WWF for a living planet®

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FAQ on WWF's position on the range of sustainable palm oil commitments, bodies and standards

BACKGROUND:

Since 2004, the Roundtable for Sustainable Palm Oil (RSPO) has been more or less the only standard setting and certification scheme that addresses the core sustainability issues related to palm oil production while also offering the potential to deliver global market transformation. WWF was a founding member of the RSPO and has been supportive of the work of the organisation ever since. WWF's role is to help improve the robustness and credibility of the standard and its systems while working to build the market for sustainable palm oil. A flurry of recent initiatives have been launched to tackle the perceived weaknesses of the RSPO. Meanwhile the major producer countries of Indonesia and Malaysia have developed national standards as a response to the high level of the RSPO P&Cs. This FAQ seeks to clarify WWF's position on the RSPO and the array of new initiatives.

This FAQ assumes the reader has knowledge about the environmental and social challenges related to palm oil expansion and WWF approaches to tackling these challenges, including the RSPO. For more basic background information, visit WWF's palm oil web section.

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1) What is WWF's position on the RSPO?

The RSPO is the only credible, international, independent, and multi-stakeholder standard and certification scheme with the capacity to deliver true market change on a global, sector-wide scale.

But the RSPO is not perfect. The RSPO still has to improve the standard itself as well as the systems and controls in place to make sure its members apply the standard and improve their operations.

But even then, no certification scheme on its own can hope to transform the global palm oil market to a higher level of sustainability. The scale of the challenge facing the palm oil industry is such that urgent action is needed by everyone involved in the industry, from companies to consumers to governments.

2) How has the RSPO progressed?

The RSPO has been in existence for 10 years and been certifying palm oil since 2008. In that time there has been a lot of change. As of July 2014:

a. **16% of the world's production of palm oil is now RSPO certified.** It is estimated that up to 30-40% of global palm oil production is under the control of RSPO members who, when they follow through with their commitments, will be certified. All of those who have made commitments expect to be fully certified by 2020 at the latest – but so far only half of grower members have made such commitments in public.

b. **There are more than 1600 RSPO members,** Including 128 growers, 347 processors and traders, 405 manufacturers, 52 retailers, 12 banks and 39 NGOs. As part of RSPO membership, companies commit, through a code of conduct, to work towards certification of the palm oil they fund, grow, buy and sell.

c. **100s of RSPO companies are using 4.5 million tonnes of CSPO a year between them.** About 2/3 of the palm oil they used in 2013 was purchased through the RSPO's book & claim (B&C) supply chain system and the other 1/3 through physical supply chains (mass balance (MB), segregated (SG) or identity preserved (IP)). (For more information on the RSPO supply chains visit http://www.rspo.org/en/RSPO_Supply_Chain_Factsheet)

d. **The RSPO has established a credible, independent, accredited auditing system for palm oil production and the supply chain.** CSPO is available to any company that wants to purchase it.

But the job is not done – the RSPO and all its members are committed to continually improve.

3) Why is the RSPO criticised and what is WWF's view on this?

Criticism of the RSPO tends to focus on three areas:

- **The standard is not tough enough.** The 2013 RSPO P&C review did address many of the weaknesses of the first version of the standard, but did not go as far as WWF and many other RSPO members wanted (see WWF's position on RSPO P&C review at http://wwf.panda.org/what_we_do/footprint/agriculture/palm_oil/solutions/roundtable_on_sustainable_palm_oil/rspoprinciplessummary/) The revised P&Cs do not clearly define acceptable levels of performance on key issues including:
  - **greenhouse gas (GHG) emissions**
  - **low carbon stock area development**
  - **planting on peat**

  Within the P&Cs these issues are addressed in the voluntary guidance rather than the mandatory indicators – leading to a situation where some members are implementing best practice and others are not. Therefore RSPO certification (against the P&C indicators) alone cannot distinguish between those implementing the minimum required and those following the voluntary best practice guidance. The RSPO needs to make it clear which of its grower members are progressive and the market needs to do its part by demanding CSPO from them.

