

FAQ on RSPO-RED

1. What are biofuels?

Biofuel is any fuel made from the products of living things (typically plants such as corn, sugarcane, palm soy and rapeseed) or their wastes. Examples of wastes can be residues of agricultural crops like oil palm, rape, corn, soybean, sugarcane, straw, timber, manure, rice husks, sewage, and biodegradable waste.

In recent years, the term “biofuel” largely refers to petrol and diesel substitutes made from crops. Ethanol, an alcohol, is usually mixed with petrol (gasoline), while biodiesel is blended with diesel. At present, commercial ethanol is produced through the fermentation of starch or sugars (e.g. corn, wheat and sugarcane) while biodiesel is primarily formed through the esterification of vegetable oils.

Driven by the agenda to reduce dependency on fossil fuels and greenhouse gas emissions, the United States, European Union and, more recently, other countries are implementing biofuel policies that require a minimum volume of biofuels to be blended with fossil fuels. Over 65 countries have implemented biofuel blending mandates.

2. What is the Renewable Energy Directive?

The Renewable Energy Directive – Directive 2009/28/EC of the European Parliament and of the Council was adopted on 23 April 2009 on the promotion of the use of energy from renewable sources. The aim of the Directive is to achieve a 20% share of energy from renewable sources in the EU's final energy consumption and a 10% share of energy from renewable sources in each member state's transport energy consumption by 2020.

The Directive 2009/28/EC also sets out sustainability criteria for biofuels related to greenhouse gas savings, land with high biodiversity value, land with high carbon stock and agro-environmental practices. Only biofuels that fulfil these sustainability criteria can be taken into account for measuring compliance with the requirements of the Directive and be eligible for incentives that are provided for in the Directive.

3. What does RSPO have to do with the Renewable Energy Directive?

The EU Renewable Energy Directive allows economic operators to use voluntary certification schemes as a way to show compliance with the EU-RED sustainability requirements, provided that such schemes have been formally approved by the European Commission.

On 10 September 2010, RSPO submitted an application to the European Commission requesting to formally recognise the RSPO-RED system as a voluntary certification scheme under EU Renewable Energy Directive (EU-RED) requirements. The RSPO-RED scheme was approved by the European Commission on November 23, 2012.

Any obligated supplier in the EU can purchase RSPO RED certified palm oil products and know they were produced in a sustainable way which complies with the RED, but also includes all the components of the RSPO standard. For example, there are a number of human rights aspects which are addressed in the RSPO standard which are not part of the RED.

4. What is the RSPO-RED scheme?

RSPO-RED is a single crop voluntary certification scheme and is a *voluntary* add-on to the RSPO standard. The RSPO-RED scheme comprises the RSPO standard laid down in key RSPO documents (i.e. the RSPO Principles & Criteria, the RSPO Certification Systems, RSPO Supply Chain Certification Systems and RSPO Supply Chain Certification Standard), plus the document 'RSPO-RED Requirements for compliance with the EU Renewable Energy Directive Requirements'. The RSPO-RED Requirements document contains a number of requirements which are additional to the RSPO standard. Additional RSPO-RED requirements allow palm oil producers and supply chain operators under certain conditions to comply with EU-RED criteria.

This means that under RSPO-RED, all requirements of the RSPO standard also apply. It is not possible to have operations certified against the RSPO-RED scheme without having a valid RSPO certificate in place that covers that same operations.

5. What is the difference between RSPO Principles & Criteria and the RSPO-RED Requirements?

Certification under RSPO-RED Requirements is only possible for producers whose land was under palm oil cultivation in January 2008. RSPO-RED Requirements pose a number of additional requirements to the 'standard' RSPO Principles & Criteria, in particular in relation to:

- Land use, or more specifically in relation to land with a nature protection, wetlands and peat lands.
- Greenhouse gas criterion, under RSPO-RED requirements palm oil producers must comply with the 35% greenhouse gas reduction criterion specified in EU-RED (and the 50% greenhouse gas reduction criterion from 1 January 2017).
- Only Mass Balance or segregated chains of custody are permitted. Book and Claim (Greenpalm) is not sufficient to demonstrate compliance.

