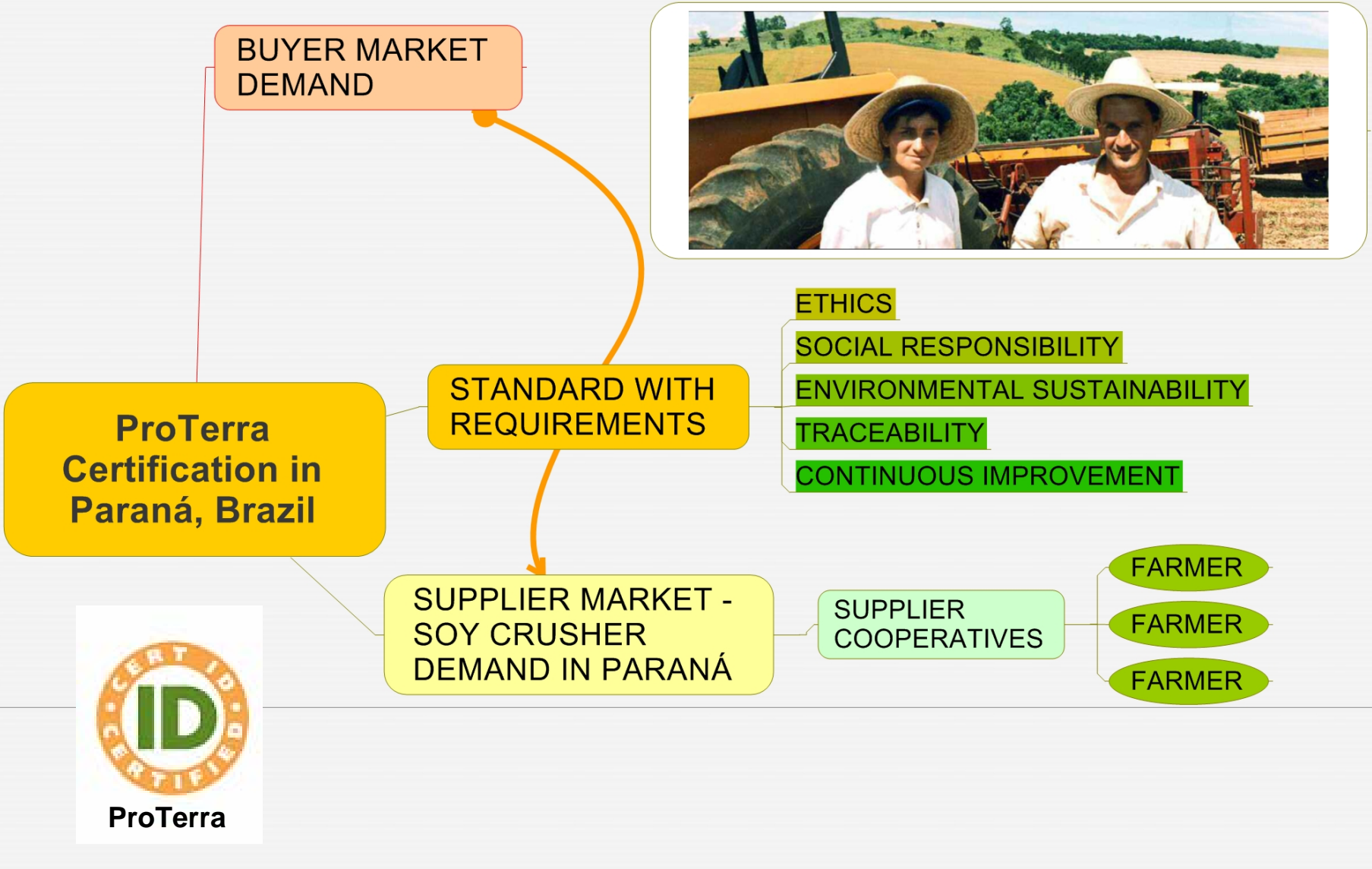
CERT ID ProTerra Standard

**Option for Ethical, Social and Environmental
Certification Based on the Basel Criteria**



- **BACKGROUND**
- Extensive study of several different standards in CSR and environmental areas.
- Development of tools for verification of Basel Criteria regarding agricultural production – August to December 2005 – Questionnaire.
- March 2006 1st version of Standard.
- Benchmarking – GFSI, EUREPGAP CODEX ALIMENTARIUS.





CERT ID

ProTerra

Ethical, Social and Environmental Certification



- Technicians of 15 Cooperatives trained to monitor program.
- Over 2,000 farms inspected in 2006.
- 400 farms verified independently by CERT ID.
- First shipment of certified product arrived in Basel, Switzerland in June 2006.



