



WWF

GUIDE

2014

SOURCING SUSTAINABLE PALM OIL: COMMITMENTS AND ACTIONS FOR MANUFACTURERS AND RETAILERS

The following are actions we ask of retailers and manufacturers to ensure they are avoiding negative impacts of the palm oil in their products including third party brands. These negative impacts include threats to people, wildlife and the climate. The commitments, actions and communications described should cover all of their use of palm oil, palm kernel oil and any derivatives and fractions used globally. Each action should be accompanied by full disclosure of their palm oil usage, an ambitious timebound plan to move to 100 per cent sustainable palm oil, and regular reporting on progress to achieve this goal.

The **Roundtable on Sustainable Palm Oil (RSPO)** is the only credible, global and independently verified certification standard for palm oil. By sourcing RSPO certified sustainable palm oil (CSPO), consumer-facing companies that use palm oil are best positioned to use their influence and purchasing power to significantly change the way the global palm oil industry operates. Relying on company-own commitments or second-party systems may manage the reputational risk to brands in the short-term but it will not necessarily help the transformation of the global industry. The RSPO and CSPO should form the foundation of a sustainable sourcing policy for all companies that use palm oil products. Any additional sourcing requirements should build on the RSPO by requiring palm oil to come from companies that are not only RSPO certified but also implementing best practices in eliminating the negative impacts of palm oil cultivation.

A NOTE ON RSPO SUPPLY CHAINS

WWF supports the longer term aim of the RSPO to see CSPO become a bulk commodity grade in its own right – traded separately from other palm oil – so that companies can be assured that their use of palm oil does not continue to allow the trade in uncertified and potentially unsustainable palm oil. It is therefore important to establish segregated supply chains for CSPO.

However, WWF also acknowledges the need for a flexible approach to chain of custody in the short term to enable the RSPO system to become operational as quickly as possible. The wholesale move to segregated (SG) supply chains (including identity-preserved (IP)) will only be feasible when economies of scale are achieved. This scaling-up can be helped by creating early demand for CSPO through the use of book & claim (B&C) and mass balance (MB) supply chain systems.

The situation is different across the major palm oil markets, and therefore WWF has a different approach in, for example, the emerging Asian markets, than it does in the more mature CSPO markets of Europe. In Europe, where sufficient volumes of product derived from the physical supply chains of CSPO are more readily available, it is becoming easier to source segregated CSPO. There is no excuse for companies in Europe not to buy as much segregated CSPO as possible and cover the rest of their full use of palm oil with book & claim. However, WWF realizes that, from a business perspective, the lower costs and simpler logistics of the mass balance and book and claim supply chains may make it more attractive for companies buying palm oil, and may thus support the fast early growth in demand for CSPO, especially in markets like China and India.



COMMIT

MAKE A PUBLIC STATEMENT ON PALM OIL AND SUSTAINABILITY THAT SHOWS YOUR INTENTION TO SOURCE RESPONSIBLY

- Publicly acknowledge the problems associated with unsustainable palm oil.
- Demonstrate public support for sustainable palm oil sourcing to help conserve both the natural environment and the livelihoods of people.
- Start to motivate your suppliers.

Expectation: A company should be able to do this immediately, given the level of public awareness of the issues and the reputational risks involved.

	MAKING PUBLIC STATEMENTS, POLICIES AND COMMITMENTS	OTHER ACTIONS	COMMUNICATING WITH YOUR SUPPLIERS	PURCHASING CERTIFIED SUSTAINABLE PALM OIL
Breaking it down	<ul style="list-style-type: none"> • Publish a statement about the environmental and social impacts of palm oil in a publicly available source, such as your website, sustainability or Corporate Social Responsibility (CSR) report, or general procurement policy. • Publish your intention to start responsibly sourcing palm oil in ways that conserve the natural environment, minimize climate change and support the livelihoods of people. • Announce your support for and intention to join the RSPO. • Check to see if there is a national or sectoral commitment to sustainable palm oil and sign on. (more info) 	<ul style="list-style-type: none"> • Become a member of the RSPO and participate in the roundtable processes such as voting in its General Assembly, attending its annual conference and contributing to the various working groups and taskforces as appropriate. • Ensure that you are reporting annually to the RSPO. 	<ul style="list-style-type: none"> • Inform your suppliers of your intention to shift to sustainable sourcing of palm oil. • Encourage your suppliers to join the RSPO. • Encourage your suppliers to work towards RSPO supply chain certification. • Consider supporting suppliers with training and resources. 	



