

**Guidance Document on:**  
**RSPO-RED Requirements**  
**for compliance with the**  
**EU Renewable Energy Directive requirements**

**Version of 4 February 2013**  
**(approved by the RSPO Executive Board on 28<sup>th</sup> February 2013)**

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## 1.Introduction

The '*RSPO-RED Requirements for compliance with the EU Renewable Energy Directive requirements*' (also referred to as *RSPO-RED requirements* or *RSPO-RED scheme*) have been designed as voluntary add-on to the RSPO standard. The RSPO-RED scheme allows palm oil producers and processors under certain conditions to comply with requirements in the EU Directive 2009/28/EC on the promotion of the use of energy from renewable sources. This Directive (commonly referred to as 'EU-RED') specifies sustainability requirements for biofuels and bioliquids in the European Union.

The document '*RSPO-RED Requirements for compliance with the EU Renewable Energy Directive requirements – Approved version, effective from 13 December 2012*' contains the EC approved RSPO-RED scheme requirements. This document is available from the RSPO website.

The underlying document is a *guidance document* for use by producers and other supply chain operators seeking to implement the RSPO-RED scheme requirements, and for auditors assessing against RSPO-RED scheme requirements.

This guidance document does not contain information in relation to specific national requirements which EU member states may have in addition to the EU RED Requirements (e.g. in relation to the definitions of waste & residues for double counting, or the administrative requirements in the German BLE-Nabisy system). In future, RSPO may make such information available on the RSPO website.

Section 2 of this document provides background information on the scope of the RSPO-RED scheme, in particular the relation between the RSPO-RED scheme and the RSPO standard. Section 3 outlines guidance on RSPO-RED requirements for producers, while Section 4 outlines guidance on RSPO-RED requirements for the supply chain. Section 5 provides guidance on 'Further RSPO-RED compliance requirements for all supply chain operators'. Section 6 specifies mandatory requirements for certification bodies undertaking audits against the RSPO-RED requirements.

The guidance document will be updated and revised as and when necessary and with the approval of the Executive Board.

## 2. Scope of the RSPO-RED scheme

### **Relation between the RSPO scheme and the RSPO-RED scheme**

The RSPO-RED requirements have been designed to be used in conjunction with the RSPO Principles & Criteria, the RSPO Certification System requirements, the RSPO Supply Chain Certification System requirements and the RSPO Supply Chain Certification Standard.

Audits of producers and supply chain operators against RSPO-RED requirements may be carried out as an add-on to the standard RSPO requirements. This means that under RSPO-RED, all requirements of the RSPO standard also apply. In other words: It is not possible to have operations certified against the RSPO-RED scheme without having a valid RSPO certificate in place that covers those same operations.

The RSPO-RED Compliance Requirements for Producers apply to producers only. The RSPO-RED Compliance Requirements for the Supply Chain apply to all supply chain operators.

The RSPO-RED Requirements apply to all countries, irrespective of current or future differences in RSPO National Interpretations.

Two major differences exist between the scope of the RSPO scheme and the RSPO-RED scheme, i.e. in relation to new plantings after January 2008, and in relation to independent smallholders:

### ***New plantings after January 2008***

New plantings after January 2008 can currently not be certified under RSPO-RED requirements.

For new plantings after January 2008, EU-RED requirements on monitoring of land use is more complex (refer to Section 3.2). 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 issue.

### ***Certification of independent smallholders***

The European Commission procedures for formal recognition of a certification standard as a voluntary scheme require that all documentation included in the scheme is final, and formally approved by the scheme owner.

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

Consequently, independent smallholders can currently not be certified under RSPO-RED requirements. Schemed smallholders not using group certification procedures can be certified under RSPO-RED.

In practice this is not a significant problem, as certified independent smallholder groups will mainly be using the GreenPalm system to sell their certificates (physically separated from the palm fruits they produce), whereas for RSPO-RED only the mass balance or segregated chains of custody systems can be used. Under EU-RED, the book & claim option is not allowed.

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.

### **Unit of certification for producers**

In the RSPO standard, the unit of certification is the mill and its entire supply base.

In the RSPO-RED scheme, it is allowed to certify part of the mill's supply base. This means that the RSPO-RED unit of the 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.

This approach allows mills to supply part of its oil to customers requesting RSPO-RED, and RSPO certified oil to all other customers.

### **Claims on RSPO-RED compliance**

All RSPO-RED Requirements are mandatory for supply chain operators seeking to supply palm oil, palm oil derivatives and palm oil products to the EU biofuel market and wanting to communicate RSPO-RED data, including claims on compliance with RSPO-RED requirements.

Claims can only be made about compliance with RSPO-RED requirements if the operator has been successfully assessed against the RSPO-RED requirements, and if the palm oil, palm oil derivatives and palm oil products have been received from economic operators who have a valid RSPO-RED chain-of-custody certificate, or (if the operator buys directly from a producer) a valid RSPO-RED certificate.

### **Revision of RSPO-RED requirements**

The RSPO-RED requirements will be reviewed when the European Commission makes changes to the EU-RED sustainability requirements for biofuels and/or associated communications and decisions.

The RSPO-RED requirements will also be reviewed when needed by the RSPO.

### **Other European Commission approved Voluntary Schemes**

The European Commission has recognized a number of different voluntary sustainability schemes as meeting the EU-RED sustainability requirements. Some of these schemes are multi-feedstock and are already being used for palm oil. Some of the schemes automatically recognize any other EC approved scheme. This means that a producer who is RSPO-RED approved may supply their product to a supply chain operator using a different voluntary scheme. However, in order to accept RSPO-RED certified material, the supply chain operator must ensure their scheme does indeed have this automatic recognition of other schemes.

RSPO-RED does currently 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.