b. **The supply chain options still allow unsustainable palm oil to be traded**. The book & claim (B&C) and mass balance (MB) supply chain options still allow conventional and therefore possibly unsustainable palm oil to find a market, even amongst companies buying CSPO via either option. B&C and MB still have a place, particularly when supply and demand is small in a market or for some fractions and derivatives that would be uneconomical to source from physical CSPO. In particular, the MB system is a 'stepping stone' to segregated CSPO because it requires the supply chain actors to set up the control systems needed to monitor their handling of CSPO. Eventually WWF wants to see CSPO being traded as a separate commodity from conventional palm oil —that means segregated (SG) CSPO. Therefore, WWF asks palm oil users to push their suppliers strongly to move from B&C to MB and then on to segregated.

c. **Too many members are not taking action.** Amongst RSPO members, only a third of growers have started the process to achieve certification and another third don't yet have public plans to do so. Annual reporting is still inadequate and the RSPO complaints process is still too slow and opaque. The RSPO is starting to address all these weaknesses through an overhaul of the complaints process. Meanwhile the organization is suspending members who do not set themselves targets for certification or who do not report progress, such as the Malaysian grower Genting.

4) What is WWF doing in response to the above weaknesses?

The RSPO and its members are committed to continuous improvement of the standard, of the systems and of their own performances. WWF supports this process. This includes working to improve the RSPO P&Cs and the systems that support the implementation of the standard. In addition, WWF is keeping pressure up on individual companies through tools like scorecards and one-to-one engagement to ensure the demand for CSPO is strong and growing.

Even though the RSPO is not yet 'perfect' WWF still believes it is the essential first step on a journey towards transformation for the industry. But of course it is not the final step. That is why WWF has collaborated with Greenpeace, Forest Peoples Programme and progressive grower members of the RSPO to create the Palm Oil Innovation Group (POIG), which provides an opportunity for companies to build on RSPO systems in order to implement industry best practice in certain key performance areas. See WWF's position on POIG at http://wwf.panda.org/what_we_do/footprint/agriculture/palm_oil/solutions/palm_oil_innovation_group/ .

5) What are some of the initiatives that have been created in response to the RSPO (both its strengths and its weaknesses)?

National Standards in Indonesia and Malaysia:

Both of the major palm oil producing countries, through work by their respective governments and palm oil industries, have responded to the RSPO by launching national sustainable palm oil standards. The Indonesian SPO standard (ISPO) and the Malaysian SPO standard (MSPO) illustrate one success of the RSPO – which is that both countries feel that they need to be seen to be addressing the sustainability challenges of the palm oil industry on an international stage.

But both ISPO and MSPO are less comprehensive than the RSPO in terms of content, while neither followed multi-stakeholder development processes and details of their implementation are not yet clear.

ISPO:

ISPO has been developed by the Indonesian Palm Oil Association (GAPKI) and the Indonesian government.

a. It is based on the current Indonesian law regulating the palm oil industry and as such WWF welcomes the effort to enforce legal compliance in the industry.

b. It will be mandatory for all operators in Indonesia first to register for certification and eventually to become certified as legally compliant. However no deadline for compliance has yet been set.
c. WWF believe that both HCV and FPIC are essential foundations of a sustainable industry. Unfortunately neither are yet recognised under Indonesian law and so do not feature in the ISPO standard.
d. ISPO does not yet have supply chain controls or a smallholder standard.

That is why WWF supports ISPO within Indonesia as an essential mechanism to achieve legal compliance for the industry. However WWF does not yet support ISPO as an international sustainability standard within the global market place.

http://www.ispo-org.or.id/index.php?lang=en

MSPO:

MSPO has been developed by the Malaysian Palm Oil Board (MPOB). It has just recently been published and WWF has not yet reviewed its content. However, WWF understands that it will be a voluntary standard controlled by the industry itself. It is unclear yet whether there will be any verification system associated with MSPO. Until we have more details WWF will reserve judgement on its value and credibility.

<u>Individual and group company commitments:</u>

In response to criticisms of the RSPO, and in particular in response to campaigning by NGOs, many companies have made individual and/or group statements, commitments and policy announcements declaring their intentions to 'go beyond the RSPO' or to deliver 'deforestation free', 'peat free' or 'conflict free' palm oil. While such commitments are welcome, the proof of their value will lie in knowing how they change palm oil production practices over the coming months and years. WWF has resisted endorsing such commitments at the time of their launch, reserving judgement until it sees what impact they have on the ground.

