

# Comparison of the ISPO, MSPO and RSPO Standards

## Aim

The Indonesian Sustainable Palm Oil Standard, Malaysian Palm Oil Standard, and Roundtable on Sustainable Palm Oil Standard have been developed to ensure sustainability in palm oil cultivation and supply chains. Buyers may encounter these certifications while sourcing sustainable palm oil. This document was developed by Efeca to outline the key differences between the standards and aid buyer decision-making.

## Indonesian Sustainable Palm Oil (ISPO) Standard

The Indonesian Sustainable Palm Oil (ISPO) standard, introduced in 2011 by the Government of Indonesia, is designed to ensure that all Indonesian oil palm growers, not just those exporting to foreign markets, conform to higher agricultural standards. Based on existing Indonesian legislation, it aims to improve the sustainability and competitiveness of the Indonesian palm oil industry, whilst contributing to the Indonesian government’s commitments to reducing greenhouse gas emissions. It is mandatory for all oil palm growers operating in Indonesia to adhere to the Standard, from large plantation companies to smallholders, although requirements for each vary. Large producers were required to comply with the standards by 2014, or face penalties and risk losing their license to operate.

The seven principles of the ISPO are: licensing system and plantation

management; technical guidelines for palm oil cultivation and processing; environmental management and monitoring; responsibilities for workers; social and community responsibility; strengthening community economic activities; and sustainable business development. By design, ISPO criteria are strongly aligned with existing legal and regulatory requirements, and for this reason the ISPO is sometimes referred to as Indonesia’s “legality standard” for palm oil. The system relies heavily on AMDAL – the Indonesian Environmental Feasibility Assessment, in its requirements.

Because of its national reach, ISPO offers the potential of improving the entire Indonesian plantation industry. However, this will take some time. By December 2015, 400 oil palm plantation companies were awarded ISPO certificates. Voluntary implementation of ISPO for independent smallholder farmers began in 2015, and the Ministry of Agriculture has set a target for mandatory ISPO certification by 2022 for smallholders. See the [ISPO website](#) for more information.

## Malaysian Sustainable Palm Oil (MSPO)

The Malaysian Sustainable Palm Oil (MSPO) standard is a national certification standard created by the Malaysian government and developed with input from stakeholders in the palm oil industry. First launched in November 2013, it officially came into

implementation in January 2015 and aims to issue 1000 certifications by the end of 2016. It aligns the management of palm oil production with many existing national laws and regulations, although unlike ISPO, it is not currently mandatory. According to the Malaysian Palm Oil Board (MPOB), which oversees it, the standard was launched in order to help small and mid-range cultivators, who historically could not afford RSPO certification, to operate sustainably.

The MSPO standard is split into four parts: general principles, general principles for smallholders, general principles for palm oil plantations and organised smallholders, and general principles for palm oil mills. It follows seven principles on the themes of 'Management', 'Social Equity', 'Environmental Protection' and 'Economic Progress'. These include management and commitment responsibilities; transparency; compliance to legal requirements; social responsibility; health, safety and employment conditions; environment, natural resources, biodiversity and ecosystems; best practices; and development of new planting. Traceability is based on the RSPO supply chain models of identity preserved, segregated and mass balance palm oil.

In 2015 the Malaysian and Indonesian governments announced a plan to merge their two national sustainability standards – ISPO and MSPO – to form the 'Council of Palm Oil Producing Countries' (CPOPC), with the aim of coordinating control of the palm oil market. The MPOB is also working for MSPO certification to be recognised by importing countries, and to obtain endorsement for the MSPO

Accreditation of Certification Body (ACB) for oil palm management system along the supply chain from Standards Malaysia. The MSPO standard will be up for review in 2018.

The standard documents are currently available to purchase online. See the [MSPO](#) website for more information.

### **Roundtable on Sustainable Palm Oil (RSPO)**

The Roundtable on Sustainable Palm Oil (RSPO) is the main certification standard for the use of palm oil and its fractions in food and oleo-chemicals. Currently 20% of palm oil worldwide is RSPO certified. Founded in 2004, it is a multi-stakeholder, non-profit group that unites seven sectors of the palm oil industry in regular dialogue, including investors, growers, retailers and NGOs, using a consensus voting system to develop standards and criteria on an on-going basis. It uses a business-to-business model to encourage the adoption of sustainable practices by members (particularly producers) and promotes the uptake of certified sustainable palm oil internationally. While voluntary, it requires that companies abide by national laws and requirements.

The Principles and Criteria, which form the basis of the RSPO certification scheme, comprise eight basic principles: Commitment to Transparency; Compliance with Applicable Laws and Regulations; Commitment to Long-term Economic and Financial Viability; Use of appropriate Best Practices by Growers and Millers; Environmental Responsibility and Conservation of Natural Resources and Biodiversity; Responsible Consideration of Employees and of Individuals and

Communities Affected by Growers and Mills; Responsible Development of New Plantings; and Commitment to Continuous Improvement in Key Areas of Activity. In order to claim compliance with the P&C and achieve RSPO certification, growers must be assessed by a third-party RSPO-accredited certification body every five years, with an annual audit for continued compliance. The current P&C can be found [here](#) on the RSPO website, with a breakdown of the indicators and guidance on how to become certified.

Members of the RSPO must submit Annual Communications of Progress (ACOP) reports in order to assess their progress towards producing and procuring RSPO-certified sustainable palm oil to any of the four supply chain models for RSPO Certified Sustainable Palm Oil (CSPO): identity preserved, segregated, mass balance, and book and claim (see [here](#) for more information on supply chain models). A crucial component of the ACOPs are Time-bound plans (TBPs), in which members must state clear timelines for producing or sourcing 100% RSPO CSPO.