### 3. Guidance on RSPO-RED Requirements for Producers

This section provides guidance on the RSPO-RED Requirements for Producers, as outlined in [Section 2.1](#) of the document *RSPO-RED requirements for compliance with EU Renewable Energy Directive requirements – Approved version, effective from 13 December 2012*.

#### 3.1 General requirements for producers

Producers seeking to comply with the RSPO-RED scheme must demonstrate compliance with the following mandatory documents:

- RSPO Principles & Criteria;
- RSPO Supply Chain Certification Systems;
- RSPO Supply Chain Certification Standard;
- RSPO-RED Requirements for Producers.

Where there is a conflict between the RSPO-RED Requirements for Producers and requirements in one of the other abovementioned RSPO documents, the RSPO-RED requirements shall take precedence.

#### 3.2 Guidance on specific RSPO-RED requirements for producers

##### 3.2.1 RSPO-RED requirements on land use

RSPO-RED requirement	Indicators & Guidance
<p><i>R1 Producers whose land was under oil palm cultivation in January 2008, and who wish to comply with sustainability standards in the EU Renewable Energy Directive shall meet the following requirements in addition to the existing guidance under the RSPO Principles &amp; Criteria:</i></p>	
<p><i>R1.1 There is evidence that the land was under palm oil production in January 2008.</i></p>	<p><b>Indicators</b> Records indicating the land use in January 2008 shall be kept.</p> <p>The status of the land in January 2008 shall be communicated to the next economic operator.</p> <p><b>Guidance</b> The following documentation and records can be used as evidence that the converted area was under palm oil production in January 2008:</p> <ul style="list-style-type: none"> <li>• Plans of land utilisation, geographical material, official documents or comparable documents referring to the land use in or before January 2008 and/or dates of land preparation and commencement;</li> </ul>

	<ul style="list-style-type: none"> <li>• Management plans showing the land under cultivation in or before January 2008;</li> <li>• Photographic documentation and/or sufficiently close satellite pictures clearly showing the land use in or before January 2008.</li> </ul> <p>For land which was cleared in or before 2008, but not yet planted with palm in January 2008, planting after January 2008 is not allowed. Change from another crop (e.g. rubber) to oil palm after January 2008 is not allowed. Replanting after January 2008 is allowed.</p> <p>Notes: 1. As for new plantings after January 2008, monitoring of land use requirements is more complex, and a land use change greenhouse gas allocation is required following EU-RED methodology, so the RSPO decided to exclude new plantings after January 2008 from RSPO-RED certification. The next update of the RSPO-RED requirements will revisit this clause. 2. For certification under the RSPO standard, the November 2005 cut-off date for new plantings' requirements remains unchanged. The January 2008 date only refers to additional RSPO-RED requirements.</p>
<p><i>R1.2 There is evidence that the land is not designated for nature protection purposes by law or by the relevant competent authority. There is evidence that the land is not designated for the protection of rare, threatened or endangered ecosystems or species recognised by international agreements or included in lists drawn up by intergovernmental organisations or the International Union for the Conservation of Nature, subject to the recognition of these organisations as outlined in Article 18(4) of the EU-RED .</i></p>	<p><b>Indicator</b> Records indicating the status of the land in January 2008 shall be kept.</p> <p><b>Guidance</b> This information gathering should include checking of available land records, environmental impact assessment reports, HCV assessment reports, consultation with relevant government departments, research institutes and interested NGOs if appropriate. For HCV assessment, refer to RSPO Principles and Criteria 5.2 and 7.3.</p>
<p><i>R1.3 There is evidence that the land was <u>not</u> a wetland in January 2008. In case the land <u>was</u> a wetland in January 2008, there is evidence that the production of palm oil has not changed the nature and the status of the wetlands.</i></p>	<p><b>Indicator</b> Records indicating the land status in January 2008 shall be kept.</p> <p>In case the land was a wetland, records of drainage depth shall be kept.</p> <p><b>Guidance</b></p>



	<p>Following the EU-RED definition, a wetland is defined as: land that is covered with or saturated by water permanently or for a significant part of the year.</p> <p>The following documentation and records can be used as evidence that the land was not a wetland in January 2008:</p> <ul style="list-style-type: none"> <li>• Plans of land utilisation, geographical material, official documents or comparable documents referring to the land use in January 2008;</li> <li>• Management plans showing the land under cultivation in January 2008;</li> <li>• Photographic documentation and/or sufficiently close satellite pictures clearly showing the land use in January 2008.</li> </ul>
<p><i>R1.4 There is evidence that the land was <u>not</u> a peatland in January 2008. In case the land <u>was</u> a peatland, there is evidence that the production of palm oil does not involve drainage of previously undrained soil. This means that for peatland that was partially drained in January 2008 a subsequent deeper drainage, affecting soil that was not already fully drained, would constitute a breach of the criterion.</i></p>	<p><b>Indicators</b></p> <p>Records indicating the status of the land in January 2008 shall be kept.</p> <p>For peatlands, there shall be evidence that the production of palm oil does not involve drainage of previously undrained soil. Such evidence shall comprise of detailed drainage profiles/maps indicating drainage depth across the land considered, before and during oil palm cultivation.</p> <p>Records of drainage depth shall be kept.</p> <p><b>Guidance</b></p> <p>Tropical peatland soils are organic soils with 65% or more organic matter and a depth of 50 cm or more (definition from RSPO Manual on Best Management Practices for Existing Oil Palm Cultivation on Peat).</p> <p>The following documentation and records can be used as evidence that the production of palm oil was not a peatland in January 2008:</p> <ul style="list-style-type: none"> <li>• Plans of land utilisation, geographical material, official documents or comparable documents referring to the land use in January 2008;</li> <li>• Management plans showing the land under cultivation in January 2008;</li> <li>• Photographic documentation and/or sufficiently close satellite pictures clearly showing the land use in January 2008.</li> </ul>