Grower Commitments:

Golden Agri Resources:
The launch of the Golden Agri Resources (GAR) Forest Conservation Policy (FCP) in 2011 was the first major grower commitment to include elements that build on the RSPO. The GAR FCP is notable for its commitment to cover all investments and joint ventures (JVs) of the group – and by implication, also minority holdings -- but makes no mention of its independent supply base. GAR is however less dependent on sourcing fresh fruit bunches (FFBs) from other producers compared to many other companies. The highlight of its policy is a commitment to no new planting on peat or on HCS – the first of its kind. To date GAR has only started to pilot the HCS approach in a single concession. There are also ongoing conflicts in some GAR concessions.

For more information see http://www.goldenagri.com.sg/110209%20Golden%20Agri-Resources%20Initiates%20Industry%20Engagement%20for%20Forest%20Conservation.pdf

Wilmar:
A unilateral declaration on palm oil sustainability was made by Wilmar in 2013. The Wilmar policy, which also headlines on no planting on peat or HCS and no conflict in new developments, applies to its own plantations as well as its whole supply base. This is potentially a game changing commitment as Wilmar is estimated to handle up to 40% of global production as a miller/processor/refiner/trader. It has taken a precautionary approach to defining HCS and is committed to not clear potential HCS until a final methodology is available.

There has already been some confusion over the strength of the Wilmar policy – in Sarawak their commitment to no new peat development was challenged by the authorities and Wilmar have announced that it will in fact 'sustainably develop' peat sites in some cases. Wilmar also faces ongoing conflicts in a number of its concessions as well as continuing cases of accusations of a lack of due diligence in sourcing FFB from third parties. Wilmar is very dependent on its independent smallholder supply base.

For more information see http://www.wilmar-international.com/wp-content/uploads/2012/11/No-Deforestation-No-Peat-No-Exploitation-Policy.pdf

Sustainable Palm Oil Manifesto:

A group of RSPO growers, traders and processors have come together to jointly commit to ensuring sustainability in the entire chain from cultivation to consumption. The Manifesto commits signatories to transform the palm oil business by cutting the link between palm oil and deforestation and to do so within the context of the RSPO. WWF welcomes the pledge by these producers that they will put an end to clearing areas of peat, areas of high wildlife value, areas that are important carbon stores or practices that cause conflict with communities.

The group's goal is to enhance the RSPO Principles and Criteria (P&C) with three specific objectives:

- build traceable and transparent supply chains
- accelerate the journey to no deforestation through the conservation of HCS forests and the protection of peat areas regardless of depth
- increase the focus on driving beneficial economic change and to ensure a positive social impact on people and communities

As part of this work, they will undertake a study on High Carbon Stock (HCS) (see below) thresholds and the practical considerations for implementing such thresholds, especially in developing and emerging countries. While we welcome this work, WWF would like the signatories to declare a precautionary halt to clearing high carbon stock areas during the study period. The Manifesto companies represent a spectrum of stakeholders within the industry, and include growers, processers and traders, as well as end users**.** SPOM members include Sime Darby, IOI, KLK, Musim Mas, Asian Agri and Cargill.

WWF acknowledges the efforts by the growers and companies who have signed the Sustainable Palm Oil Manifesto. However we feel that there are certain weaknesses that mean we are currently unable to sign or publicly endorse the SPOM:

1. We welcome the intention of the signatories to make sure that all of their suppliers, outgrowers and independent smallholders meet the RSPO standards as a first step towards improving their sustainability. However they need to make sure that they are moving towards also meeting the additional commitments of the Manifesto as well.

2. We welcome their commitment to introduce traceability in their global supply chains at least to palm oil mill level – but we feel that they need to go further and ensure traceability between the field and the mill.

3. What matters most is that these commitments make a measurable difference on the ground – and soon. Signatories must publish challenging time-bound action plans that set out the changes they will make to deliver these commitments as well as work with the RSPO to develop a robust, transparent monitoring and reporting regime that will allow other stakeholders to understand the progress being made.

For more information see http://www.simedarby.com/upload/Sustainable_Palm_Oil_Manifesto.pdf

The Palm Oil Innovation Group (POIG):

The POIG was created by WWF, Greenpeace, Forest Peoples Programme and progressive RSPO growers as a platform for companies to implement and demonstrate best practice in the palm oil sector (see more below). Launched on June 28, 2013, at the Tropical Forest Alliance meeting in Jakarta, the POIG currently consists of international NGOs along with three palm oil producing companies recognized as innovative leaders in socio-environmental issues – New Britain Palm Oil, Daabon and Agropalma. The group was initiated after the 2013 review of the RSPO P&Cs, which POIG members believe could have been more innovative, especially on the issues of deforestation, carbon stocks, biodiversity and social relations. All of the POIG members are committed to reinforcing and improving the RSPO P&Cs. Innovation and continuous improvement are key to any successful business. As a leadership example, POIG and the lessons that it generates have the potential to help raise the bar on sustainability in the palm oil industry.

