



POME and EFB Oil Requirements

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Background



- Palm oil mill effluent (POME) and Empty Palm Fruit Bunches (EFBs) are listed in Annex IX A of the RED II („advanced“)
- RED II sets mandatory targets for advanced biofuels (3.5% until 2030)
- At the same time, high ILUC-risk biofuels (i.e. biofuels produced from high ILUC-risk palm oil) shall be phased out under RED II
- High GHG savings potential
- Eligible for „double-counting“ in several European countries
- Increasing demand and increasing price premiums also lead to an increased risk of fraudulent behaviour (e.g. declaring CPO as POME oil)
- ISCC decided to engage with its stakeholders in a „POME working group“ to strengthen the ISCC certification for these materials

Working Group: Objectives and Results

- Working group includes experts from the palm sector (upstream) as well as industry representatives from Europe (downstream)
- Objectives of the working group:
 - Determine what can and cannot be classified as POME and to find an appropriate **definition** under ISCC
 - **Define other waste/residues** generated at the palm oil mill
 - Develop a **guidance for auditors**
- A comprehensive guidance document was published for public consultation on 20 April 2021
- A **revised version** of the guidance document was published for public consultation on 22 September 2021
 - <https://www.iscc-system.org/stakeholders/public-consultation/>



Guidance Document for the Audit of Wastes and Residues from Palm Oil Mills

Version 2 (may be subject to adjustments following a public consultation phase)
as of September 2021



Stakeholder Feedback from first Public Consultation: ISCC should adjust the auditing process of palm oil mills to better reflect the increased risk

- Current process to audit collecting points for POME oil or EFB oil:
 - Non-certified palm oil mills issue a **self-declaration** to the collecting point
 - **Auditor selects and audits a sample** (at least the square root) from those mills that have signed the self-declaration and that are generating more than 10 metric tons of POME oil or EFB oil
 - Example: A collecting point collects POME from 25 non-certified mills, 5 mills would be audited
- Feedback received during Public Consultation:
 - The current auditing process for collecting points **does not sufficiently take into account the increasing demand and the increasing risk** resulting from the RED II framework (mandatory targets for advanced biofuels, phase-out of high ILUC risk palm oil, double-counting, etc.)
 - If POME oil achieves a higher price than CPO, this would be an **economic incentive** for the palm oil mill to intentionally increase the output of POME oil or EFB oil
 - Relatively **easy for palm oil mills to intentionally increase POME oil amount**
 - Mills which are not certified individually do not face **consequences** such as the withdrawal of the certificate
 - Suggestion: ISCC should **adopt the same approach as the Italian National System**, which requires all palm oil mills to become certified individually

Adjusted audit process for palm oil mills supplying waste and residues to collecting points (I)

- **All palm oil mills (POMs) generating and supplying wastes and residues as sustainable under ISCC must be audited on-site annually***
- This means, the **group auditing approach** for points of origin (i.e. auditing a sample of the points of origin) **cannot be applied for POMs**
- A **transitional period of one year** will apply to ensure that collecting points can adapt to this new requirement
- Adjusted process shall be applied as of **01 November 2022**

Adjusted audit process for palm oil mills supplying waste and residues to collecting points (II)

2 Options for POMs:

1. Individual certification of the POM as Point of Origin (PoO) following an annual audit.

- In this case the certificate will be issued to the individual mill.
- POMs which are already ISCC certified (i.e. for the CPO) can add the PoO scope to the already existing ISCC certificate. The ISCC requirements for the CPO and for the waste and residues can thus be covered during one single audit.
- No significant change for already certified mills.

2. 100% of those POMs which are not individually certified and which are supplying waste and residues to a Collecting Point **have to be audited on-site*** during the annual certification of the Collecting Point (no sampling).

- In this case, the certificate will be issued to the Collecting Point.
- The POMs supplying sustainable waste and residues to the Collecting Point do not require an individual ISCC certificate.
- Increased effort for collecting points collecting waste and residues from non-certified POMs.

Stakeholder Feedback from second Public Consultation focussed mainly on the adjusted audit process for palm oil mills

- General **disagreement** with the adjusted process:
 - “It will increase our operating costs“
 - „If a CP is collecting POME Oil from 40 POMs from different regions or countries, this would be a mammoth task for the CB auditors to carry out the audit as the audit could be for almost 1 month and the cost of the audit for this would be extremely high.“
 - „Not agreed with the POME auditing at individual POMs without sampling taking into consideration on the additional cost and time.

- General **agreement** and support for the adjusted process
 - „We think the tighter measures (...) are good as it requires all POMs supplying waste and residues to be audited annually and that there are no samplings.“
 - „The development of the above-mentioned guidance document is timely.“ We note „with concern that large volumes of waste oil under a “POME” label are being exported from S.E. Asia to Europe. We question, based on our own experience with POME yield, whether the palm oil industry can actually produce those quantities.“

Conclusion

- The regulatory framework under RED II results in an increased risk for waste and residues generated at palm oil mills
- Concerns about unreasonably high POME oil amounts and rumours of fraudulent behaviour in the market
- ISCC and its stakeholders participating in the POME working group agreed that the auditing approach for palm oil mills must be strengthened to protect the integrity and reputation of ISCC
- Requiring all palm oil mills to be audited annually is an effective measure to address and mitigate the risk of fraudulent behaviour at the palm oil mill
- However, the new requirement will increase the effort and costs for the certification of collecting points collecting waste and residues from non-certified mills
- As the second public consultation did not provide alternative suggestions how to address and mitigate the identified risk, ISCC will implement the adjusted process accordingly
- ISCC remains open for constructive feedback and suggestions



Thank you for your attention!

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