	Refer to chapter 2 of the 'RSPO Manual on Best Management Practices (BMPs) for Existing Oil Palm Cultivation on Peat' for more guidance on the nature and characteristics of tropical peat.
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### 3.2.2 Requirements on greenhouse gas criterion

RSPO-RED requirement	Indicators & Guidance
<p><i>R2(v) Greenhouse gas criterion</i> <i>One of the following options must be used to for the EU-RED greenhouse gas criterion:</i></p>	
<p><i>(a) Use of a default value specified in Annex V of EU-RED, which complies with the 35% greenhouse gas reduction criterion specified in EU-RED (and the 50% greenhouse gas reduction criterion from 1 January 2017).</i> <i>For palm oil biodiesel and hydrotreated vegetable oil from palm oil, currently only default values assuming methane capture at palm oil mills comply with the 35% greenhouse gas reduction criterion (and 50% from 1 January 2017). In Annex V of EU-RED, the aggregated default value for cultivation, processing (including methane capture at palm oil mill), transport and distribution of palm oil biodiesel is set at 37 g CO<sub>2eq</sub>/MJ (equivalent to an actual greenhouse gas saving of 56%). The aggregated default value for cultivation, processing (including methane capture at palm oil mill), transport and distribution of hydrotreated vegetable oil is set at 29 g CO<sub>2eq</sub>/MJ (equivalent to an actual greenhouse gas emission saving of 65%).</i></p> <p><i>In order to use these default values, there shall be evidence that biogas capture from palm oil mill effluent (POME) is applied.</i></p> <p><i>Note: The default values in Annex V</i></p>	<p><b>Indicators</b> There shall be evidence that methane (biogas) capture from palm oil mill effluent (POME) is used.</p> <p>Supply chain operators shall clearly communicate to the next economic operator that the default value option is being applied for the EU-RED greenhouse gas criterion. The relevant default value (g CO<sub>2eq</sub>/MJ) shall also be communicated to the next economic operator.</p> <p><b>Guidance</b> Annex V of EU-RED specifies default values for a number of biofuel chains, including for palm oil biodiesel and hydrotreated vegetable oil from palm oil. Separate default values have been specified for a situation where methane (biogas) capture is applied at palm oil mills.</p> <p>For palm oil biodiesel (and hydrotreated vegetable oil from palm oil) only default values for production where there is methane capture at palm oil mills comply with the 35% greenhouse gas reduction criterion (and 50% from 1 January 2017). This means that only for products from palm oil processed in a mill applying methane (biogas) capture can use default values.</p> <p>EU-RED requirements do not specify a threshold efficiency of methane (biogas) capture.</p> <p>Technologies to reduce greenhouse gas emissions other than methane (biogas) capture from POME do <u>not</u> qualify for the EU-RED default value.)</p> <p>In Annex V of EU-RED, the aggregated default value for cultivation, processing (including methane capture at palm oil mill), transport and distribution of palm oil</p>

<p><i>of EU-RED may be subject to change in future.</i></p>	<p>biodiesel is set at 37 g CO<sub>2eq</sub>/MJ. The aggregated default value for cultivation, processing (including methane capture at palm oil mill), transport and distribution of hydrotreated vegetable oil is set at 29 g CO<sub>2eq</sub>/MJ.</p> <p>Note: The default values in Annex V of EU-RED may be subject to change in future. Any updates by the European Commission will become valid under RSPO-RED requirements.</p>
<p><b>(b)</b> <i>Use of actual greenhouse gas values to calculate total greenhouse gas savings according to the EU-RED methodology.</i></p>	<p><b>Indicators</b></p> <p>Producers shall use an EC approved greenhouse gas methodology. The overview of EC approved methodologies can be found on: <a href="http://ec.europa.eu/energy/renewables/biofuels/sustainability_schemes_en.htm">http://ec.europa.eu/energy/renewables/biofuels/sustainability_schemes_en.htm</a></p> <p>Supply chain operators shall clearly communicate to the next economic operator which calculation methodology is being applied. Disaggregated (actual and default) greenhouse gas data shall be communicated to the next economic operator.</p> <p>Records of greenhouse gas data and calculations shall be kept for 5 years.</p> <p><b>Guidance</b></p> <p>This standard does not contain the details to manually calculate actual greenhouse gas emissions according to the EC methodology. This is primarily because it will be much easier for operators to use an existing EC approved greenhouse gas calculation methodology.</p> <p>When the RSPO-RED requirements were first developed, EC approved calculation methodologies were not yet available. For this reason, the RSPO-RED requirements document suggested that this option is 'on hold'. As EC approved methodologies have meanwhile become available, it is now possible to use one of these methodologies for actual GHG calculations under RSPO-RED.</p> <p>N.B. The RSPO PalmGHG tool is currently <u>not</u> yet eligible for demonstrating compliance with the greenhouse criterion, as it has not been submitted to the European Commission for validation and approval.</p>
<p><b>(c)</b> <i>Until 31 March 2013, palm oil can be claimed to be in compliance with the EU-RED greenhouse gas</i></p>	<p><b>Indicator</b></p> <p>In order to use the grandfathering clause by producers, there shall be evidence that the palm oil mill was in</p>