The RSPO-RED Requirements specify additional requirements for supply chain operators other than producers, and a number of related specific requirements (e.g. in relation to multi-site auditing, group auditing).

6. Why can't plantings after January 2008 be certified under RSPO-RED?

For new plantings after January 2008, EU-RED requirements on monitoring of land use is more complex than for plantings until January 2008. For simplicity and speed of EC approval, RSPO decided to exclude new plantings after January 2008 from RSPO-RED certification for the time being. The next update of the RSPO-RED requirements will revisit this clause.

7. Can plantings on peat be certified under RSPO-RED?

Plantings on peat can only be certified if the land was already under oil palm cultivation in January 2008, *and* if there is evidence that the production of palm oil does not involve drainage of previously undrained soil. If the land was partially drained in January 2008, subsequent deeper drainage affecting soil that was not already fully drained is not allowed under RSPO-RED.

In practice, this means that it will be very difficult -if not impossible- to certify plantings on peat against the RSPO-RED requirements.

8. Are smallholders eligible for RSPO-RED certification?

At the time of drafting the RSPO-RED requirements, there was uncertainty on the approval status of the independent smallholder (group certification) documents. Therefore those standards were not included in the RSPO-RED submission to the European Commission.

Consequently, independent smallholders cannot be RSPO-RED certified. However, schemed smallholders, who are not under group certification, can be certified under RSPO-RED.

The next update of the RSPO-RED requirements will make reference to the new RSPO Independent Smallholder (group) certification procedures, allowing the option for independent smallholder groups to be certified against RSPO-RED requirements.

9. What are the options for compliance with the EU RED greenhouse gas criterion?

The RSPO-RED scheme includes three options for complying with the greenhouse gas criterion.

The first option is the use of default values laid down in Annex V of EU-RED. This Annex specifies default values for a number of biofuel chains, including for palm oil biodiesel and hydrotreated vegetable oil from palm oil.

For palm oil biodiesel and hydrotreated vegetable oil from palm oil only default values for production where there is methane (biogas) capture at palm oil mills comply with the the current 35% greenhouse gas reduction criterion laid down in EU-RED. This means that default values can only be used for products from palm oil processed in a mill applying methane (biogas) capture.

The second option is to use actual greenhouse gas values to calculate total greenhouse gas savings according to the EU-RED methodology.

The third option is the use of the 'grandfathering' clause. Under the grandfathering clause, installations in operation on 23 January 2008 are exempted from the EU-RED greenhouse gas criterion. The grandfathering clause expires on 31 March 2013. Palm oil (products) held in stock anywhere in the supply chain on or after 1 April 2013 will no longer be exempted from the greenhouse gas criterion.

In practice this option will no longer be applicable to those pursuing RSPO-RED certification.

10. How can greenhouse gas savings be calculated using actual values? Can the PalmGHG calculator be used for this purpose?

For the calculation of actual greenhouse savings, producers and other supply chain operators shall use an EC approved greenhouse gas methodology. The overview of EC approved methodologies can be found at: http://ec.europa.eu/energy/renewables/biofuels/sustainability_schemes_en.htm.

Each supply chain operator shall communicate to the next supply chain operator which calculation methodology has been applied, and what the result of that calculation was (i.e. the greenhouse gas intensity of the product, expressed as g CO₂-eq/tonne or g CO₂-eq/MJ).

The RSPO PalmGHG calculator is currently not eligible for demonstrating compliance with the greenhouse gas criterion, as it has not been submitted to the European Commission for validation and approval.