RSPO NEXT, which was launched in 2015, is a voluntary commitment in addition to the existing P&Cs and incorporates more stringent assessment standards, with guidelines regarding deforestation, fire, peat, human rights and landscape approaches, among other issues. See [here](#) for more information on RPSO Next.

## Comparison of the Standards

While the principles and criteria are structured differently across the standards, they cover a similar set of general themes: legality, environmental responsibilities, social responsibilities, and business practices. The ISPO and MSPO, which are considered by some to be more streamlined and practical to implement, have far fewer criteria than RSPO, which in some instances requires companies to go beyond what national law dictates.

The greatest difference between RSPO and ISPO/MSPO is the inclusion of directives on business practices and plantation management, requiring a commitment to transparency and ethical conduct in business operations and transactions. The ISPO/MSPO mention this topic, but do not make it an explicit principle. RSPO is also far more transparent in its standard development and auditing results than both the ISPO and the MSPO, and as it is not legally binding, it is more flexible to change.

Main areas of difference are outlined below.

### Environment

RSPO has the most clearly explained and strongly worded principles, criteria, indicators, guidance and requirements for compliance with environmental provisions. ISPO/MSPO rely heavily on national legislation and are comparatively liberal and undetailed. For example, RSPO has the most comprehensive EIA requirements, while ISPO and MSPO's are vague.

### High Conservation Value Land

RSPO is the only standard to adopt a

High Conservation Value (HCV) approach that is clearly defined. ISPO requires HCV identification, but does not define identification procedures clearly. However, ISPO states that HCV areas cannot be cleared - RSPO requires that HCVs be maintained or enhanced, but minimum requirements for maintaining HCVs are subjective. MSPO does not mention HCV protection.

RSPO also has the strongest biodiversity measures, relying heavily on the HCV process. ISPO appears to provide the least stringent overall protection for biodiversity in land zoned for agriculture, relying on the EIA and undefined HCV safeguards to protect biodiversity. The MSPO states that High Biodiversity Areas must have management plans, and that oil palm should not be planted on land with high biodiversity value unless it is carried out in compliance with the national biodiversity legislation.

### **Peatland**

RSPO encourages members to make voluntary commitments to avoid peatlands but does not prohibit planting on peat. ISPO allows planting on peat but only under specified conditions; peat may not be developed where >70% of the concession is >3 m deep. Where peatlands are developed for oil palm, ISPO requires adverse impacts be avoided and water levels maintained at specified levels; RSPO requires implementation of Best Management Practices (BMPs) for peatland management. MPOB has developed guidelines for best practices on peatland, as state law allows planting on peatland that has been gazetted for agriculture use.

### **New Planting Cut-off Dates**

Cut-off dates after which plantations are considered “new plantings,” and for which specified criteria may apply, are handled differently by the standards. RSPO has a cut-off date of November 2007, after which new plantings should not replace primary forest or areas required to maintain HCV areas. Areas cleared after this are unable to become certified unless an RSPO-approved compensation plan is developed (in line with its newly released guidance for compensation). ISPO and MSPO do not have cut-off dates for applicability for any criteria.

### **Social**

On social themes, RSPO ranks most highly. It has the most comprehensive Social Impact Assessment (SIA) requirements, strongly emphasizing a participatory process. ISPO relies on the AMDAL process for SIA and does not provide extensive requirements for a management system. MSPO requires a social impact assessment and a system for complaints but this is not outlined in great detail.

### **Free, Prior and Informed Consent (FPIC)**

The ISPO makes no explicit reference to applying “free, prior and informed consent” (FPIC) standards during a plantation land acquisition process, although there is an explanation regarding land conflict settlement and compensation. MSPO mentions that FPIC shall be recorded, and RSPO provides detailed guidelines related to FPIC.

### **Worker’s Rights**

ISPO does not have a requirement for employee/worker contracts, and only

states that employees/workers must be enrolled in the government’s social security program, as per applicable regulations. RSPO provides detail and guidance on worker rights and health and safety. MSPO requires a policy on workers rights, in accordance with national standards, and provides some detail on what this should entail. MSPO also requires compliance with national occupational safety and health legislation, but independent smallholders need not have a formal health and safety plan. For independent smallholders with temporary workers, it states that work conditions shall be in accordance with a mutual verbal agreement “made transparently and freely.”

RSPO prohibits the use of forced labour, and MSPO refers to labour laws that prohibit the use of forced labour. ISPO makes no mention of forced labour. MSPO allows child labour on family farms, “under adult supervision, and when it does not interfere with their education.” Finally, RSPO is the only standard that specifically has a policy aimed at protecting women in the workplace – though MSPO prohibits sexual harassment and violence at work.

### Compliance

RSPO, ISPO and MSPO rely on third party accredited auditors to carry out certification. RSPO and ISPO require full compliance with all criteria in order to be certified, or an approved time-bound plan for addressing minor non-compliances. MSPO requires that internal audit procedures and results are documented and evaluated, in order to implement necessary corrective action through continuous improvement action plans. RSPO and

ISPO have established complaint procedures, but details of the systems and timelines for resolution vary across the standards. In general, grievance mechanisms appear to be best defined under the RSPO system, and have gone through a process of evolution based on lessons learned over the past several years. RSPO provides on-line status updates and a relatively high level of transparency throughout the complaint resolution process.

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