<p><i>criterion if there is evidence that the palm oil mill was in operation on or before 23 January 2008 (this is the grandfathering option). From 1 April 2013 no scheme-compliant claim can be made without meeting the EU-RED greenhouse gas threshold, regardless of when the palm oil was processed.</i></p>	<p>operation on or before 23 January 2008.</p> <p>Supply chain operators shall clearly communicate to the next economic operator that the grandfathering clause is being applied for the EU-RED greenhouse gas criterion.</p> <p><b>Guidance</b></p> <p>If <i>any installation</i> in the supply chain was in operation on 23 January 2008, then the EU-RED greenhouse gas criterion does not apply until 31 March 2013 (this is the grandfathering option). However, material held in stock anywhere in the supply chain on or after 1 April 2013 will no longer be exempt from the EU-RED greenhouse gas criterion, regardless of when it was processed. No exemptions are allowed anywhere in the supply chain after 31 March 2013.</p> <p>Installation is defined as: ‘Any processing installation used in the production process. It does not include production facilities that have been intentionally added to the production chain to qualify for the exemption set out in Directive 2009/28/EC, Article 17.2’ (i.e. the grandfathering clause). For producers, ‘installation’ typically refers to palm oil mill.</p> <p>Note: In practice, organisations should bear in mind the likely final delivery date to the end market. Products which are delivered to the final market on or after 1 April 2013 will not be exempt, regardless of when they were processed.</p>
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### 3.3 RSPO-RED requirements on the level of sampling

RSPO-RED requirement	Guidance
<p><b>R3 Requirements on the level of sampling</b></p> <p><i>The level of sampling to take place during a RSPO-RED certification assessment shall include every mill and be based on a minimum sample of <math>\sqrt{y}</math> where <math>y</math> is the number of management sub-units. This formula takes precedence over the sample formula specified in Section 4.2.9 of the RSPO Certification Systems document.</i></p> <p><i>This sampling formula shall be used as a <u>minimum</u>, and may be increased depending on the complexity and risk associated with the operations.</i></p>	<p>For RSPO certification audits a minimum sampling size of <math>0.8\sqrt{y}</math> is required (refer to Section 4.2.9 of the RSPO Certification Systems document). For RSPO-RED this minimum sampling size is set at <math>\sqrt{y}</math>, following a specific European Commission requirement. In the RSPO Certification Systems, the formula for the level of sampling is fixed.</p> <p>Under RSPO-RED requirements the sampling formula may be <i>increased</i>, depending on the auditor’s professional judgement of the complexity and risks associated with the</p>

	<p>operations. A <i>decrease</i> of the sampling formula is <u>not</u> allowed under RSPO-RED.</p> <p>This approach is in line with the approach followed for multi-site auditing under RSPO-RED requirements (refer to Section 2.3 of the RSPO-RED Requirements document).</p> <p>Definitions of management (sub) units can be found in the RSPO Certification Systems document.</p>
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## 4. Guidance on RSPO-RED Requirements for the Supply Chain

This section provides guidance on the RSPO-RED Requirements for the Supply Chain, as outlined in Section 2.2 of the document *RSPO-RED requirements for compliance with EU Renewable Energy Directive requirements – Approved version, effective from 13 December 2012*.

### 4.1 General requirements for supply chain operators

Supply chain operators taking legal ownership and physically receiving RSPO certified palm oil products, seeking to comply with the RSPO-RED scheme must demonstrate compliance with the following mandatory documents:

- RSPO Supply Chain Certification Systems (Nov 2011);
- RSPO Supply Chain Standard (Nov 2011);
- RSPO-RED Requirements for the Supply Chain.

Where there is a conflict between the RSPO-RED Requirements for the Supply Chain and requirements in one of the other abovementioned RSPO documents, the RSPO-RED requirements shall take precedence.

### 4.2 Guidance on specific RSPO-RED requirements for supply chain operators, including palm oil mills

#### 4.2.1 Requirements in relation to chain of custody and information transfer in supply chain

RSPO-RED requirement	Indicators & Guidance
<i>R4 Facilities who wish to comply with sustainability standards in the EU Renewable Energy Directive shall meet the following requirements in relation to the RSPO Supply Chain Certification requirements and the RSPO Supply Chain Certification Standard:</i>	
<i>R4.1 Facilities shall use a RSPO supply chain system which follows physical oil through the supply chain (Identity Preserved, Segregated or Mass Balance). The RSPO Book &amp; Claim option is <u>not</u> allowed under EU-RED requirements.</i>	<p><b>Indicators</b> The facilities' material accounting system shall distinguish between material which is <u>RSPO</u> certified, and material which is <u>RSPO-RED</u> certified.</p> <p><b>Guidance</b> The existing RSPO book &amp; claim system is not allowed under RSPO-RED Requirements</p>
<i>R4.2 The crude palm oil mill shall be included in the supply chain audits and certification, following the requirements as specified in Module D and E of the RSPO Supply Chain Certification Standard.</i>	<p><b>Guidance</b> This requirement is compatible with the RSPO Supply Chain Certification Standard.</p>
<i>R4.3 Purchase orders or equivalent</i>	<b>Guidance on 'purchase order'</b>