ASSESS

ASSESS YOUR SUPPLY CHAIN AND START BUYING CERTIFIED SUSTAINABLE PALM OIL

- Identify products that use or contain palm oil, their suppliers, volumes and origins.
- Start to shift your sourcing to RSPO certified sustainable palm oil (CSPO)

Expectation: Depending upon the quantity of products and complexity of the ingredients/supply chain, this could take up to two years. However, companies should prioritize and take earlier action on the products that contain the largest proportion of the palm oil they use.

	MAKING PUBLIC STATEMENTS, POLICIES AND COMMITMENTS	OTHER ACTIONS	COMMUNICATING WITH YOUR SUPPLIERS	PURCHASING CERTIFIED SUSTAINABLE PALM OIL
Breaking it down	<ul style="list-style-type: none"> • Announce that your company is setting up a system to identify how much palm oil you are using, in what products and from which sources. • Announce that you have started to buy certified sustainable palm oil products. • Make public your total use of palm oil products. 	<ul style="list-style-type: none"> • Develop and implement systems that identify products with palm oil and their suppliers, i.e. an inventory of all food and non-food products that contain palm oil. • Identify volumes of palm oil per product and total palm oil (CPO, PKO, derivatives and fractions) used. (<i>more info</i>) • Gather documentation and verifiable evidence to identify all possible origins of palm oil derived from suppliers¹. • Categorize the volumes of palm oil in all products into the following three categories: <ol style="list-style-type: none"> a) Sustainably produced sources, which is RSPO certified and produced by companies implementing best practice (<i>more info</i>) b) Certified sustainable sources, which is RSPO certified in accordance with the Principles and Criteria. c) Unknown and possibly unsustainable sources including conventional palm oil from RSPO members. 	<ul style="list-style-type: none"> • Ask for CSPO from your suppliers. • Demand as much CSPO from physical sources as possible. • Require documentation and verifiable evidence from your suppliers as to their sources of palm oil and whether they are: <ol style="list-style-type: none"> a) Sustainably produced sources, which is RSPO certified and from companies implementing best practice (such as from verified POIG members). b) Certified sustainable sources, which is RSPO certified in accordance with the Principles and Criteria. c) Unsustainable sources including that of unknown origin and conventional palm oil from RSPO members. • Report on your use of CSPO and progress towards using 100 per cent CSPO at least in the RSPO annual reports. 	<ul style="list-style-type: none"> • Cover 100 per cent of your palm oil use by purchasing CSPO via any combination of the RSPO supply chain systems. • Source as much CSPO as possible from physical supply chain options (including mass balance, segregated or identity-preserved). • Cover all of the remaining volume with book & claim certificates. <p><i>With the availability of a range of RSPO supply chain options including book & claim there is no reason for a company to not be covering 100 per cent of their use of palm products with CSPO.</i></p>

¹ In order to eliminate unsustainable palm oil from supply chains, traceability is required back to the field level. Responsible suppliers are those that are able to trace all the palm oil they sell back to known and verifiably sustainable sources. In most cases suppliers may only know which company they sourced from. If they do know more about the original source of the palm oil it may be only that they can identify a country of origin or a particular grower or only whether the grower was an RSPO member or not. However, unless the palm oil they sell is 100 per cent segregated, RSPO certified they cannot guarantee that the oil they supply is free from some unsustainable sources. And if you have additional requirements you will need to ensure that this is from companies that have been verified as implementing best practices such as the POIG Charter. Tracing supplies right back to the field is a huge undertaking for brands. It may not be necessary to invest in such traceability IF companies source CSPO from suppliers which can deliver that level of traceability themselves.