More information see
http://wwf.panda.org/what_we_do/footprint/agriculture/palm_oil/solutions/palm_oil_innovation_group/**.**

Some other clarifying points on POIG are listed below:

a. POIG is *not* a new standard and is not going to establish a new certification process.
b. POIG *is* a group of leading RSPO members that want to innovate and stretch the RSPO as an institution, a standard and a certification scheme.
c. They have done this by making specific commitments to achieve a higher level of performance within the context of the RSPO P&Cs that show the way for other RSPO members. And they are willing to be audited against POIG criteria at the same time as their already existing RSPO audits to verify that they as a company are putting these commitments into practice.
d. Palm oil buyers will eventually be able to buy CSPO from a company that has been shown to be delivering the POIG Charter commitments.
e. WWF is a member of the POIG steering committee because we believe that it is supporting the RSPO to improve. POIG has had discussions with the RSPO on how to achieve changes within the RSPO. The RSPO is intending to establish its own 'innovation' group, which will include POIG members, in order to feed POIG learnings directly into the RSPO.
f. POIG is now inviting retailers and manufacturers to join as supporters and asking them to publish sourcing policies that match the POIG Charter. Once they join, they will work with other POIG members to develop specific supply chain indicators to verify progress.
g. The POIG Charter indicators for growers clearly build on the RSPO P&Cs and can be seen as an expression of the performance level that POIG founders believe constitute responsible and sustainable palm oil.

All of the RSPO P&C indicators form the foundation of the POIG Charter, which additionally has 37 indicators not found in the RSPO P&Cs. Many of the additional POIG indicators set particular performance standards on certain issues that are already addressed in existing RSPO guidance, while a handful of others are novel.

POIG Charter requirements that build on already existing RSPO guidance:

- tighter requirements on growers to progress with certification more quickly than the RSPO code of conduct
- requirements to make more information public
- the outright ban on new developments in peat areas
- more specific requirements to manage peat areas and to explore rehabilitation
- the requirement to address indirect impacts such as food security, landscape level biodiversity impacts and development

POIG Charter requirements that are not yet addressed by the RSPO:

- a ban on GMO
- the HCS approach which incorporates an above ground carbon assessment, including a threshold above which land cannot be cleared

Manufacturer and Retailer Commitments:

There have been a number of announcements of commitments by brands to 'go beyond the RSPO'. Brands that have made such commitments include Unilever, Nestle, Ferrero, Kellogg, General Mills and Colgate-Palmolive.

In almost all these cases the brands have restated their commitment to the RSPO, to continue sourcing CSPO and to move to physical CSPO as one way to ensure 'basic' sustainability of the palm oil they use. Many of the 'extra' requirements that they place on their suppliers, such as legality, FPIC and HCV, are in fact already met by RSPO certification (see below).

Elements of these polices that do genuinely 'go beyond the RSPO' have focused on no peat and no clearing of HCS. Some have also committed to additional elements of traceability – in particular in cases where 100% SG CSPO is not a likelihood soon. In many cases, independent contractors have been hired to deliver these commitments for the brands.

See examples of manufacturer and retailer commitments below:

Unilever	http://www.unilever.com/images/Unilever_Sustainable_Palm_Oil_
Nestle	http://www.nestle.com/media/Statements/Update-on-deforestation-and-palm-oil
General Mills	http://www.generalmills.com/en/ChannelG/Issues/palm_oil_statement.aspx
P&G	http://www.pg.com/en_US/sustainability/policies_practices/palmoil.shtml
Kellogg	http://newsroom.kelloggcompany.com/download/Kellogg+Company+Palm+Oil+Commitment.pdf
Colgate Palmolive	http://www.colgate.com/app/Colgate/US/Corp/LivingOurValues/Sustainability/Deforestation.cvsp
Safeway	http://csrsite.safeway.com/wp-content/uploads/2012/07/Safeway-Responsible-Palm-Oil-Sourcing-Guidelines.pdf
Mars	http://www.mars.com/global/about-mars/mars-pia/our-supply-chain/palm-oil.aspx
Hershey	https://www.thehersheycompany.com/social-responsibility/shared-goodness/pdfs/Palm%20Website%20Statement%20December%202013%20Legal%20Review%20%2012-16-13.pdf