<p><i>documents for RSPO certified palm oil or palm oil product shall specify:</i></p> <ul style="list-style-type: none"> <li>• <i>the country of origin;</i></li> <li>• <i>that the palm oil (product) meets the land use requirements outlined in Section 2.1;</i></li> <li>• <i>the cumulative greenhouse gas intensity (g CO<sub>2</sub>/tonne or gCO<sub>2</sub>/MJ) of the emissions of greenhouse gases relative to the sustainable fraction of the delivered consignment.</i></li> </ul>	<p>Whereas the EC approved RSPO-RED scheme document refers to ‘purchase order’, this may in practice be a sales order, or an appendix to such order or a contract. Such document is also referred to as ‘delivery note’.</p> <p><b>Guidance for ‘Country of Origin’</b> The <i>country of origin</i> is the country where the palm oil fruits (Fresh Fruit Bunches) were grown.</p> <p><b>Indicator for ‘Land use requirements’</b> Refer to Section 3.2.1 of this document for guidance on the RSPO-RED <i>land use requirements</i>. Sales orders or equivalent documents shall specify that ‘<i>The sustainable fraction of the delivered palm oil (product) meets the RSPO-RED land use requirements</i>’.</p> <p><b>Guidance on cumulative greenhouse gas intensity</b> The cumulative greenhouse gas intensity is the total greenhouse gas emissions attributed to the sustainable product, including cultivation, processing and transport, up to the point in the supply chain where the transaction occurs. Greenhouse gas intensity is expressed per tonne or per MJ of sustainable product.</p> <p><b>Indicator for ‘Greenhouse gas intensity’ –default values</b> Sales orders or equivalent documents shall specify that: ‘<i>The greenhouse gas intensity of the sustainable fraction of the delivered palm oil (product) is 37 g CO<sub>2eq</sub>/MJ if converted to palm oil biodiesel, and 29 g CO<sub>2eq</sub>/MJ if converted to hydrotreated vegetable oil. These greenhouse gas intensity values refer to aggregated EU-RED default values including biogas capture from POME</i>’.</p> <p>Note: In order to use these default values, there shall be evidence that biogas capture from palm oil mill effluent (POME) is applied. Also refer to Section 2.1 and 2.2.4 of the RSPO-RED Requirements.</p> <p><b>Indicator for ‘Greenhouse gas intensity’ – actual values</b> Sales orders or equivalent documents shall specify that: ‘<i>The greenhouse gas intensity of the sustainable fraction of the product is x g CO<sub>2eq</sub>/MJ. This greenhouse gas intensity value refers to actual GHG data calculated with the EC approved calculation tool [tool name]</i>’</p>
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	<p><b>Indicator for ‘Use of the grandfathering clause’</b></p> <p>If any installation in the supply chain was in operation on 23 January 2008, then the EU-RED greenhouse gas criterion does not apply until 31 March 2013 (this is the grandfathering option). This means that instead of specifying the carbon intensity on the sales order, the sales order or equivalent document shall specify that: <i>‘For the sustainable fraction of the delivered palm oil (product), the grandfathering clause is applied for compliance with the EU-RED greenhouse gas criterion’.</i></p> <p>Note: Material held in stock on or after 1 April 2013 will no longer be exempt from the EU-RED greenhouse gas criterion, regardless of when it was processed. No exemptions are allowed anywhere in the supply chain after 31 March 2013. Please refer to Section 2.1 and 2.2.4 of the RSPO-RED Requirements for more detail.</p>
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#### 4.2.2 Requirements on greenhouse gas criterion

RSPO-RED requirement	Indicators & Guidance
<p><i>R5 Greenhouse gas criterion</i> <i>One of the following options must be used for the EU-RED greenhouse gas criterion:</i></p>	
<p>(a) <i>Use of a default value specified in Annex V of EU-RED, which complies with the 35% greenhouse gas reduction criterion specified in EU-RED (and the 50% greenhouse gas reduction criterion from 1 January 2017).</i> <i>For palm oil biodiesel and hydrotreated vegetable oil from palm oil, currently only default values assuming methane capture at palm oil mills comply with the 35% greenhouse gas reduction criterion (and 50% from 1 January 2017). In Annex V of EU-RED, the aggregated default value for cultivation, processing (including methane capture at palm oil mill), transport and distribution of palm oil biodiesel is set at 37 g CO<sub>2eq</sub>/MJ (equivalent to an actual</i></p>	<p><b>Indicators</b></p> <p>There shall be evidence that methane (biogas) capture from palm oil mill effluent (POME) is used.</p> <p>Supply chain operators shall clearly communicate to the next economic operator that the default value option is being applied for the EU-RED greenhouse gas criterion. The relevant default value (g CO<sub>2eq</sub>/MJ) shall also be communicated to the next economic operator.</p> <p><b>Guidance</b></p> <p>Annex V of EU-RED specifies default values for a number of biofuel chains, including for palm oil biodiesel and hydrotreated vegetable oil from palm oil. Separate default values have been specified for a situation where methane (biogas) capture is applied at palm oil mills.</p> <p>For palm oil biodiesel and hydrotreated vegetable oil from palm oil, only default values assuming methane (biogas) capture at palm oil mills comply with the 35% greenhouse gas reduction criterion (and 50% from 1 January 2017). This means that default values can only</p>



<p><i>greenhouse gas saving of 56%). The aggregated default value for cultivation, processing (including methane capture at palm oil mill), transport and distribution of hydrotreated vegetable oil is set at 29 g CO<sub>2eq</sub>/MJ (equivalent to an actual greenhouse gas emission saving of 65%).</i></p> <p><i>In order to use these default values, there shall be evidence that biogas capture from palm oil mill effluent (POME) is applied.</i></p> <p><i>Note: The default values in Annex V of EU-RED may be subject to change in future.</i></p>	<p>be used for products from palm oil processed in a mill applying methane capture.</p> <p>EU-RED requirements do not specify a threshold efficiency of methane (biogas) capture.</p> <p>Technologies to reduce greenhouse gas emissions other than active methane (biogas) capture from POME do <u>not</u> qualify for the EU-RED default value.</p> <p>In Annex V of EU-RED, the aggregated default value for cultivation, processing (including methane capture at palm oil mill), transport and distribution of palm oil biodiesel is set at 37 g CO<sub>2eq</sub>/MJ. The aggregated default value for cultivation, processing (including methane capture at palm oil mill), transport and distribution of hydrotreated vegetable oil is set at 29 g CO<sub>2eq</sub>/MJ.</p> <p>Note: The default values in Annex V of EU-RED may be subject to change in future. Any updates by the European Commission will become valid under RSPO-RED requirements.</p>
<p><b>(b) Use of actual greenhouse gas values to calculate total greenhouse gas savings according to the EU-RED methodology.</b></p>	<p><b>Indicators</b></p> <p>Producers shall use an EC approved greenhouse gas calculation methodology. The overview of EC approved methodologies can be found on: <a href="http://ec.europa.eu/energy/renewables/biofuels/sustainability_schemes_en.htm">http://ec.europa.eu/energy/renewables/biofuels/sustainability_schemes_en.htm</a></p> <p>Supply chain operators shall clearly communicate to the next economic operator which calculation methodology is being applied. Actual greenhouse gas data shall be communicated to the next economic operator.</p> <p>Records of greenhouse gas data and calculations shall be kept for 5 years.</p> <p><b>Guidance</b></p> <p>This standard does not contain the details to manually calculate actual greenhouse gas emissions according to the EC methodology. This is primarily because it will be much easier for operators to use an existing EC approved greenhouse gas calculation methodology. When the RSPO-RED requirements were first developed, EC approved calculation methodologies were not yet available. For this reason, the RSPO-RED requirements document suggested that this option is 'on hold'. As EC approved methodologies have</p>

