



RSPO & ISPO



ROUNDTABLE OF SUSTAINABLE PALM OIL (RSPO)

The RSPO is a Non-Governmental Organisation (NGO) formed by palm oil producers, end-users and other NGOs. The RSPO represents the highest environmental and social standards in the palm oil industry. Several principles and criteria have been established by the RSPO to determine the sustainability of palm oil production.

For an organisation to be RSPO-certified, its palm oil plantations and mills must fulfil 39 criteria and 139^{vi} indicators that are grouped under eight overarching principles covering transparency, compliance to laws and regulations, long term economic and financial viability, best practices, environmental and community responsibility, responsible development of new plantings and continuous improvements.

DEMAND FOR RSPO-CERTIFIED PALM OIL

The demand for sustainable palm oil was originally driven by Europe, with large food manufacturers like Unilever committing to 100% sustainable palm oil sources by 2020. India and China, two of the world's biggest purchasers of palm oil, are increasingly looking for responsible and sustainable sources that are not linked to peat land and rainforest destruction. According to an RSPO report, several major Indian companies have already started sourcing palm oil from sustainable sources or have expressed similar interest. The global export of CPO to India and China is equivalent to 3.5 million hectares of planted area^{vii}.

RSPO SUPPLY CHAIN SYSTEM^{viii}

Seven million tonnes, or 14%^{ix} of the world's total palm oil production is now RSPO-certified. Of this, 45.5% comes from Indonesia. IndoAgri's contribution accounts for roughly 8% of Indonesia's total output of sustainable palm oil, or 248,000 tonnes of Certified Sustainable Palm Oil (CSPO) in 2012, up from 195,000 tonnes in 2011. We will continue to seek RSPO certification for all our oil palm plantations.

There are four different RSPO supply chain mechanisms. Each system comes with its own advantages, requirements and pre-approved consumer claims. The main difference is in level of traceability of CSPO with "Identity Preserved" having the highest traceability and the "Book and Claim" the lowest.

Currently, our CSPO is sold to the market via the "Book and Claim" mechanism from GreenPalm. The Book and Claim supply chain model provides tradable certificates of RSPO-certified palm oil to the palm oil supply base, who can transact these certificates online to interested parties supporting specific volumes of RSPO-certified palm oil or their derivatives.

INDONESIA SUSTAINABLE PALM OIL (ISPO)^x

The ISPO is a government effort led by Indonesia's Ministry of Agriculture to support the following national agenda:

- Raise awareness on the importance of sustainable palm oil production and accelerate the implementation of sustainable production system and certification.
- Enhance the competitiveness of Indonesian palm oil in world market.
- Reduce GHG emissions from oil palm plantations.

The main difference of the ISPO scheme compared to the RSPO certification is in its legality. While RSPO is a voluntary organisation with global representation, ISPO has a clear legal framework specific to Indonesian interests as well as concerns of the Ministry of Agriculture, State Ministry for the Environment, Ministry of Forestry and National Land Agency.

As a government certification scheme, the ISPO is legally binding, and all the oil palm producers in Indonesia have to follow its guidelines and definition, such as the derivation of High Conservation Value (HCV). In ISPO, the definition of HCV is inferred from the national environmental assessment platform (AMDAL) and other government regulations.

While RSPO prohibits any new plantation development to replace natural forest or areas required to maintain or enhance high conservation value, the ISPO does not have such requirement other than the assurance from plantations that their lands are free from conflict with the local community and district smallholders. Many plantation owners are still trying to grasp the extent of involvement with the local community to fulfil the ISPO requirement.

Both RSPO and ISPO require audit by a recognised independent party for certification. However, separate audits will still have to be performed for each framework because of the difference in their guidelines and definitions. The ISPO is still evolving and remains a local but important sustainability framework for oil palm plantations.

INDOAGRI'S COMMITMENT TO RSPO AND ISPO

IndoAgri is a member of the RSPO and aims to obtain RSPO certification for all its plantations. We are also preparing our plantations for the ISPO audit.

ISPO: 7 PRINCIPLES, 29 CRITERIA *	RSPO: 8 PRINCIPLES, 39 CRITERIA **
Mandatory, M. Agriculture No.19/2011	Voluntarily
P1. Licensing & Management System: 7 criteria	P1. Commitment to transparency: 2 criteria
P2. Implementation of guideline on agronomical practices and oil palm processing: 2 criteria	P2. Compliance with applicable laws & regulations: 3 criteria
P3. Environmental Management & Monitoring: 10 criteria	P3. Commitment to long-term economic & financial viability: 1 criterion
P4. Responsibility to workers: 5 criteria	P4. Use of best practices: 8 criteria
P5. Social & communities responsibility: 2 criteria	P5. Environmental responsibility & conservation: 6 criteria
P6. Empowerment of communities' economic activities: 2 criteria	P6. Responsible consideration to employees & communities: 11 criteria
P7. Sustainable business improvement: 1 criterion	P7. Responsible development of new plantings: 7 criteria
	P8. Commitment to continuous improvement: 1 criterion

Note:
* Source: www.ispo-org.or.id/
** Source: www.rspo.org

