



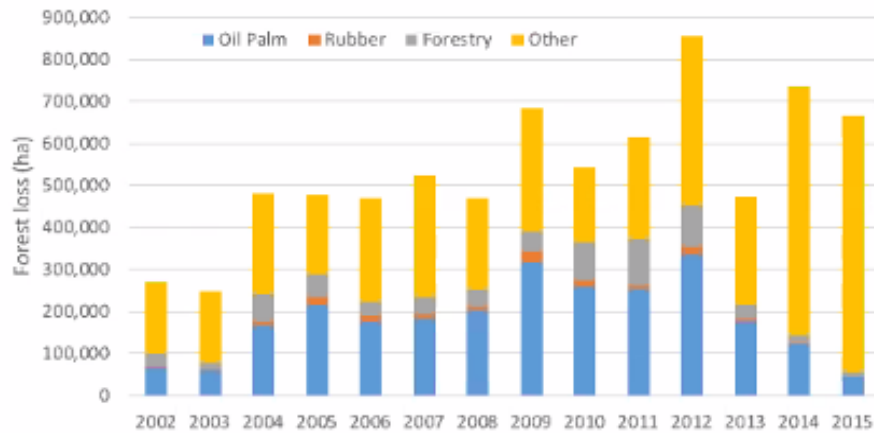
Future Market Perspective: Many Questions, Few Answers
ISCC System User's Point of View
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What system users should communicate to the EU and stakeholders

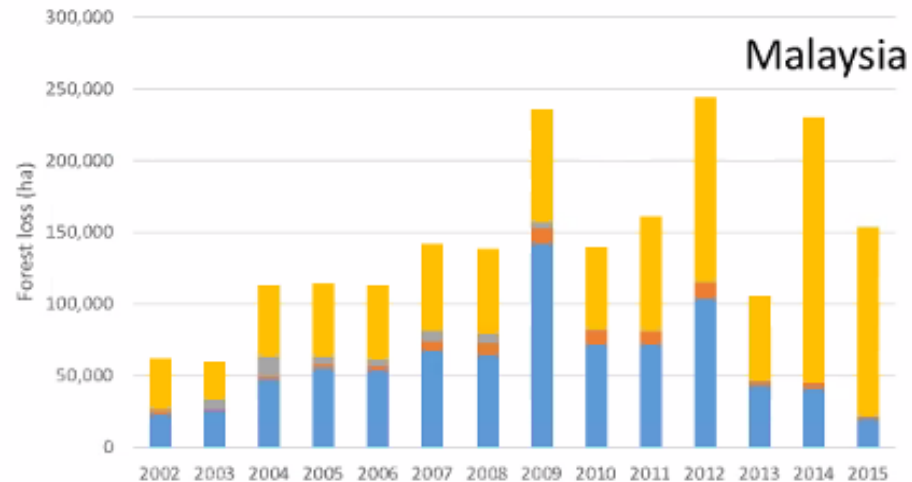


Contrary to RED II's high-risk classification, palm oil is a low-risk commodity

Commodity driven deforestation as a whole is declining



Indonesia



Malaysia

- In Indonesia, deforestation from palm oil (in blue) shows a sharp decline starting in 2012

- Indonesia to receive \$56m payment from Norway for reducing deforestation → The payment is for preventing the emission of 11.23 million tons of carbon dioxide equivalent (CO₂e) through reducing its rate of deforestation in 2017

Note: Data is limited to 2015. To observe the land use change from forest to a new land use, for example a plantation, scientists need to wait minimum three years



