GAR/SMART
Double Certification Experience
(ISPO and ISCC EU)

3rd Meeting of ISCC TC SEA
Bangkok, 24th March 2015
Content of Presentation

1. Introduction
2. Certification Milestone
3. ISPO & ISCC Certification
4. ISCC for Smallholder
5. GHG Calculation
6. Conclusion
Introduction: about GAR/SMART

One of the leading integrated palm oil plantation companies in the world

---

**Research & Development**
- Collaborate with CIRAD

**Seedling**
- Dami Mas Seed Garden
  - Capacity¹: 24,000,000 seeds p.a.

**Plantations & Harvesting**
- **Planted area¹,²**
  - Total: 472,837 ha
    - Nucleus: 371,951 ha
    - Plasma: 100,886 ha
- **Mature area²**: 440,578 ha
- **FFB production²**
  - Total: 9,729,030 MT (FY 2014)
  - Total: 9,040,682 MT (FY 2013)

**CPO milling**
- **No of mills**: 42
- **Capacity¹**: 11,645,000 MT FFB p.a.

**Basic product**
- **Production**: 2,386,531 MT (FY 2014)
- **Production**: 2,240,598 MT (FY 2013)

**Processing**
- **Refining**
  - **No of refineries**: 5
  - **Capacity¹**: 3,480,000 MT p.a.

**Processed product**
- **Branded & Unbranded Cooking Oil**
- **Margarine**
- **Specialty Fats**
- **Palm Kernel Meal**
- **Palm Kernel Oil**
- **Fatty Acids**
- **Glycerine**

**Palm kernel (PK)**
- **Production**: 566,501 MT (FY 2014)
- **Production**: 527,509 MT (FY 2013)

**Kernel crushing**
- **No of plants**: 8
- **Capacity¹**: 1,065,000 MT p.a.

**Oleochemical**
- **Capacity¹**: 88,000 MT p.a.

---

Notes:
1. Data as of 31 Dec 2014
2. Including plasma
Introduction: Sustainability Policies

Legal Compliance & Certification
- Law & Regulation
- RSPO, ISPO, ISCC, ISO, etc

Local Community Engagement
- Respect & recognize customary rights
- FPIC prior to commencing any operations
- Improve livelihood of the community and education for future generations

Sustainable Operation
- Zero burning policy since 1997
- No planting on Peat
- No planting on HCV
- No planting on HCS
- Advocate protection for rare and endangered animals species

Optimizing the Usage of Natural Resources
- Yield improvement
- Implementation of best practices
- Optimum fertilizer dosage
- Control the use of agrochemicals

Forest Conservation Policy
9 February 2011

Social and Community Engagement Policy
10 November 2011

Yield Improvement Policy
15 February 2012

Zero Tolerance Policy
25 June 2012
Introduction: SPO Certification Achievement up to March 2015

- 283,783 ha (including smallholders 57,775 ha)
- 29 Palm Oil Mills
- 2 Kernel Crushing Plants
- 16 Bulking Stations
- 4 Refineries
- 4 Oleo chemical Plant

- 81,971 ha
- 12 Palm Oil Mills

- 224,321 (including smallholders of 49,909 ha)
- 22 Palm Oil Mills
- 3 Kernel Crushing Plants
- 1 Bulking Station
- 4 Refineries, and 1 Oleo chemical Plant
Feb 2005 Registered SMART as RSPO member
Sep 2010 First certification: Padang Halaban Mill – SMART
Up to 2015 all units will be certified

Mar 2011 launched as mandatory
Sep 2012 first certification: Padang Halaban Mill – SMART
Up to 2015 all units with HGU (Hak Guna Usaha) and Plantation Class I-II-III will be certified

Feb 2012 first certification: 6 mills IMT – Riau, and first trading to Biofuel Industry
2013-2014 28 mills have been certified
Up to 2015 30 mills will be certified
ISPO and ISCC as SPO Standard

ISPO STANDARD (7 Principles)
- Legal System and Plantation Management
- Good Management Practice for Agronomy and Palm Oil Mill
- Environmental Management & Monitoring
- Responsibility to the workers
- Corporate Social and Responsibility
- Community Empowerment on economics activities
- Continuous Improvement

ISCC Sustainability Standard, ISCC 202 (6 Principles)
- Biomass shall not be produced on land with high biodiversity value or high carbon stock and not from peat land (according to Article 17, 3, of the Directive 2009/28/EC and § 4 to 6 of the German BioSt-NachV and BioKraft-NachV). HCV areas shall be protected.
- Biomass shall be produced in an environmentally responsible way. This includes the protection of soil, water and air and the application of Good Agricultural Practices.
- Safe working conditions through training and education, use of protective clothing and proper and timely assistance in the event of accidents.
- Biomass production shall not violate human rights, labor rights or land rights. It shall promote responsible labor conditions and workers' health, safety and welfare and shall be based on responsible community relations.
- Biomass production shall take place in compliance with all applicable regional and national laws and shall follow relevant international treaties.
- Good management practices shall be implemented.