BUYER MARKET
DEMAND



STANDARD WITH
REQUIREMENTS

- ETHICS
- SOCIAL RESPONSIBILITY
- ENVIRONMENTAL SUSTAINABILITY
- TRACEABILITY
- CONTINUOUS IMPROVEMENT

**ProTerra
Certification in
Goiás, Brazil**

SUPPLIER MARKET -
SOY CRUSHER
DEMAND IN GOIÁS

FARMER

FARMER

FARMER

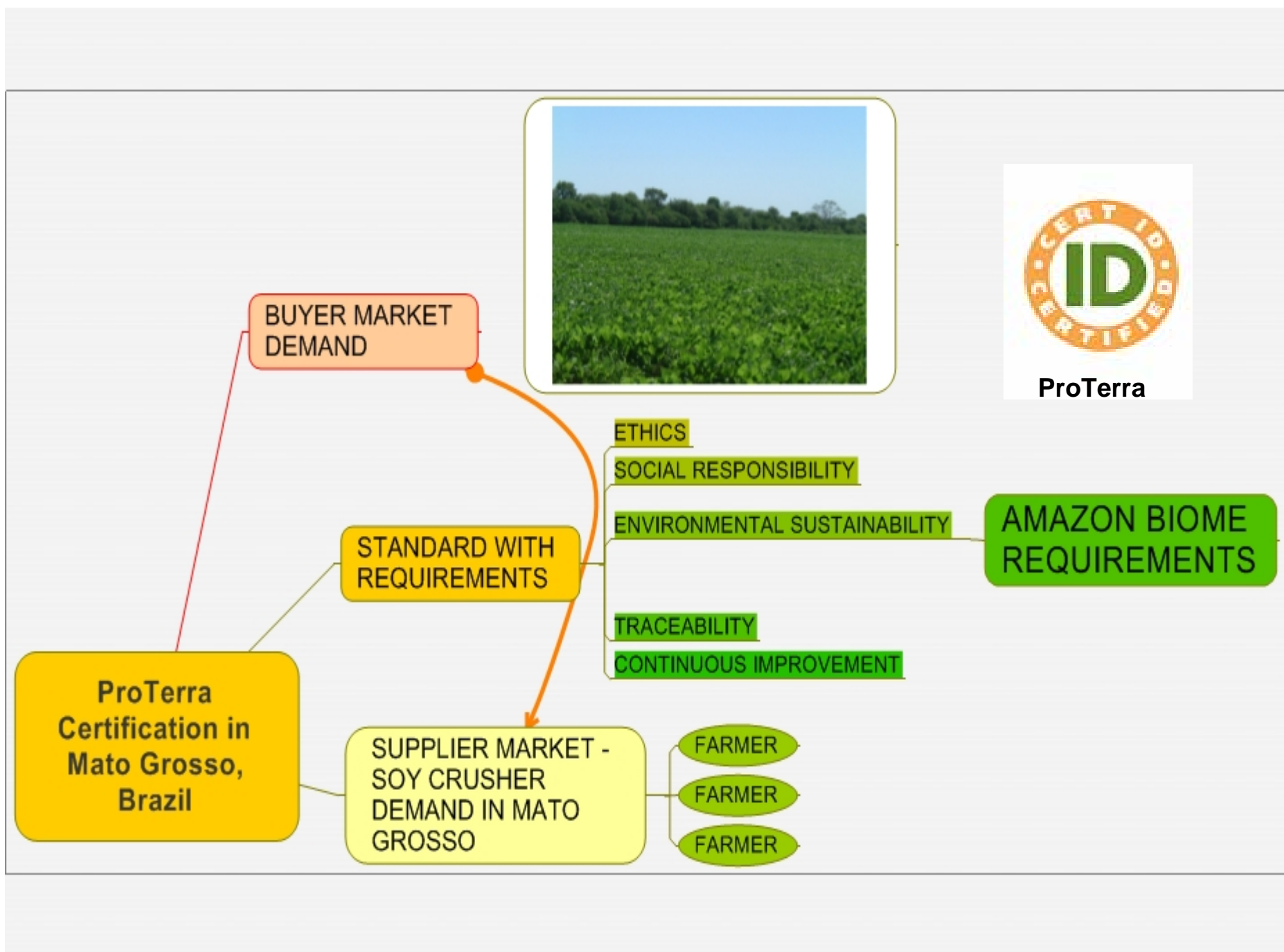
CERT ID ProTerra

Ethical, Social and Environmental Certification



- 57 Technicians of one Company trained to monitor program.
- Scheduled to monitor over 3,000 farms in 2007.
- 300 farms will be verified independently by CERT ID.