National Initiatives:

National initiatives refer to country-level initiatives, spearheaded by industry, government, or both, to forge alliances towards CSPO commitments. These undertakings show the importance of collaboration in transforming the market for CSPO. So far national initiatives have been launched in Belgium, Denmark, France, Germany, the Netherlands, and the UK.

More information on each initiative is available at http://www.rspo.org/en/national_commitments

Sector Initiatives:

Consumer Goods Forum (CGF):

CGF is an industry association that brings together over 400 retailers, manufacturers, service providers and other stakeholders across 70 countries. It aims to increase industry collaboration on non-competitive matters and supports the exchange of knowledge and good practice. Participating companies agreed to mobilise their resources to help achieve zero net deforestation by 2020. The target aims to create funding streams that incentivise forested countries to protect their natural environment, whilst enabling them to reach zero net deforestation, and meet their own economic development goals. Unilever led the process which resulted in the creation of the Tropical Forest Alliance (TFA). The TFA is a public-private partnership between the 400 companies of the Consumer Goods Forum, the governments of the USA, UK, Norway, the Netherlands, Indonesia and Liberia and a large number of international NGOs. The principal goal of the TFA is to eliminate any trace of deforestation from the supply chains of consumer goods companies. The initial focus is on palm oil, soy, paper and beef products. For more info on CGFs work on palm oil, see: http://sustainability.mycgforum.com/deforestation/palm-oil.html

6) What does WWF want to see from sustainable palm oil initiatives?

WWF supports the RSPO as the foundation of a sustainable industry and as the best opportunity for global transformation.

But it also recognises that a number of producers are not yet ready for RSPO certification. This includes some current RSPO members who have yet to make commitments or take action and many non-members who have not yet started to address sustainability.

At the same time WWF acknowledges that the RSPO P&Cs are not yet as strong as they could be and that some progressive producers and brands are already showing where the weaknesses can and should be addressed.

While the RSPO and CSPO are the cornerstones of sustainable palm oil and the best way for the industry to achieve global transformation, WWF believes that other sustainable palm oil initiatives, in addition to the RSPO, can support companies at different stages along this journey.

This journey begins with eliminating poor practice and achieving legality, moving on to RSPO certification and then building on the RSPO to achieve best practice.

Initiatives like ISPO offer a good opportunity to eliminate the worst performers, raise the standard of the general industry and to start them on a ‘journey towards sustainability’. However for the reasons set out above WWF does not support a reliance on ISPO as a sustainability standard in the marketplace. WWF supports the use of 100% CSPO as the foundational sustainability requirement for palm oil users.

That said, WWF recognises that the RSPO itself is 'continuously improving' and so we welcome many of the initiatives that companies and groups are taking to 'build on the RSPO' as further stages on the sustainability journey for both palm oil growers and buyers.

Unfortunately many of these initiatives have been seen as challenges or threats to the RSPO. In some cases the confusion caused by how they have been communicated is being used by some companies as an excuse not to take action.

The recent commitments and initiatives by individual companies and groups wanting to do more than the RSPO requires are welcome by WWF, but only if they:

- build on the RSPO standard and systems and help it to address the weaknesses set out above
- push and/or support the wider industry to improve rather than just an individual company

Such individual and group commitments and initiatives are not useful if they:

- undermine the credibility of the RSPO by failing to recognise that many RSPO members have been stretching themselves and the P&Cs and by failing to make clear that the RSPO is the foundation on which other sustainable palm oil initiatives should be built on
- limit the definition of sustainability to only a few issues such as the use of peat or deforestation and ignore the full range of social, environmental and economic impacts of palm oil that are set out in the RSPO P&Cs
- fragment effort by focussing only on what individual companies want to and need to achieve to sort out their own businesses

POIG is one of the few recent initiatives that have attempted to address these issues. It covers a comprehensive set of issues and clearly builds on the foundation of the RSPO P&Cs – in particular basing its new indicators on much of the existing P&C guidance (see below). It is not attempting to replace the RSPO but to sit alongside it – relying on parallel audits and complimenting RSPO palm oil certification with POIG company verification. POIG also clearly states that its aim is to improve the RSPO – not to replace it.