11. Does RSPO include any land governance and food security related criteria in its RSPO-RED scheme?

RSPO's Principle & Criteria do contain criteria related to land governance. RSPO's social criteria for plantations are directed at preventing conflicts about the rights to use land, improving income security to workers, small oil palm farmers and their families, protecting health and living environments, respecting land and labour rights, and ensuring legal compliance by all parties in the palm oil supply chain. Under RSPO-RED all requirements of the RSPO Principles & Criteria do apply. Consequently land governance criteria are also covered under RSPO-RED.

RSPO's Principles and Criteria where fully implemented will give biofuel producers the confidence that the RSPO certified palm oil they are buying has been produced sustainably and responsibly. In addition, RSPO's Principles and Criteria include compliance with national and international legislation with regard to land use planning.

12. How does RSPO ensure that its members comply with the RSPO-RED scheme? What measures are taken in case of non-compliance?

Members or non-members may submit formal complaints against actions of specific RSPO members to the RSPO. The RSPO has different mechanisms to deal with complaint. The Dispute Settlement Facility is a mediation channel through which disputes may be resolved. The RSPO Complaints Panel is a higher level body that decides on complaint cases. In serious cases, however, the Complaints Panel may ultimately require a member to take specific actions, withdraw certifications or cancel membership.

13. Is the unit of certification under RSPO-RED similar to the unit of certification under the RSPO standard?

Under the RSPO standard, the unit of certification is the palm oil mill and its entire supply base. Under RSPO-RED, it is allowed to certify part of the mill's supply base. This means that the RSPO-RED unit of certification is the mill and its supply base, or part of that supply base.

This means that the entire supply base will have to be RSPO certified, while the additional RSPO-RED requirements may be applied to part of that supply base. Mass balance accounting shall ensure that not more RSPO-RED compliant material is claimed than has been produced by the RSPO-RED certified part of the supply base.

14. Is there a time-bound plan for RSPO-RED certification?

No, it is not required to certify all operations against the RSPO-RED scheme. However, the time-bound plan for RSPO certification still applies.

15. Will there be separate certificates for RSPO and RSPO-RED?

Yes, the RSPO-RED certificate is a separate certificate with a unique number, and refers only to operations compliant with RSPO-RED requirements.

The maximum validity of the RSPO-RED certificate is five years. However, the validity of a RSPO-RED certificate shall be aligned with the validity of the RSPO certificate covering those operations. This means that the validity period specified on the RSPO certificate is leading. Therefore RSPO-RED certificates when first issued, may have a validity of less than 5 years.

There can never be a valid RSPO-RED certificate without a valid RSPO certificate covering the same operations. This also means that if a RSPO certificate is suspended, the RSPO-RED certificate for those operations will also automatically be suspended. In this situation, no claims against the RSPO-RED scheme requirements shall be made.

16. Which supply chain operators need to become RSPO-RED certified?

All supply chain operators which take legal ownership and physically receive RSPO-RED certified palm oil products into storage, need to be RSPO-RED certified.

Only supply chain operators which do not manufacture or modify the biofuel product are exempt from certification. This allows re-blending of biofuels downstream of the biofuel production (and the EU duty point), without requirements for RSPO and RSPO-RED supply chain certification.

(Note: This exemption is consistent with the clause in the RSPO standard which states that retail companies that do not manufacture, modify, (re)package or (re)label consumer goods in any way are exempt from the supply chain certification requirements.)

17. What is the inventory period for volumes of RSPO-RED certified product received and shipped?

Under RSPO-RED, there is no fixed inventory period for volumes of RSPO-RED certified product received and shipped.

The RSPO-RED scheme does not allow a facility to ship more RSPO certified product than has been received. This 'positive stock requirement' is equivalent to the requirement laid down in the RSPO Supply Chain Certification Systems document.

This means that it is not possible to exceed stock volumes for any RSPO-RED certified palm oil product, nor is it possible to have a negative stock of claims at any time. It is possible to sell RSPO-RED certified product short (meaning the seller makes a contract for RSPO-RED certified sustainable palm oil but has not yet received or delivered the physical material). However this is a commercial risk and under no circumstances can the seller have a negative stock of claims of certified material.