	<p>meanwhile become available, it is now possible to use one of these methodologies for actual GHG calculations under RSPO-RED.</p> <p>N.B. The RSPO PalmGHG tool is currently <u>not</u> yet eligible for demonstrating compliance with the greenhouse criterion, as it has not been submitted to the European Commission for validation and approval.</p>
<p><b>(c)</b> <i>Until 31 March 2013, palm oil can be claimed to be in compliance with the EU-RED greenhouse gas criterion if there is evidence that the palm oil mill was in operation on or before 23 January 2008 (this is the grandfathering option). From 1 April 2013 no scheme-compliant claim can be made without meeting the EU-RED greenhouse gas threshold, regardless of when the palm oil was processed.</i></p>	<p><b>Indicators</b></p> <p>There shall be evidence that the installation was in operation on or before 23 January 2008.</p> <p>Supply chain operators shall clearly communicate to the next economic operator that the grandfathering clause is being applied for the EU-RED greenhouse gas criterion.</p> <p><b>Guidance</b></p> <p>If <i>any installation</i> in the supply chain was in operation on 23 January 2008, then the EU-RED greenhouse gas criterion does not apply until 31 March 2013 (this is the grandfathering option). However, material held in stock on or after 1 April 2013 will no longer be exempt from the EU-RED greenhouse gas criterion, regardless of when it was processed. No exemptions are allowed anywhere in the supply chain after 31 March 2013.</p> <p>Installation is defined as: ‘Any processing installation used in the production process. It does not include production facilities that have been intentionally added to the production chain to qualify for the exemption set out in Directive 2009/28/EC, Article 17.2’ (i.e. the grandfathering clause).</p> <p>Note: In practice, organisations should bear in mind the likely final delivery date to the end market. Products which are delivered to the final market on or after 1 April 2013 will not be exempt, regardless of when they were processed.</p>

## **4.3 Further guidance on RSPO-RED requirements for the supply chain**

### **4.3.1 Which supply chain operators need to be RSPO-RED certified?**

The RSPO Supply Chain Certification Requirements and the RSPO Supply Chain Certification Standard apply to each supply chain operator which takes legal ownership and takes RSPO certified palm oil products into storage.

The same certification requirements apply under RSPO-RED. This means that warehouses taking legal ownership and physically receive into storage RSPO-RED certified palm oil products need to be RSPO-RED certified.

Only retail companies that do not manufacture, modify, (re)package or (re)label consumer goods in any way are exempt from the certification requirement. Under RSPO-RED, the same exemption applies to supply chain operators which do not manufacture or modify the product. 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.

### **4.3.2 Mass balance requirements**

#### **General**

Under RSPO-RED, the mass balance system shall be operated at site/facility level and cannot be operated at aggregated company level. This is equivalent to the requirement laid down in the RSPO Supply Chain Certification Systems.

The mass balance system shall clearly distinguish between RSPO certified and RSPO-RED certified material.

In addition to the requirements laid down in the RSPO Supply Chain Certification Systems and the RSPO Supply Chain Standard, RSPO is using a transaction registration system for certified palm oil products called eTrace. This system is not an essential element of supply chain certification (systems), but is merely a 'double check' of total claims of certified palm oil products made against total production of certified oil.

Use of eTrace is only mandatory up until the palm oil refinery. Product trades leaving the palm oil refinery and further downstream do not need to use eTrace.

#### **Positive stocks and reporting**

RSPO Supply Chain Certification Requirements do not allow a facility to ship more RSPO certified product than has been received. This requirement also applies to RSPO-RED certified product.

In other words: 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.

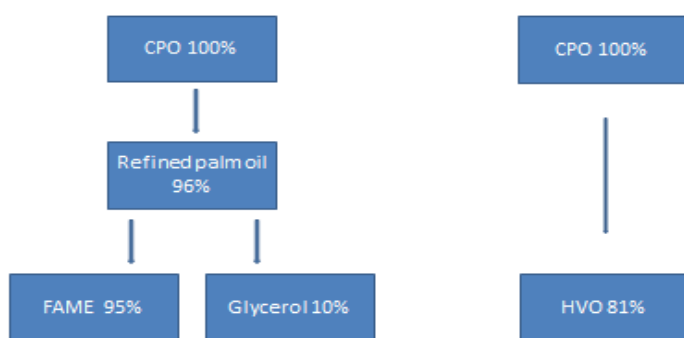
Furthermore, at every surveillance audit the certification body shall verify the facility's annual summary records to confirm a positive or neutral balance between RSPO-RED certified palm oil purchased and sold within the inventory period of the audit. The certification body shall confirm the amounts of RSPO-RED certified material purchased and claimed as part of its audit report.

N.B. The audit report shall clearly distinguish between RSPO certified material and RSPO-RED certified material.

There is not a fixed inventory period for volumes RSPO certified product received and shipped, but a continuous check ensuring that no more RSPO certified product is shipped than received.

**Yield schemes**

The figure below depicts indicative yield values for main biofuel products from CPO (FAME and Hydrotreated Vegetable Oil). Yield values have been taken from the Biograce greenhouse gas calculation tool ([www.biograce.net](http://www.biograce.net)) and may be changed depending on actual mass balances.