7) What extra commitments are being asked for by these initiatives and how do they build on the RSPO?

The sorts of extra commitments and demands made by many of the initiatives cover the following issues many of which are already addressed by the RSPO P&Cs:

- **Traceability** – is a key element of many of the commitments but one which is not yet clearly defined in many cases. When it is specified it is often presented as the ability to track palm products back to 'responsible' sources but it is not clear whether that means to companies that have made such commitments, to particular estates and mills, or to the field? SG and IP CSPO already provide traceability from the end manufacturer back to 'certified' estates. Nobody is yet providing such full traceability unless they have eliminated third-party FFB (which come from smallholders) from their supply chains. Offering traceable responsible palm oil by eliminating palm oil from independent smallholders will do little to help independents and smallholders to achieve sustainability. Instead this will only serve to 'ring fence' the best performing companies for early moving brands. Smallholders produce 40% of palm oil in Indonesia, so such an approach is unlikely to help transformation of the palm oil industry, even if it gives some major brands some assurance that their palm oil is from sustainable sources. Meanwhile, the traceability of independent Fresh Fruit Bunches (FFB) entering into certified mills is starting to be addressed by the RSPO, which now requires companies to record the origin of FFBs purchased by its certified mills as a first step.
- **Legality** – is also often a key commitment in the initiatives – but is already a core part of the RSPO criteria.
- **No conversion of High Conservation Values (HCV)** – has always been addressed in the RSPO P&Cs.

- **GHG reduction** – the revised P&Cs now require reductions for existing operations and minimised emissions from new developments. The RSPO has an agreed set of defaults and tools to measure and report these emissions. Where the RSPO is weaker than some of the recent initiatives is that public reporting is voluntary until 2016. The market recognises the need for greater transparency and needs to push members to disclose. The RSPO does not specify by how much GHG emissions need to be reduced – but neither do the initiatives listed so far.
- **Respect for human rights** – has always been addressed in the P&Cs.
- **Respect for labour rights** – has always been addressed in the P&Cs.
- **Scope of commitment:** some of these new commitments cover all palm oil in the supply chain (including that from independent supplier and all joint ventures (JV)**.** Meanwhile the RSPO standard currently only covers JVs where the member has a controlling stake or management – and it only currently covers schemed or associated outgrowers and smallholders selling their FFB into certified mills (and not independent smallholders). The RSPO recognises the risk presented by unknown third-party FFB entering into the certified supply chain so is developing due diligence tools to address the issue. It is, however, not yet at the point where it is insisting that all third-party supplies into RSPO members should be certified.

In addition to the above, many of the initiatives and commitments also call for 'deforestation free supply chains'. WWF welcomes the renewed attention that brands and producers are giving to deforestation within commodity supply chains. The commitments tend to focus on three aspects of deforestation:

- **No community conflict from land clearance (i.e. ensuring the Free Prior and Informed Consent/FPIC of land users related to conversion)** – which has always been addressed in the RSPO P&Cs
- **No planting on peat** – most commitments declare a ban on new peat planting and also require best management of existing peat areas. Few of the initiatives define peat – and several of the grower commitments define it in ways that mean some small and/or isolated areas of peat could still be impacted. The RSPO P&Cs clearly set out how to manage existing peat areas 'to minimise subsidence. ' Meanwhile, for new developments they only require certified estates to 'avoid extensive planting on peat' while also stipulating that plans must be in place to make sure there are no 'adverse impacts' of doing so. The RSPO now has extensive guidance on how to ensure that.
- **No conversion of High Carbon Stock areas (HCS)** – usually as identified using an HCS approach that uses carbon stock thresholds to determine which land is suitable for development and which not. The system is currently being piloted in the context of some of the discussed initiatives, however there is no internationally agreed methodology as yet for implementing the HCS methodology. Meanwhile, the current RSPO approach to the issue is the requirement within the RSPO P&Cs for grower members to undertake a carbon assessment and produce minimum net GHGs from new developments. Unfortunately the RSPO has stipulated no hard and fast threshold for what 'minimum GHG' means and no indicator level requirement to avoid high carbon sites within the RSPO P&Cs. That said, the RSPO guidance indicates that only low carbon sites (where the emissions from clearing are less than the sequestration in the crop and set-aside areas) should be used. With the agreed default figures for emissions from different vegetation types it is clear that any planting on HCS would be unable to deliver minimised emissions. The success of this system is dependent on growers implementing the RSPO guidance and publishing their GHG figures. This will only be mandatory for RSPO members at the start of 2016 – only then can the market know which growers are providing "low carbon palm oil."