18. Which certification bodies are approved for RSPO-RED audits?

Currently, only RSPO approved certification bodies can qualify to become RSPO-RED approved certification bodies as well.

The audit team for certification audits and annual surveillance audits against the RSPO-RED scheme shall include a team member or team members who are able to cover all elements of the RSPO-RED requirements for producers.

In addition, the lead auditor must have participated in relevant RSPO-RED auditor training. This training is additional to the mandatory RSPO standard auditor training. Please refer to the RSPO website for a list of the approved certification bodies that have participated in the RSPO-RED auditor training.

19. Can I use different Certification Bodies for the RSPO audit and the RSPO-RED audit?

Yes, producers and supply chain operators may use different certification bodies. In practice however, it will often be efficient and cost-effective to combine various activities of one certification body, e.g. an annual surveillance audit against the RSPO standard with a RSPO-RED certification audit.

20. What does the acceptance of the RSPO-RED scheme mean for RSPO members? Does it increase the administrative burden for biofuels producers?

The acceptance of the RSPO-RED scheme by the European Commission will grant RSPO members access to the European market for biofuels. Furthermore, compliance with the RSPO-RED scheme will give biofuel producers (and consumers) the confidence that the RSPO certified palm oil they are buying has been produced sustainably and responsibly.

Currently RSPO does not expect the administrative burden to increase significantly for its members implementing the RSPO-RED scheme.

21. What is the relation between the following documents: '*RSPO-RED requirements for compliance with the EU-RED – approved version, effective from 13 December 2012*', and the '*Guidance document on RSPO-RED requirements for compliance with the EU-RED requirements – approved by the RSPO Executive Board on 28th February 2013*'?

The first document is the document submitted to and approved by the European Commission. This document is brief, and contains insufficient practical guidance for operators and certification bodies.

RSPO therefore decided to develop a guidance document for use by producers and supply chain operators seeking to implement the RSPO-RED scheme requirements, and for auditors assessing against RSPO-RED scheme requirements. The guidance document provides indicators for assessing the respective RSPO-RED requirements, and further guidance on these requirements, the scheme in general, and on the certification process.

22. What is the difference between RSPO-RED scheme and other voluntary schemes that are being reviewed or have already been approved by the European Commission?

There are a number of advantages of the RSPO-RED scheme versus other voluntary schemes:

- RSPO's **multi-stakeholder approach** is unique. RSPO lives out the philosophy of the "roundtable" by giving equal rights to each stakeholder group to bring group-specific agendas to the roundtable, facilitating traditionally adversarial stakeholders and business competitors to work together towards a common objective and make decisions by

consensus. This multi-stakeholder approach ensures the right balance between producing and consumer markets.

- RSPO enables its members to move **beyond the EU-RED compliance** and it works to improve the real concerns related to palm oil production which are both environmental and social. RSPO encourages the sustainable development of smallholders in producing countries enabling them to raise their standard of living.
- RSPO started in 2004 and **its certification system has been in place for a number of years**. The ever increasing uptake of CSPO shows that the RSPO certification system is working and therefore represents a trustworthy certification scheme to its members.

23. Does RSPO-RED recognize other voluntary schemes approved by the EC?

Currently, RSPO-RED does not recognize other EC approved voluntary schemes. This means that a RSPO-RED certified supply chain operator who receives product certified against another EC approved voluntary scheme, cannot claim that that product is in compliance with RSPO-RED requirements.

Some of the other EC approved schemes are multi-feedstock, and automatically recognize any other EC approved scheme. This means that a producer who is RSPO-RED certified may supply to a supply chain operator who is certified under a different voluntary scheme provided that the scheme does indeed have this automatic recognition of RSPO-RED.

24. What happens if the European Commission changes its biofuels sustainability requirements?

Changes to the EU-RED requirements will be implemented in RSPO-RED scheme following the procedure specified by the European Commission. Details will then be communicated by the RSPO secretariat to RSPO-RED certified operators, to certification bodies and to other stakeholders.