ACT

DEVELOP AND IMPLEMENT A TIME-BOUND PLAN FOR THE RESPONSIBLE SOURCING OF PALM OIL

- Include a goal of 100 per cent physical supply from suppliers that are implementing best practice (such as independently verified Palm Oil Innovation Group (POIG) members).

Expectation: This should be undertaken as soon as the inventory of palm oil use and suppliers is completed.

	MAKING PUBLIC STATEMENTS, POLICIES AND COMMITMENTS	OTHER ACTIONS	COMMUNICATING WITH YOUR SUPPLIERS	PURCHASING CERTIFIED SUSTAINABLE PALM OIL
Breaking it down	<ul style="list-style-type: none"> • Make a time-bound public commitment to purchase 100 per cent physical CSPO (MB, SG). It may be that different targets are appropriate for the different uses of palm oil if some are more readily available than others. • Make a time-bound commitment to source physical CSPO only from responsible growers that are already or very close to 100 per cent RSPO certified and are demonstrating best practice (such as independently verified POIG members). • Demonstrate senior management support for these targets. <p><i>Retailers selling own-brand and third-party brands should have time-bound plans for both.</i></p>	<ul style="list-style-type: none"> • Establish a robust monitoring system for each of these time-bound plans so that progress can be publicly reported. • Consider joining POIG as a supporter. 	<ul style="list-style-type: none"> • Communicate these time-bound plans to your suppliers. • Seek assurance from suppliers that they can comply. • Work with suppliers to support their efforts to move to physical CSPO. • Signal your intention to delist suppliers that are unable or unwilling to comply. 	<ul style="list-style-type: none"> • Purchase increasing volumes of physical CSPO. • Purchase physical CSPO from verified best performers (such as independently verified POIG members).



PROGRESS

DEMONSTRATE PROGRESS TOWARDS PURCHASING PHYSICAL CSPO FROM GROWERS IMPLEMENTING BEST PRACTICE

- Move from purchasing palm oil certified by book & claim or mass balance systems to fully segregated or identity preserved CSPO.
- To avoid reputational risk, move towards purchasing this CSPO only from growers that have been independently verified to be implementing best practice on issues such as the conversion of peat and other high carbon areas, the use of hazardous chemicals and due diligence in sourcing independent fresh fruit bunches into mills. At present such issues are only covered by voluntary best practice guidance in the RSPO so they currently have to form part of an additional verification process such as that being developed by the POIG.

Expectation: Companies should have achieved this stage no later than 2 years after achieving 100 per cent physical CSPO sourcing.

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Breaking it down	<ul style="list-style-type: none"> • Report progress towards sourcing responsible palm oil from RSPO members that are implementing best practice. • Communicate to your customers directly about your progress on the sustainable sourcing of palm oil. • Report publicly on social, labour and environmental company performance using Global Reporting Initiative or equivalent approach. 	<ul style="list-style-type: none"> • Join the Palm Oil Innovation Group and work with them to develop targets for sourcing CSPO from responsible growers. • Document and verify evidence demonstrating that increasing volumes of physical CSPO from growers engaged in best practice are being sourced and progress is being made towards your public commitment. • Support the strengthening of the standards and systems within the RSPO. 	<ul style="list-style-type: none"> • Work with suppliers to shift to purchasing 100 per cent physical CSPO. • Work with suppliers to ensure that the CSPO comes from responsible growers that are already 100 per cent RSPO certified and are implementing best practice (e.g.: independently verified POIG members). • Ensure that unknown and unsustainable palm oil is eliminated from your supply chain. • Delist suppliers that are unwilling or unable to comply. 	<ul style="list-style-type: none"> • Continue to increase proportion of physical CSPO towards 100 per cent purchased from suppliers engaged in best practice (e.g.: independently verified POIG members).