Note: The yield scheme only includes main feedstocks and products. As other process inputs and outputs have not been depicted, the percentages of ‘CPO in’ and ‘products out’ do not match.

**Non-proportionate feedstock allocation**

It is recognized that towards the end of the supply chain, many different types of biodiesels may be mixed in tanks and in mass balance systems. This may include biodiesels from different feedstocks. As long as all the mass balance principles are followed, it is understood that allocation of the sustainability properties of a batch of biodiesel leaving a site may not exactly match the physical properties of the actual batch of biodiesel. In other words, batches may be mixes of palm, soy and rapeseed methyl esters.

## 5. Guidance on ‘Further RSPO-RED Compliance requirements for all supply chain operators physically handling palm oil –products- and receiving into storage’

This section provides guidance on the *Further RSPO-RED Compliance Requirements for all Supply chain operators, including palm oil mills, physically handling palm oil (products)*, as outlined in Section 2.3 of the document *RSPO-RED requirements for compliance with EU Renewable Energy Directive requirements – Approved version, effective from 13 December 2012’*.

RSPO-RED requirement	Guidance
<p><i>Further to the RSPO-RED Compliance Requirements specified in Section 2.1 and 2.2, the following are mandatory requirements for all supply chain operators physically handling palm oil (products) (and receiving into storage) seeking compliance against the RSPO-RED scheme:</i></p>	
<p><b>R6 Audits before participation in the RSPO-RED scheme</b> <i>All supply chain operators physically handling palm oil (products) shall be certified against the RSPO-RED Compliance Requirements before being allowed to participate in the scheme.</i></p>	<p>This RSPO-RED requirement is equivalent to the RSPO system requirement, as outlined in the RSPO Certification Systems document.</p>
<p><b>R7 Document management</b> <i>All operators wishing to comply with EU-RED requirements shall have a documentation management system. The system shall as a minimum contain all necessary documentation/evidence in relation to the claims they make or rely on. The documentation/evidence shall be kept for a minimum of 5 years.</i></p>	<p>This requirement is an elaboration and further specification of Criterion 1.2 (‘Management documents’) of the RSPO Principles and Criteria.</p> <p>Documentation/records must ensure a comprehensive link between products and documentation including but not limited to the following:</p> <ul style="list-style-type: none"> <li>• Records of all incoming and outgoing RSPO-RED certified products, and related sustainability information;</li> <li>• Records of internal processing of RSPO-RED certified products;</li> <li>• Mass balance records for RSPO-RED certified material;</li> <li>• Contracts related to RSPO-RED certified products;</li> <li>• Copies of certificates from all suppliers of RSPO-RED certified material;</li> <li>• Records of internal audits.</li> </ul>
<p><b>R8 Multi-site certification and audit</b> <i>All operators wishing to comply with EU-RED requirements, and wishing to use multi-site certification, shall comply with the requirements</i></p>	<p>Sampling for supply chain multi-site certification is defined under Annex 2 of the RSPO Supply Chain Certification Systems document. For</p>

<p><i>specified in Annex 2 of the RSPO Supply Chain Certification Systems document.</i></p> <p><i>All operators wishing to comply with EU-RED requirements, and wishing to use multi-site certification, shall use the following sample audit formula for initial assessments: 'Square root of the total number of sites, rounded up to a whole number for each Set, plus Central Office'. This formula takes precedence over the sample audit formula for initial assessments specified in Annex 2 of the RSPO Supply Chain Certification Systems document.</i></p> <p><i>For operators wishing to comply with EU-RED requirements, the applicable multi-site sampling formulas shall be used as a <u>minimum</u>, and may be increased depending on the complexity and risk associated with the operations.</i></p>	<p>RSPO-RED this minimum sampling is set higher (leaving out the factor 0.8 in the formula), thereby following the specific EU-RED requirement.</p> <p>Annex 2 of the RSPO Supply Chain Certification Systems document specifies that the sampling formula may be decreased or increased depending on the complexity and risk associated with the operations.</p> <p>Under RSPO-RED Requirements a <i>decrease</i> of the sampling formula is <u>not</u> allowed. Depending on the auditor's professional judgement of the complexity and risks associated with the operations, the sampling formula may be <i>increased</i>.</p>
<p><b>R9 Limited assurance level</b></p> <p><i>Audits shall include control of quantitative claims made by operators, in particular in relation to mass balance data and greenhouse gas data. Based on the sampling of data, the auditor shall produce an audit statement specifying that at least the level of limited assurance was used, based on the guidelines laid down in the International Standard on Assurance Engagements (ISAE) 3000 (Revised), of the International Federation of Accountants (IFAC).</i></p>	<p>The European Commission has specified a limited assurance level as follows: 'it implies a reduction in risk to an acceptable level as the basis for a negative form of expression by the auditor such as <i>'based on our assessment nothing has come to our attention to cause us to believe that there are errors in the evidence'</i>, whereas a 'reasonable reassurance level' implies a reduction in risk to an acceptably low level as the basis for a positive form of expression such as <i>'based on our assessment, the evidence is free from material misstatement'</i>.</p> <p>The audit statement specifying the level of limited assurance shall be included in the auditor's RSPO-RED audit report.</p> <p>The RSPO-RED audit report will be signed by the certification body and the company acknowledging that the information provided in the report is valid.</p>

## 6. RSPO-RED certification process

### 6.1 Certification process

Producers and supply chain operators who have already been certified against the RSPO Standard, and who also wish to become certified against the RSPO-RED requirements, shall follow the step-wise approach outlined below:

- Step 1 – Prepare themselves for compliance to RSPO-RED requirement
- Step 2 - Get in touch with a RSPO approved certification body for application
- Step 3 – Apply for extension of scope audit of the existing certificate. An initial assessment against the RSPO-RED requirements may take place:
  - In combination with an annual surveillance audit against the RSPO Standard;
  - At any other moment (separate audit).
- Step 4 – The CB will conduct the audit and recommend for certification if all elements are in compliance (for RSPO-RED certification, all relevant requirements in the RSPO-RED scheme must be met).
- Step 5 – Following a successful audit against the RSPO-RED requirements, the certification body shall issue a new certificate which refers only to operations compliant with RSPO-RED requirements. Producers and supply chain operators who are not RSPO certified can undergo RSPO-RED certification in conjunction with RSPO certification.