The above points illustrate that the RSPO standard already covers many of the issues that individual companies are addressing in their commitments – even those that intend to "go beyond the RSPO." In some cases, there are gaps between recent commitments and the RSPO standard, and the RSPO is actively seeking to close these. To be helpful to that process, companies should express their commitments in terms which acknowledge the solid foundation provided by the RSPO and how their actions are building on the RSPO P&Cs**.**

Overall this means two things: the P&Cs are not as weak as some believe and, in many cases, sustainable palm oil 'best practice' is already described in the guidance of the RSPO standard. This in turn means that the opportunity should be for these newer initiatives (if communicated properly) to build on the RSPO, rather than to be seen as challenges to the RSPO or overt criticisms that the whole RSPO system is inadequate.

The similarity of these 'extra' commitments to the RSPO P&Cs also means that the RSPO is already auditing many of these criteria so companies should not have to rely on additional audits to verify what auditors are already verifying as part of RSPO audits.

Where there are novel issues (such as using the HCS approach) or indeed specific levels of performance being demanded (such as no new planting on peat of any extent) then additional audits should be narrowly focused on these questions and done in parallel to ongoing RSPO audits. Ideally they should be part of the RSPO audit to maximize efficiency and minimize expense.

In short, WWF will only support new initiatives and commitments that are genuinely building on and helping to improve the RSPO, the cornerstone initiative for palm oil sustainability and the only one with the potential to catalyze global mainstream market transformation.

8) What is the High Carbon Stock (HCS) approach?

The HCS tool has been developed by Greenpeace and the consultancy TFT as a way to map vegetation using remote sensing data and rapid ground truthing of above ground carbon in different vegetation types in order to help identify which areas store carbon now or have the potential to regenerate into areas that do so and therefore should be set-aside. The potential of a patch of forest to regenerate is influenced by its size and whether or not it is isolated from other forest areas. Early pilots of the HCS approach are being undertaken by GAR and Asia Pulp and Paper (APP).

In addition to mapping and assessing carbon in vegetation, the HCS approach is also being seen as an answer to some of the shortfalls of how HCV and FPIC assessments have been implemented in the past. However the early piloting of the HCS approach has shown that vegetation mapping alone is not comprehensive enough – so the process has evolved to now include a rapid biodiversity and social assessments as well. As a result of these early experiences, HCS is increasingly seen as a tool to be used alongside and integrated with more established HCV, social and FPIC assessments.

When combined with these other assessments, HCS could be part of a relatively straight-forward but also credible and robust approach to identifying areas to clear and areas to conserve. Since such an approach would cover not only carbon but also community and conservation values, it seems likely that a new terminology will be required.

WWF is collaborating with NGOs (including Greenpeace, RAN and FPP) and companies that are already implementing HCS tools to develop the HCS methodology and to seek ways to integrate it effectively with HCV and FPIC processes (see the HCS Steering Group Statement of September 16, 2014). WWF is also working with these interested parties to establish an overarching governance body to ensure consistency and quality in the implementation of the HCS tool.

9) What do the 'no deforestation'/'deforestation free' claims really mean?

Companies are increasingly making commitments to eliminate deforestation from their supply chains and investments. WWF welcomes the focus this is placing on the role of commodities in forest loss. But all parties have to be careful not to overclaim what 'no deforestation' means in practice. Many of these claims rely on the HCS approach for verification and implementation. In reality the HCS process (just like the HCV and the FPIC process) identifies areas that can be cleared as well as those that need to be conserved. For instance Golden Agri Resources (GAR), who has been using this approach as part of an agreement with Greenpeace, have publicly admitted that 'no deforestation' does not mean no cutting of trees.

http://www.smart-tbk.com/pdfs/Announcements/First%20update%20of%20HCS%20pilot%20_301013.pdf

Therefore describing the use of the HCS approach as 'deforestation free' may not always be helpful if in reality it is subsequently shown as 'allowing' some land clearance.

