

## **QUESTIONS & ANSWERS RELATED TO 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 are the main concerns about palm oil and biofuels?**

There is concern that the growing demand of palm oil for biodiesel could lead to rapid and ill-managed expansion of palm oil production and result in serious environmental and social consequences. The problem is not specific to biodiesel. Currently biodiesel is a very small user of palm oil when compared to the expanding food and cosmetics industries which are by far the largest purchasers of palm oil – based products.

There is also a concern that the competing uses of vegetable oils for food and fuel could drive up agricultural commodity prices and encourage farmers to replace lower earning food crops with biofuel crops, which could eventually lead to higher food prices and food shortages for the poor. It has been demonstrated that other factors also play a role in recent food price increases such as climate (drought resulting in poor yield, low supply), speculation, crude oil price increase and increasing demand for food.

### **3. How green is biofuel?**

When a biofuel is burnt in an engine, the carbon dioxide released is offset by the amount of the gas absorbed by the biofuel plants during their growing season. While the burning of biofuels does not add any carbon to the atmosphere nor abstract from it, certain studies have shown that the production, transport and processing of biofuel consumes just as much fossil fuel as the biofuel replaces. Furthermore, if changes in land-use are caused by the demand for biofuel (for example the clearing of forests or drainage of peat land) this would significantly increase carbon dioxide emissions and potentially result in a ‘no net gain’ situation when compared to fossil fuels usage.

### **4. What is the Renewable Energy Directive?**

The European Commission has the ambitious target to reach a 20% share of energy from renewable sources in the overall energy mix by 2020. In transport, which is almost exclusively dependent on fossil fuels, the Commission hopes that the share of renewables in overall fuel consumption in the transport sector will be 10% by 2020.

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. Directive 2009/28/EC includes subsequently repealing Directives 2001/77/EC and 2003/30/EC:

- Directive 2001/77/EC of the European Parliament and of the Council of 27 September 2001 on the promotion of electricity produced from renewable energy sources in the internal electricity market
- Directive 2003/30/EC of the European Parliament and of the Council of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport

As far as biofuels are concerned, the Commission established indicative targets for minimum proportions of biofuels in the fuel market. The implementation of this Directive supports the Europe-wide market introduction of biofuels and contributes to additional emission reductions in particular in the transport sector.

Under the Directive 2003/30/EC of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport, Europe established the goal of reaching a 5.75% share of renewable energy in the transport sector by 2010. Under the Directive 2009/28/EC of 23 April 2009 on the promotion of the use of energy from renewable sources this share rises to a minimum 10% in every Member State in 2020. Regarding the expand of biofuels use in the EU, the Directive aims to ensure the use of sustainable biofuels only, which generate a clear and net GHG saving without negative impact on biodiversity and land use.<sup>1</sup>

The Directive 2009/28/EC sets out sustainability criteria for biofuels in its articles 17, 18 and 19. These criteria are related to greenhouse gas savings, land with high biodiversity value, land with high carbon stock and agro-environmental practices.<sup>2</sup>

## **5. What does RSPO have to do with the Renewable Energy Directive?**

RSPO CSPO can be used for the sustainable production of biofuels. 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.

That way any obligated supplier in the EU could 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

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<sup>1</sup> [http://ec.europa.eu/energy/renewables/biofuels/biofuels\\_en.htm](http://ec.europa.eu/energy/renewables/biofuels/biofuels_en.htm)

<sup>2</sup> [http://ec.europa.eu/energy/renewables/biofuels/sustainability\\_criteria\\_en.htm](http://ec.europa.eu/energy/renewables/biofuels/sustainability_criteria_en.htm)

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.

## **6. What is the RSPO-RED scheme?**

RSPO-RED is a single crop voluntary certification scheme. The application for the RSPO system comprises a package of 'standard' RSPO documents, including Principles & Criteria, RSPO Certification Systems, and RSPO Supply Chain Certification Systems.

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 Additional Guidance has been developed as a voluntary 'add on' to the RSPO Principles & Criteria, and will only be used if a RSPO certification applicant makes a request to their auditor to use it.

## **7. 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. Due to some specific EU-RED requirements, certification of plantings after January 2008 is currently not possible under RSPO-RED Requirements.

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). Compliance can currently be shown by using certain EU-RED default values, or use of the 'grandfathering clause'. Actual GHG values may also be used but must use an EC-approved methodology or EU-approved calculation tool (neither of which is currently available). 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).
- Only Mass Balance or segregated chains of custody are permitted. Book and Claim (Greenpalm) is not sufficient to demonstrate compliance.

**8. What is the latest status of the RSPO-RED scheme application?**

The RSPO-RED scheme was approved by the European Commission on November 23, 2012.

**9. 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 labor rights, and ensuring legal compliance by all parties in the palm oil supply chain.

It is neither within RSPO's vision nor jurisdiction to make or take a stand on the various uses of palm oil in general. The RSPO, however, holds a very firm and clear stand that if indeed palm oil is used, we strongly advocate that certified sustainable palm oil is prioritized as it does not contribute to deforestation or damage the interests of people and local communities. Although, it is outside the scope of RSPO to determine the allocation of palm oil for food, fuel and other uses since palm oil trades on an open market, 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.

**10. Why is palm oil related to food security a concern?**

There are concerns that the rising demand for palm oil as a biofuel will also increase the demand for palm oil and consequently increase the already existing negative environmental and social impact of the crop.

**11. What is the role of the private sector in increasing the sustainability of biofuels production according to RSPO?**

RSPO encourages the private sector to commit to the production and sourcing of sustainable palm oil. The private sector has an important role to play in transforming the market to make sustainable palm oil the norm.

RSPO therefore motivates its members to commit to a time bound plan. Many private sector organizations have already adopted and presented such time bound plans and RSPO is confident to see more organizations to follow suit in the near future.

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

Members of the Roundtable on Sustainable Palm Oil subscribe to its mission and principles and they adhere to its Code of Conduct. Among the principles are: commitment to transparency; environmental responsibility and conservation of natural resources and biodiversity; responsible consideration of employees, smallholders and of other individuals and communities affected by growers and mills; and responsible development of new plantings. The RSPO Code of Conduct requires that all members work proactively towards the production and promotion of sustainable palm oil.

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 with 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. 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.

**14. 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 legal 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.

**15. What is RSPO's opinion of the ever increasing amount of standards, certification systems and labels available on the market?**

Embracing sustainable standards and practices today and into the future for palm oil or any commodity, is inevitable. The way forward is cooperation and sharing information in order to benefit from best practices and avoid duplicating efforts towards achieving the goal of making the production and supply of any commodity 100% sustainable. RSPO will continue to facilitate the adoption of its certification standards amongst growers while necessitating demand through the initiatives as the RSPO-RED scheme and the RSPO Trademark, to allow businesses, communities and nations to ride on the bandwagon towards a promising future.

**16. What is RSPO's positioning on ILUC?**

The EU is increasingly concerned over the potential indirect land use change (ILUC) impacts of biofuels which is the displacement of other agricultural production activities (due to increased demand) onto land with high natural carbon stocks. In theory, all increases in demand for biomass (food, fibre, fuel) cause and contribute to ILUC.

In order to avoid and counteract the potential negative effects of ILUC, RSPO encourages its members to take low ILUC pathways by helping growers and small holders to increase yield and advising them on the usage of degraded land, as well as other ways to minimise the GHG emissions from palm oil.