SPOTTING THE DIFFERENCE

A LOW-COST APPROACH TO SUSTAINABILITY FOR INDIAN PALM OIL BUYERS
**THE SUSTAINABLE PALM OIL CHALLENGE IN INDIA**

*Palm oil is the most widely consumed vegetable oil in the world. Oil palm, from which it is derived, is one of the most productive oilseed crops per unit of land, and drives a lucrative global industry which supports the livelihoods of millions of people.*

High and increasing demand from countries like India, China and Indonesia has driven rapid expansion of oil palm cultivation, resulting in large areas of tropical forests being cleared to make room for monoculture plantations.

Clearing of tropical forests to make way for oil palm cultivation has had serious social and environmental impacts. Ecosystem destruction and associated biodiversity losses, climate impacts through burning and draining of peatlands; as well as concerns over labour rights, health & safety issues and displacement of indigenous people are among the many issues to have blighted the industry’s reputation.

**FORESTS ARE VITAL CARBON SINKS IN THE FIGHT AGAINST CLIMATE CHANGE.**

**OIL PALM AREAS ARE PROJECTED TO REACH 25mha BY 2025, REPLACING TROPICAL FORESTS.**

**NUMBERS OF ICONIC SPECIES HAVE DECLINED DUE TO LOSS OF PRECIOUS FOREST HABITAT.**

Over the last decade a number of responses have emerged to address these challenges. The Roundtable on Sustainable Palm Oil (RSPO) brings together producers, buyers, governments and civil society and promotes a comprehensive production standard and certification system for oil palm production. The RSPO system requires producers and companies in the supply chain to maintain high standards of environmental and social risk management, and has established means by which these benefits can be communicated to end consumers. It is recognized as the leading palm oil certification.

**WWF - India has spent many years engaging with the Indian palm oil sector and is keenly aware of the issues which confront it.**

Large companies at the heart of the palm oil industry have underlined the additional cost of certified sustainable palm oil as a major barrier to its uptake in the market.

To address this, **WWF-India has developed a new approach** which allows Indian companies to begin their sustainability journey at little or no upfront cost. The approach draws on the SPOTT platform (formerly the Sustainable Palm Oil Transparency Toolkit), developed and operated by Zoological Society of London (ZSL), and also draws upon the principles of the RSPO.
A NEW APPROACH FOR THE INDIAN MARKET

Companies buying palm oil and its derivatives can now access detailed information on the social and environmental transparency of their suppliers.

SPOTT provides an online platform featuring a sustainability scorecard of major palm oil producers. This provides detailed information on company disclosure and commitments and their progress towards best practice. SPOTT enables palm oil buyers to support and incentivise sustainable production through more informed decision making and supplier engagement, helping them meet their own sustainability commitments.

SPOTT SCORE

<table>
<thead>
<tr>
<th>WWF-INDIA’S RECOMMENDED ACTION</th>
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<tbody>
<tr>
<td>A total score over 66%</td>
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<tr>
<td>Consider these companies as preferred suppliers.</td>
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<tr>
<td>A total score between 33% and 66%</td>
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<tr>
<td>Engage with these suppliers and develop time-bound score improvement.</td>
</tr>
<tr>
<td>A total score of less than 33%</td>
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<tr>
<td>Engage with these suppliers and develop time-bound improvement plans - consider phasing out from supply chain if agreed minimum performance is not met.</td>
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Information provided by SPOTT can be integrated into a wider sustainable supply chain strategy, in particular to identify areas of supplier risk and to frame an action plan for supply chain improvement.

Companies can use the SPOTT tool to initiate a dialogue with suppliers to understand their scoring weaknesses and rapidly screen for exceptionally poor performers.

1. JOIN THE RSPO AND MAKE A COMMITMENT TO CERTIFIED PALM OIL OVER A FIXED TIME HORIZON.

2. USE THE SPOTT SUPPLIER RATINGS TO:

   A. DETERMINE THE BASELINE WEIGHTED AVERAGE SUSTAINABILITY PERFORMANCE OF EXISTING SUPPLIERS.

   B. SET AN INTERNAL TARGET FOR MINIMUM INDIVIDUAL SUPPLIER PERFORMANCE AND A TARGET FOR AVERAGE PERFORMANCE OF THE TOTAL SUPPLIER BASE.

   C. CONSIDER SCREENING OUT POORLY PERFORMING SUPPLIERS OR ALTERNATIVELY, ACTIVELY ENCOURAGE THEM TO IMPROVE THEIR SPOTT SCORE.

   D. ESTABLISH AN ENGAGEMENT MECHANISM TO BRING STRATEGIC SUPPLIERS UP TO A MINIMUM SPOTT SCORE.

   E. GRADUALLY INCREASE THE SUSTAINABILITY PERFORMANCE OF THE SUPPLIER PORTFOLIO ZIME.

3. WORK TOWARDS RSPO COMMITMENT.
SPOTT assesses companies against a variety of environmental and social indicators, including company progress and reporting to the RSPO; commitments to, and public availability of High Conservation Value (HCV), and Social and Environmental Impact Assessments; as well as policies and procedures on land acquisition, free, prior, and informed consent, pesticide use, and greenhouse gas emissions reduction, among many others.

SPOTT was developed and is operated by ZSL with input from palm oil companies, their buyers, investors, banks and NGOs. The credibility of SPOTT is affirmed through its user base, which includes a variety of financial institutions and other stakeholders. It was developed in consultation with a Technical Advisory Group, which consists of Rabobank, Unilever, Aviva Investors, and others.

Founded in 1826, the Zoological Society of London (ZSL) is an international scientific, conservation and educational charity whose mission is to promote and achieve the worldwide conservation of animals and their habitats. Our mission is realised through our groundbreaking science, our active conservation projects in more than 50 countries and our two zoos, ZSL London Zoo and ZSL Whipsnade Zoo.

Companies can access the SPOTT framework free of cost at:
www.sustainablepalmoil.org/companies/#scores
www.zsl.org

WWF-India is part of an international network of offices in more than 100 countries and is India’s largest conservation organization in terms of people and geographical spread. Beginning in 1969, WWF-India has evolved into a dynamic organization with over 350 staff and a network of nearly 75 state, project and field offices operating in some of the remotest parts of the country. WWF-India’s conservation programmes work collectively to move the country towards a development pathway which conserves biodiversity, values ecosystems and contains its ecological footprint.

WWF-India recognizes the important role business and industry play in global production, consumption and trade, and focuses its efforts on moving major market players from risk and compliance-based approaches to proactive leadership on a range of environmental themes. Addressing the environmental and social problems associated with unsustainable palm oil production is one of a number of WWF-India’s different engagements with companies and industry.

For more information visit:
http://www.wwfindia.org/about_wwf/making_businesses_sustainable/

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