The point is that HCS, HCV and FPIC are all designed to identify what land clearing is acceptable and what is not. Such decisions will always be a trade-off between the different priorities of companies, governments, local communities and environmental interests such as NGOs. What is important is that those trade-offs are done openly and using the best possible information.

10) Is the lack of traceability of palm oil back to estates/mills the real problem anyway?

WWF's recent report looking at the palm oil industry around the Tesso Nilo National Park in Sumatra (http://wwf.panda.org/?209261/REPORT-Palming-off-a-National-Park-Tracking-Illegal-Palm-Oil-Fruit-in-Riau-Sumatra) clearly shows that the greatest risk lies in the lack of traceability at the mill level, where mills regularly buy palm oil fruits from unknown smallholder and outgrower sources. Because they had no system of due diligence over FFB buying, companies highlighted in the WWF report were found to be sourcing their fruit from illegally cleared land within the Tesso Nilo National Park.

Companies concerned about this level of traceability have, at the moment, to set up their own traceability regimes. This can be done on a company-by-company basis using contractors to map supply basis with companies. That only serves to 'clean up' an individual company's supply base and may encourage some companies to exclude problematic suppliers and smallholders from their supply chains.

A more transformative approach is to ensure that the milling companies themselves instigate group wide policies that implement due diligence in FFB sourcing. The first step is to identify where the FBB is coming from, then to understand its 'sustainability status' (eg: is it from legally occupied land, was it produced on peat soils, has it come from land that was likely to have contained HCVs since 2005, etc) and finally to work with the independent producer to improve practices and to work towards certification.

The RSPO standard is now requiring independently sourced FFB to be recorded at the mill gate and it is developing a set of tools which will require certified mills to only source FFB from known, legal and responsible sources. This level of field to mill traceability should be the responsibility of the miller and not the manufacturer or retailer using palm oil, as it is not within their direct control and they are too remote from where the issues are at play. WWF and others are actively working to create tools that can help growers to take control of the FFB they source from independent suppliers (including smallholders). WWF has opted to do that within the context of the RSPO because we believe that it is the best way to develop a robust tool that can be rapidly replicated at scale.

11) What does it mean when WWF asks companies to "build on the RSPO"?

Where there are gaps between the RSPO indicators and best performance (on issues like a ban on clearing peat, using hazardous chemicals and only buying from identified legal sources of FFB) then buyers of palm oil do need to demand this from their suppliers and make sure that they buy CSPO from companies that have independently verified that they are delivering those extra commitments.

A new standard or even separate audits are not required – the RSPO should be extending its own audit process to include questions about not only the mandatory criteria and indicators in the P&Cs but also the associated voluntary guidance that is already in the P&C document. This way buyers can understand what level the companies are performing at without reinventing the wheel or undergoing additional audits.

The Palm Oil Innovation Group (POIG) offers one model for achieving this by genuinely building on the RSPO as the only international, multi-stakeholder, credible, independent standard and a place where the whole industry can potentially be changed.

WWF asks companies that buy palm oil to join POIG as 'supporter' members. As part of the POIG process, supporter members will be expected to develop and implement standards on 'best practice' sustainable palm oil purchasing. This will include insisting on segregated CSPO from 100% certified RSPO members that are also stretching themselves within the P&Cs (implementing ALL the guidance, and not just the indicators), including (but not limited to):

- Substantial GHG reductions from existing operations
- Publishing GHG reports using the approved RSPO tools so that their performance can be compared
- Commit to zero-net GHG for new developments. Which will mean in practice not clearing any HCS areas and not planting on peat of any depth or extent
- Collaborating at a landscape level to improve HCVs
- Managing the existing plantations on peat to the RSPO best practice to slow subsidence and emission but far more importantly restoring existing plantations on peat at the end of the rotation so that they start to become a sink rather than a source of carbon
- Only buy known, legal and responsible FFB (eg: which can be shown not to have come from peat or HCV areas)
- No use of hazardous chemicals
- Staying in and strengthening the RSPO so that peers and even competitors can also support a transformed industry
- Work collaboratively and at scale to shift whole regions and supply chains to segregated CSPO from the best producers

WWF is working on guidance to help retailers and manufacturers understand the steps they need to take on the sustainable palm oil journey. These tools will soon be available at **wwf.panda.org/palmoil**.

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