GAR/SMART develop “SPO Management System” which integrating all requirements of SPO Standards such as RSPO, ISPO, and ISCC.
ISCC & ISPO Milestones

- **2011**
  - Desk study
  - Training for estates and mills

- **2012**
  - ISPO Certification based on Timebound Plan
  - ISPO Certification based on Market Demand
  - Training for estates and mills
  - Gap Analysis
  - Internal Audit (estate, mill, bulking)
  - First ISCC smallholder
  - First certificate issued
  - 3 central offices certified
  - Another ISCC audit (include smallholder)

- **2013**
  - First ISPO Audit
  - 1 mill, 3 estates certified
  - Another ISPO Audit
  - 2 mills, 4 estates certified
  - ISPO GHG Calculation Working Group
  - 12 mills, 25 estates certified
  - 14 mills, 29 estates certified

- **2014**
  - First ISPO Audit
  - ISPO Certification based on Timebound Plan
  - Second ISPO Audit
  - ISPO Certification based on Market Demand
  - 14 mills, 29 estates recommended
  - 29 mills, 74 estates certified
  - Land Use Change
  - First Audit ISCC with Land Use Change

- **2015**
  - 28 mills, 68 estates certified (include smallholder)
  - 6 central offices certified (include change)
  - 2 mills, 4 estates certified
  - ISPO Certification based on Timebound Plan
  - ISPO Certification based on Market Demand
  - 14 mills, 29 estates certified
  - 29 mills, 74 estates certified
  - Land Use Change
ISPO & ISCC Certification Process

1. Timebound Plan
2. Certification Body Selection
3. Visit Scheduling
4. Training & Gap Analysis (setup-1)
5. SPO system implementation (setup-2)
6. Internal Audit
7. Corrective Action & Mgt Review
8. Pre Audit (stage-1)
9. Main Audit (stage-2)
10. Corrective Action & Mgt Review
11. Audit Report Submission
12. Certificate Issued

ISPO Commission will review audit report and then make approval to issue the certificates.
ISCC/ISPO Key Stages

**Training**
- Introduce ISCC & ISPO standard
- Enhance GAR/SMART SPO System based on RSPO, ISPO, and ISCC
- Regular SPO Training Program to all operation and supporting department

**Gap Analysis**
- To know the gap between actual condition with the standard
- To advise the action plan need to be accomplished

**Set Up System**
- To assist operational unit regarding standard implementation
- To assist operational unit to accomplish the action plan

**Internal Audit**
- Ensure commitment, compliance, and consistency
- Ref. ISCC 202, ISCC 203, ISCC 204, ISCC 205 and ISCC 207
- Ref. ISPO Internal audit procedure

**Audit Preparation**
- Management Review
- Re-check compliance & consistency
- Ensure documentation arrangement

**Certification Assistance**
- Sustainability Team support Operation Team
- Assist auditee to provide relevant compliance and documentation
GAR/SMART is the first company that have ISCC EU Certified for Smallholder in 2012.

ISCC Certified unmanaged and full-managed scheme smallholders. Total farmers are 58,444 (KK, Kepala Keluarga = Family).

ISPO Certification for smallholders is still under reviewed by Government.
GAR/SMART supported ISPO Commission to conduct “Trial Audit” for Smallholders – KUD Office (Riau, 2013).
Good cooperation between the company as a partner and farmers as members of cooperatives is fundamental.

Communication and monitoring is a requirement to comply with ISCC and ISPO.
Different characteristic of farmers

Let farmers getting used to work on sustainable way in their daily activities

Ensure the farmers to maintain the quality of FFB in order to keep the CPO shipment in good quality
### ISCC & ISPO have same approach of GHG Calculation Methodology

**EU RED as reference**

ISPO will release a government decree about GHG calculation methodology used in ISPO for Biofuel Certification

<table>
<thead>
<tr>
<th>GHG Emission Parameter</th>
<th>ISCC</th>
<th>ISPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Use Change</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Diesel</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Pesticide</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>EFB Mulching</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>EFB Compost</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Grid Electricity</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Transportation</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Chemical</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Lubricant</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Process Water</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Waste</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Development Stage of Certification: Training, Gap Analysis, Setup System, Implementation, Internal Audit, Audit Preparation, and Audit Assistance.

Challenge for Smallholders Certification:
- Different characteristic of farmers
- Let farmers getting used to work on sustainable way in their daily activities
- Ensure the farmers to maintain the quality of FFB in order to keep the CPO shipment in good quality

ISCC & ISPO have same approach of GHG Calculation Methodology
thank you