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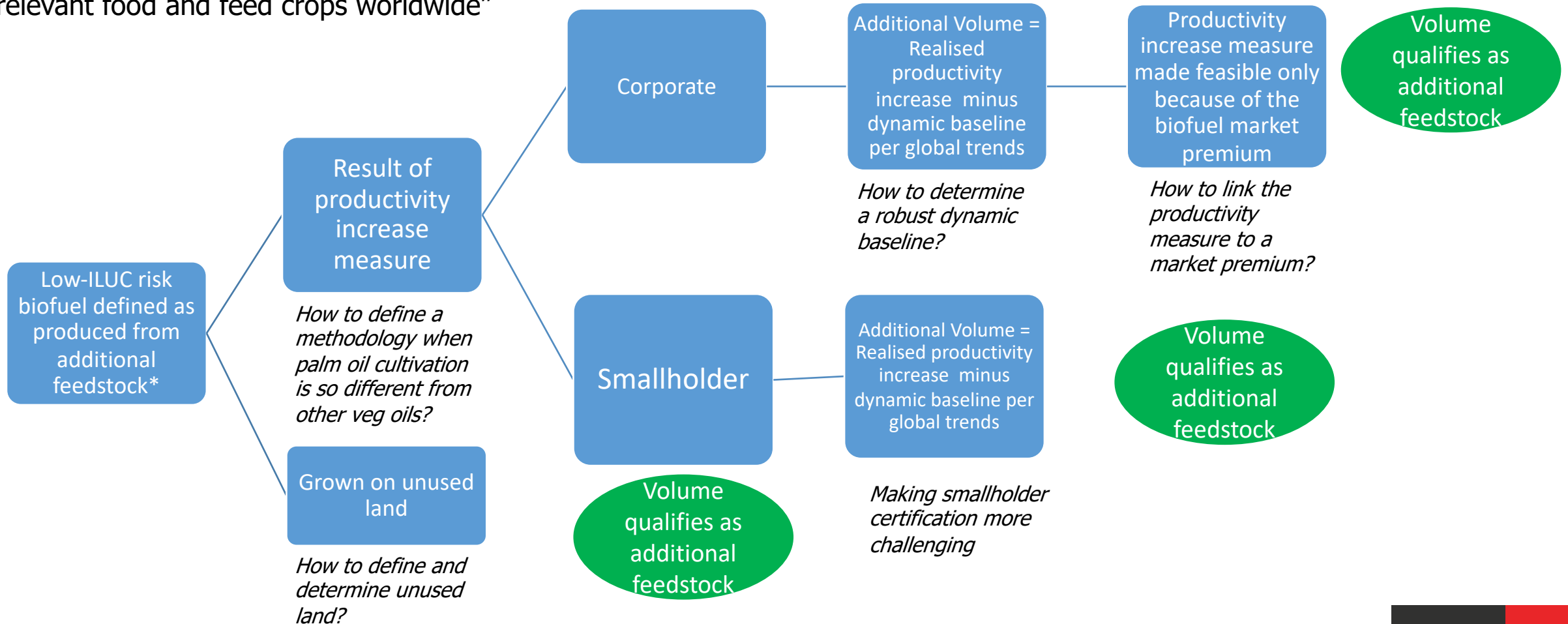
Note: Preliminary data

Collaboration between ISCC & system users for sustainable solutions



1. ISCC should help system users (growers) seek clarification on the low ILUC certification requirements

GAR analysis based on the "Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee on the Regions on the status of production expansion of relevant food and feed crops worldwide"



2. How to encourage level playing fields for all veg oils as biofuel feedstocks?

- RED II requirements between biomass and biofuel should be equivalent; ISCC should highlight any discrimination
- RED II should recognize the positive social impact of biofuel on communities and smallholders; ISCC should propose criteria for measuring such social impact based on Sustainable Development Goals' framework
- RED II should recognize the positive contribution of sustainable feedstock production to the Paris Climate Change Agreement; ISCC should propose criteria for measuring contribution based on UNFCCC

3. How to roll out and expand ISCC certified product in food supply chains?

- New EU legislative initiatives present an opportunity for ISCC certification to expand its role in the food supply chain
- ISCC can create criteria to demonstrate a user's compliance with
 - DG SANTE regulation on food safety standards (low 3 MCPD/GE)
 - DG ENVI regulation to ensure deforestation-free supply chains into Europe
 - DG JUST regulation regarding supply chain due diligence on human rights

Upcoming RED II related regulations that growers should monitor



- Q4 2020- Q1 2021: Public consultation of low ILUC certification guidance
 - *Is the guidance pragmatic or burdensome for palm oil growers?*
- Jun 2021: Adoption of the Implementing Act
 - *What are the final low ILUC certification criteria?*
- Jun 2021: Review of the Delegated Act
- Jun 2021: Report on feedstock expansion into high carbon stock areas
 - *Will the EU recognise the decline in deforestation linked to palm oil?*
 - *Will the EU then re-classify palm oil as low ILUC risk?*
- Jun 2021: Legislative proposal to revise RED II in light of Green Deal targets
 - *How will the EU's new target of reducing emissions by 50% impact RED II?*
- Jan 2023: Member states start phasing high ILUC feedstock
 - *Will Indonesia by then have made progress with its grievance against the EU at the WTO?*



THANK YOU

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