CERT ID ProTerra

Ethical, Social and Environmental Certification



- 66 Technicians of 01 Company trained to monitor program.
- Scheduled to monitor over 2,000 farms in 2007.
- 200 farms will be verified independently by CERT ID.



CERT ID

ProTerra

Ethical, Social and Environmental Certification



STRATEGY OF CERTIFICATION

- Plan of action is established with crushing company.
- Technicians are trained.
- Coops and growers are motivated to join Program.



CERT ID **ProTerra**

Ethical, Social and Environmental Certification



STRATEGY OF CERTIFICATION

Work with number of coops and growers supplying greatest volume.

Work with main basic criteria and implement a continuous improvement plan.



CERT ID ProTerra



ProTerra

Social & Ethical Certification

- 2006 – CERT ID is the first company to certify soya producers for social and environmental responsibility.
- 2007 - will certify close to \$1 billion in soya production.
- Expanding to include additional crops and markets – palm oil, sugarcane, biofuels and cocoa.





CERT ID CERTIFIED NON-GMO PRODUCTS in metric tons – 2005 – South America				
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SOY BEANS	SOY MEAL	SOY OIL	SOY LECITHIN	SOY PROTEINS
3,950,500	2,962,875	923,418	46,687	76,000

CERT ID CERTIFIED NON-GMO PRODUCTS in metric tons – 2006 – South America	
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SOYBEANS AND DERIVED PRODUCTS	
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6,500,000	
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Situation today in Brazil – GM vs. Non-GM Soya

Grower's PROFIT per hectare CONVENTIONAL SOY	USD\$ 160.84
Grower's PROFIT per hectare GM SOY	USD\$ 181.46
Grower's profit per metric ton when using GM SOY	USD\$ 6.92
<p>In 2006 extra cost for combating one glyphosate resistant weed in Southern Brazil has been BRL\$40.00 per hectare (USD\$18.78), almost taking up all profit gain with RR soy (USD\$6.26 per metric ton). In this case GM growers are making only USD\$0.66 per mt. More weeds are starting to show resistance.</p>	



Situation today in Brazil – GM Soya

GM SOYA IN BRAZIL	
2006	2007
40%	50-55%
Segregation schemes exist in place and can be operated and certified to ensure a Non-GM supply, if the correct premiums are paid.	

Non-GM Soya premiums today



SOYA MEAL	Price per mt in USD\$	Premium per mt in USD\$	Extra cost in final chicken meat for Non- GM hipro meal
HIPRO GM	234		USD\$0.02 (1 penny) per bird of 2 kg or 0.01 per kg of meat (half a penny per kg)
HIPRO NON-GM	249	15	
% volume meal in feed	20%	—	
Volume of feed chicken eats in lifetime	4.5 kg	—	
Compound feed	—	3	

CERT ID ProTerra

Ethical, Social and Environmental Certification



A Chain can only be pulled

- Consumer Buyer Market – Retailers.
- Suppliers of food.
- Suppliers of feed.
- Suppliers of Ingredients.
- Industrial Crushers.
- Growers.



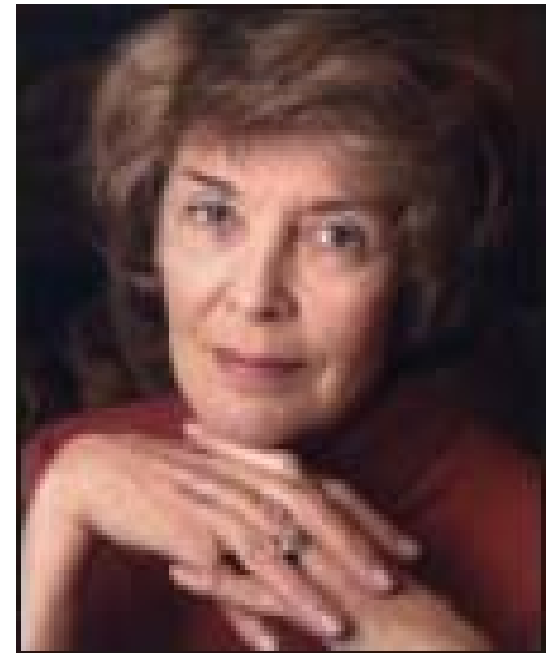
CERT ID ProTerra

Ethical, Social and Environmental Certification



Susan George, President of the Administration Council of the Transnational Institute of Holland, makes it clear: " instead of the North helping the South it is the South that is financing the North".

In 2004, the South transferred to the North US\$ 274 billion (balance of transactions); just the payment of the service of the debt reached US\$ 374 billion.





Thank you!
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