Note: Notification of certification audits against the RSPO-RED scheme (including e.g. stakeholder consultation) is not required, provided that such audit is an extension of the RSPO scope only.

### 6.2 Certificates

The RSPO-RED certificate is a separate certificate. The RSPO-RED certificate shall refer only to operations compliant with RSPO-RED requirements.

The maximum validity of a 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, meaning that the validity period specified on the RSPO certificate is leading. In practice this might mean that RSPO-RED certificates when first issued have a validity of less than 5 years.

N.B. 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 automatically also be suspended. In this situation, no claims against the RSPO-RED scheme requirements shall be made.

## 7. Requirements for certification bodies

This section specifies requirements for certification bodies assessing producers and supply chain operators against the RSPO-RED requirements.

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

### **Certification of producers and the supply chain**

Certification bodies auditing producers against the RSPO-RED scheme must be accredited/approved by RSPO to undertake audits against the RSPO-RED scheme.

Teams for certification audits and annual surveillance audits against the RSPO-RED scheme shall include a team member or team members able to cover all the elements of the RSPO-RED requirements for producers. This shall include checking of data used for actual greenhouse gas calculations, and checking of the calculations. Checking of calculations may be executed as a desk-top study based on information collected during the field audit. The verification of the greenhouse gas balance calculations must be done by a competent expert.

The lead auditor must have participated in relevant RSPO-RED auditor training. This training is additional to mandatory RSPO standard auditor training.

The certification body shall document the findings of the audit against RSPO-RED requirements in an audit report. This report may take the form of a separate section within the main audit report on compliance against the RSPO Principles & Criteria.

The RSPO-RED audit report for producers shall be peer reviewed. The peer review process shall include the following requirements:

- The report shall be reviewed by at least one independent peer reviewer with the experience and technical knowledge necessary to assess the adequacy of the report and the validity of the proposed certification decision
- The peer reviewer shall explicitly comment on:
  - The adequacy of the field work as the basis for making a certification decision;
  - How the person-days were chosen, how the sites were chosen;
  - The clarity of presentation of the observations as the basis for a certification decision;
  - Whether the proposed certification decision is justified by the observations presented.

Peer review of the RSPO-RED audit report for supply chain certification is not required.

The certification body shall include a summary of the RSPO-RED assessment findings in the public summary report.



## 8. Definitions and clarification issues

**EU-RED:** European Union Directive on the promotion of the use of energy from renewable sources (Renewable Energy Directive, 2009/28/CE).

**Facility (site):** a single functional unit of an organisation or a combination of units situated at one locality, which is geographically distinct from other units.

**GHG:** greenhouse gas(es).

**Installation:** Any processing installation used in the production process. It does not include production facilities that have been intentionally added to the production chain to qualify for the exemption set out in Directive 2009/28/EC, Article 17.2.

**Management unit:** a crude palm oil mill and its supply base. RSPO audits cover the operations of the mill (where the FFB are processed), and the oil palm estates where FFB are produced.

**Management sub-units:** sources of FFB which deliver to the crude palm oil mill (i.e. estates and/or smallholders).

**RSPO-RED requirements** refers to the *RSPO-RED Requirements for compliance with the EU Renewable Energy Directive requirements*, which comprise of a voluntary add-on to the RSPO standard, and allow palm oil producers and processors under certain conditions to comply with requirements in EU Directive 2009/28/EC on the promotion of the use of energy from renewable sources.

**RSPO-RED scheme** refers to the complete set of standards/documentation required to meet the RSPO-RED requirements, i.e. the *RSPO-RED Requirements for compliance with the EU Renewable Energy Directive requirements*, the *RSPO Principles & Criteria*, the *RSPO Certification Systems*, the *RSPO Supply Chain Certification Systems* and the *RSPO Supply Chain Certification Standard*.

**Wetlands:** land that is covered with or saturated by water permanently or for a significant part of the year.

**Assessments other than 'on-site audits':** such audits are not allowed. The Supply Chain Certification Systems document makes reference to compliance with ISO17021. Section 9.2.3.2 of the ISO17021 document clearly stipulates that 'the stage 2 audit shall take place at the site'.

**Scope of work of 'annual surveillance' planned for facilities processing less than 500 tonnes per year:** for facilities processing less than 500 mt/yr, a certificate issued is only valid for one year. This means that another full audit (as defined in RSPO Certification Systems document) must be conducted prior to issuance of a new certificate. (Note: This requirement is now redundant due to the revision of the Supply Chain Certification Systems Document in November 2011)

## **9. References**

Directive 2009/28 of the European Parliament and the Council on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC. Brussels (Belgium), 23 April 2009.

RSPO (2012) RSPO-RED Requirements for compliance with the EU Renewable Energy Directive requirements. Final version of 10 February 2012.

RSPO (2007) RSPO Principles & Criteria for Sustainable Palm Oil Production – Including Indicators and Guidance.

RSPO (2011) RSPO Certification Systems - Final document approved by RSPO Executive Board on 26 June 2007. Approved by Executive Board on 3 March 2011 on Revised clause 4.2.4.

RSPO (2011) RSPO Supply Chain Certification Systems – Final document as approved by RSPO Executive Board on 25 November 2011.

RSPO (2011) RSPO Supply Chain Certification Standard – Final document as approved by RSPO Executive Board on 25 November 2011.