ISCC stands for zero deforestation and high level coverage of sustainability requirements – According to ITC Standardsmap ISCC is in good shape

What ISCC stands for:

• Zero deforestation

• High sustainability requirements
  o Environmental
  o Social
  o Economical

• Access to all market segments
  o Food, feed
  o Biofuels
  o Chemical, technical

ITC Standards Map

Requirements per sustainability area

- Environmental
- Social
- Management
- Quality
- Ethics

- RSPO – PC
- ISCC PLUS
- ISCC EU
However, even ISCC certified oil mills may be exposed to severe sustainability risks if sourcing from non certified and unknown origin.

Risks from unknown origin:

- Legality
- Landuse change after cut off date
- Unappropriate treatment of labor and environment
- ….
In order to mitigate sustainability risks ISCC has developed the Landscape Approach – FFBs from controlled and monitored origin.

- Oil mill sourcing areas will be evaluated using the GRAS tool.
- Only sourcing areas with moderate risks will be accepted.
- Full transparency regarding sustainability risks.
- Sourcing areas will be monitored continuously.
In order to mitigate sustainability risks ISCC has developed the Landscape Approach – FFBs from controlled and monitored origin.

Three phases
1. Sustainability risk evaluation
2. Risk mitigation/action implementation
3. Monitoring

Unknown origin  ->  Landscape Approach  ->  Controlled and monitored
Landscape Approach Phase 1 – risk evaluation in three steps using the GRAS tool

**Step 1: Select the relevant sourcing areas**

The GRAS Tool is used to automatically analyze different sourcing areas according to:
- Deforestation
- Biodiversity
- Carbon stock
- Social Indices

**Step 2: Evaluation and ranking risk levels**

The GRAS Sustainability Index is used to provide:
- An evaluation of the sustainability risk level for the sourcing area
- Ranking of sourcing areas

<table>
<thead>
<tr>
<th>Factor</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor_Biodiversity</td>
<td>0.08</td>
</tr>
<tr>
<td>Factor_Carbon</td>
<td>0.22</td>
</tr>
<tr>
<td>Factor_LUC</td>
<td>1.21</td>
</tr>
<tr>
<td>Factor_Social</td>
<td>0.41</td>
</tr>
</tbody>
</table>

GRAS Sustainability Index: 0.55 (High risk)

**Step 3: Detailed sustainability analysis**

Main features of the detailed sustainability analysis:
- Detection of deforestation
- Assessment of the point in time of deforestation
- Biodiversity and carbon stock analysis within deforested areas
Step 1: selection of sourcing areas for mills which source from non-certified and unknown origin (e.g. 50 km periphery)
Step 2: sourcing area analysis and ranking allows focusing on sourcing areas with the highest risks

<table>
<thead>
<tr>
<th>Rank</th>
<th>Oil Mill</th>
<th>GRAS Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>External Mill 1</td>
<td>0.11</td>
</tr>
<tr>
<td>2</td>
<td>External Mill 4</td>
<td>0.23</td>
</tr>
<tr>
<td>12</td>
<td>External Mill 12</td>
<td>0.35</td>
</tr>
<tr>
<td>22</td>
<td>External Mill 3</td>
<td>0.68</td>
</tr>
<tr>
<td>23</td>
<td>External Mill 13</td>
<td>0.88</td>
</tr>
</tbody>
</table>

Low Risk (0 – 0.2)

Medium Risk (0.21 – 0.4)

High Risk > 0.4

Automated GRAS sourcing area analysis reports indicate sustainability risks

Focus on suppliers with highest risks
Step 3: High risk sourcing shall then be analysed in detail – example analysis of land use change (LUC)

Detailed land use change analysis of growers within a high risk sourcing area

<table>
<thead>
<tr>
<th>Categories</th>
<th>Plantation Name</th>
<th>Certified</th>
<th>LUC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Plantation 1</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>2</td>
<td>Smallholder 1</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>3</td>
<td>Plantation 2</td>
<td>✗</td>
<td>✔</td>
</tr>
<tr>
<td>4</td>
<td>Smallholder 3</td>
<td>✗</td>
<td>✔</td>
</tr>
<tr>
<td>5</td>
<td>Plantation 3</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
</tr>
</tbody>
</table>
However, sourcing areas will not only be analysed regarding LUC – all relevant sustainability risks will be taken into account.

Sustainability risk areas:
- Biodiversity
- Carbon stock
- Peatland
- Tiger or orangutan habitats
- Social
- …
Phase 2 will focus on mitigating sustainability risks, e.g. by supporting projects for smallholders to become certification ready.

Building inclusive and sustainable supply chains

In moving towards environmentally and socially sustainable palm oil supply chains, exclusion of smallholders is not an option. The sector provides a livelihood to 1.5 million smallholders in Indonesia, who manage around 40% of the land under palm oil production in the country.

To support the inclusion of smallholders, SNV implements the Responsible Sourcing from Smallholder (RSS) framework, which has been developed by the Smallholder Acceleration through Responsible Production and Sourcing (SHARP) partnership. Applying the framework is a first step towards full certification.

Responsible Sourcing from Smallholders

RSS helps companies engage with smallholders in their supply base. The framework includes a smallholder risk and needs assessment, a pathway to improved and responsible production, and a reporting process. RSS can be a common point of reference for companies to demonstrate progress in meeting responsible sourcing commitments and a way for smallholders to improve their livelihoods.

The RSS framework consists of two pillars:

- **Pillar 1** sets out core issues which smallholders must address to meet common sustainable sourcing commitments of companies.
- **Pillar 2** requires companies to support smallholders in improving their yields through better agricultural practices and building robust smallholder institutions.

1. LAND RIGHTS AND CONFLICTS
2. DEFORESTATION AND LAND CONVERSION
3. LABOUR RIGHTS AND WORKING CONDITIONS

**Pillar 1:** Minimum Core Issues

1. BETTER YIELDS AND FOOD SECURITY
2. IMPROVED LIVELIHoODS AND INSTITUTIONS
3. BETTER AGRICULTURAL PRACTICES

**Pillar 2:** Support for Smallholders

Source SNV
Phase 3 is related to the monitoring of sourcing areas of ISCC certified mills which source from controlled and monitored origin.

Monitoring of sourcing areas

- Currently quarterly GRAS update procedure or analysis on demand (e.g. in cases of fires or external alert)
- Oil mill also expected to take over monitoring responsibilities especially for smallholders (degree of involvement of certified mills will be subject for discussion with mills, smallholder and plantations)
Many thanks for your attention!

Contact

R. Vasu Vasuthewan
Board Member
ISCC e.V.
Hohenzollernring 72
D-50672 Cologne, Germany