

An initiative of Centre for Responsible Business (CRB) for Sustainability Standards organisations operating in India to be better informed about each other's initiatives and explore opportunities to collaborate



Walking Together with Voluntary Sustainability Standards (VSS) in India



Brief Report

Second Meeting

27th May 2019, New Delhi

1. Introduction

Given the proliferation of Voluntary Sustainability Standards (VSS), producer organisations are often ill-informed or confused about their applicability. Experts worldwide have been calling for collaboration among VSS organisations. In keeping with the need for better interactions among VSS organizations, Centre for Responsible Business (CRB) kicked-off an initiative on January 17 2019 in Delhi by convening VSS organisations working in India to explore ‘mutual engagements and collaboration’.

The objective of this initiative is to start a *dialogue for better understanding among existing VSS organizations and collaborate on areas of common interest and challenges*. **Fourteen standards organisations** working in India have responded positively to this initiative so far, and have participated in these discussions. CRB will hold quarterly physical meetings and together with VSS organizations identify specific activities on the ground.

In the inaugural meeting on January 17, 2019, the following **topics of ‘common interest’** had been identified:

- Sharing information about various Sustainability Standards among themselves
- Uptake of Sustainability Standards among SMEs (expansion and achieving scale)
- Supporting private sector companies (buyers) on supply chain transparency and sustainability
- Mindset change and engagement with decision makers (business and government)
- Engagement on policy issues with relevant organs of the government
- Certification of domestic industry

For the **second meeting held on May 27, 2019** in New Delhi, it was decided, to focus on the following two issues:

- (i) Uptake of Sustainability Standards among SMEs and Smallholders - Current Challenges, Supporting Factors and Existing Good Practices
- (ii) Engagement on Policy issues with relevant Government Agencies – Who? What? How?

2. Summary of Discussions

While the discussions touched on both these issues, there were also some overlaps between them. A brief summary of the discussions is presented here - highlighting certain **specific areas** and **suggested actions**. On the overall, this meeting demonstrated not only the willingness among VSS organisations to work together but also specific suggestions on how to achieve this.

UPTAKE OF CERTIFICATION AMONG SMES

- Certification cost is one of the critical impediments hindering the uptake of VSS among Indian SMEs and smallholders. Although in some Indian states, the government (e.g. in Gujrat) has provided financial support for certification to SMEs for a few years to encourage adoption of standards – but over the long-term this doesn't seem to have worked. VSS organisations felt based on their experience that government support has to be better targeted to result in uptake of VSS in India. The government should focus on creating incentives and building capacity of SMEs and smallholders instead of merely subsidising the cost of certification.
- It was realised that VSS organisations need to engage more with Owner/CEOs of Small and Medium Enterprises (SMEs) – to help convey the 'business case' for uptake of VSS among Indian SMEs (in specific sectors). It was suggested that 'pilots' could be initiated jointly by VSS organisations (facilitated by CRB) in a cluster/sector or by identifying some young SME Owners/CEOs – who might be more open to such discussions (on promoting sustainable business).

ALIGNMENT WITH LOCAL CONTEXT (NATIONAL INTERPRETATION OF STANDARDS)

- A number of VSS organisations like Rainforest Alliance, Forest Stewardship Council (FSC) and Roundtable on Sustainable Palm Oil (RSPO) have embarked on creating standards specific to India – and have considered the local context/peculiarities to ensure there is greater uptake of these standards.
- There was consensus that 'national Interpretation' (NI) of standards in India would help in better preparing SMEs and Smallholders with the concept of VSS and appreciate its benefits. However, the language of the standard document (NI document) needs to be made simple for better understanding for a wider array of potential producer organisations.

REDUCING AUDITS AND INSPECTIONS

- VSS organisations need to collaborate and explore how the burden of audit (over the course of certification) could be reduced. It was suggested that the periodicity and quantum of audit and inspections should be lessened especially for SMEs/Smallholders (particularly in case of 'low-risk' enterprises).
- Audits performed directly by brands/buyers themselves do not go beyond tier 1 and/or tier 2. While the approach taken by VSS in conducting audits and inspections is to look at the entire supply chain going beyond tier 1 and tier 2.

CREATING THE MARKET – ROLE OF MILLENNIAL CONSUMERS

- Ensuring the premium for certified product to suppliers and producers could support the uptake of VSS. However, VSS organisations raised concerns on, who will pay the premium? Will consumers be willing?
- There was consensus that research (willingness to pay surveys, etc.) is required to explore if Indian consumers (especially millennials, urban youth) were ready willing to pay extra for sustainable products.

3. Actions & Way Forward

- It was suggested that a session on **VSS Uptake among Indian SMEs/Smallholders** will be organised at the CRB 6th Annual Sustainability Conference (India and Sustainability Standards 2019, 20-22 Nov in Delhi) – wherein select VSS heads can engage with CEOs/Owners of SMEs in India.
- For this session, VSS in India could jointly identify some of the '**good practices**' of **uptake of sustainability standards among SMEs and Smallholders in India**. A dossier could be published and released at the ISS 2019 or later on, collated and coordinated by CRB.
- Participating VSS organizations suggested **jointly undertaking 'pilot' in a cluster** – and reach out to a targeted number of SMEs/Smallholders (starting with engagements and then going on to capacity building and demonstration). CRB was approached to facilitate this process.
- Participants proposed a '**Working Group on Sustainable Lifestyles**' should be created which would be dedicated towards consumer engagement and creating

consumer awareness for a better understanding of sustainable products and its uptake. This would also help create the pull for certified products.

- The idea was floated to establish a **hotline** to respond to queries/questions pertaining to **VSS application across industries**. CRB could manage this hotline and pass on the queries to relevant VSS organisations, for them to address these queries. It was agreed to discuss this in further details and create an operational framework for the same.

4. Participants

S. No	Representatives	Designation	Organisation
1	Archana Panda	Operations Manager	Social Accountability International
2	Ashish Bharadwaj	India Coordinator	Alliance for Water Stewardship
3	Ashok Batra	Consultant, Market Transformation	Rainforest Alliance
4	Kamal P Seth	India Representative	Roundtable for Sustainable Palm Oil
5	Rijit Sengupta	Chief Executive Officer	Centre for Responsible Business
6	S Muralidharan	Manager- Capacity Building & Outreach	Social Accountability International
7	Sonali Paikaray	Communication & Outreach Officer	Centre for Responsible Business
8	Sumit Gupta	Representative in India and Bangladesh	Global Organic Textile Standard
9	T R Manoharan	Senior Advisor	Forest Stewardship Council
10	Vivek Singh	Programme Manager	Centre for Responsible Business
11	Vrushali Gaud	India Adviser	International Integrated Reporting Council