

RSPO | Roundtable on Sustainable Palm Oil

IMPACT REPORT 2018



RSPO

**IMPACT REPORT
2018**





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Photo Credit: Unicef, Fauzan, 2018



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Impact Report
Presented by Darrel Webber
RSP0 Chief Executive Officer

Dear members and stakeholders,

Welcome to the fifth annual Impact Report for the Roundtable on Sustainable Palm Oil.

It has been an important year for RSP0 and its stakeholders with the Principles and Criteria (P&C) review being a focal part of our work. This latest review sought to align the P&C with the RSP0 Theory of Change (ToC) and to increase accessibility by making the P&C more relevant and practical. During this process, some key areas were identified for improvement. These included addressing deforestation, peatland protection and conservation, human rights, labour rights and exploitation, as well as strong support to restructure the P&C to enhance its readability and applicability by streamlining topic areas and eliminating repetitive criteria.

Furthermore, the review process pinpointed the need to simplify the certification approach for smallholders. This resulted in the current development of a new standard for smallholders, including exploring a phased, continuous improvement approach for compliance over a period of time. We trust that the multi-stakeholder structure of the review process will be reflected in the new P&C, which are due to be submitted for ratification by the General Assembly (GA) of RSP0 in November 2018. We look forward to sharing more on the RSP0 Smallholder Standard in our next impact update.

On a separate note, I am proud to announce that we have witnessed steady and encouraging growth for sustainable palm oil and RSP0 membership across various markets since the last reporting period. Some noteworthy mentions from the findings of this report include a 15% growth in overall RSP0 membership, a 23% increase in sales of physical Certified Sustainable Palm Oil (CSPO), and an 83% increase in total certified area cultivated by RSP0 Independent Smallholders under group certification. Certified area in Latin America has increased by 15%, and the area in Africa has nearly doubled since 30 June 2017. Moreover, there has been a 39% increase in High Conservation Value (HCV) area identified and managed by RSP0 certified members.

I'd like to take this opportunity to congratulate all RSP0 members and stakeholders for their contribution and commitment towards achieving responsible agricultural, social, and environmental practices to address the global mission of making sustainable palm oil the norm. While I'm extremely proud of the progress and incremental impact we've collectively made thus far, I'm eager to see what we can achieve over the course of the next few years, as we foster a concerted and focused effort to achieving market transformation.

Thank you,
Datuk Darrel Webber

The Roundtable on Sustainable Palm Oil (RSPO) is a multi-stakeholder, not-for-profit organisation, which focuses on advancing the production, procurement, finance and use of sustainable palm oil products. We develop and implement global standards for sustainable palm oil through open dialogue and cooperation with every stakeholder in the supply chain. We also work to verify, assure and periodically review these standards.

VISION & GOALS

“RSPO will transform markets to make sustainable palm oil the norm”

Supporting resilient and healthy landscapes and communities

Protecting and restoring resources while ensuring that people have the means to provide for themselves and advocate for their rights.

Green and inclusive growth

Advancing sustainable palm oil as a driver for economic growth and development at local, regional and national levels.

Ensuring that natural assets continue to provide the resources and environmental services on which wellbeing relies, and that benefits accrue to all involved.

ABOUT THIS REPORT

We published the first RSPO Impact Report in 2014 to document the environmental and social impacts of our organisation and the RSPO standards. We have since published an Impact Report every two years, as well as an Impact Update every other year, to ensure our stakeholders stay fully informed about our progress.

In November 2017, we launched a Theory of Change (ToC) to better articulate, manage and measure progress towards our vision. The ToC is our roadmap towards sustainable palm oil, providing insights into our standard's effectiveness and its long-term impact. All RSPO impacts will now be reported to reflect our performance against the strategies defined in the ToC. This 2018 Impact Report will

also assess our contributions to the United Nations Sustainable Development Goals (SDGs) and include updates on progress aligned with the communication campaign themes of Inclusivity, Accountability and Education.

This report covers the RSPO's progress and activities from 1 July 2017 to 30 June 2018. The data reflects the reporting timeframe or has been taken as at 30 June 2018, unless otherwise stated. We have incorporated information about plans or activities scheduled for the remainder of 2018 and 2019 where these have a significant bearing on the topics covered.

All RSPO Impact Reports and Impact Updates can be accessed at: rspo.org/key-documents/impact-reports



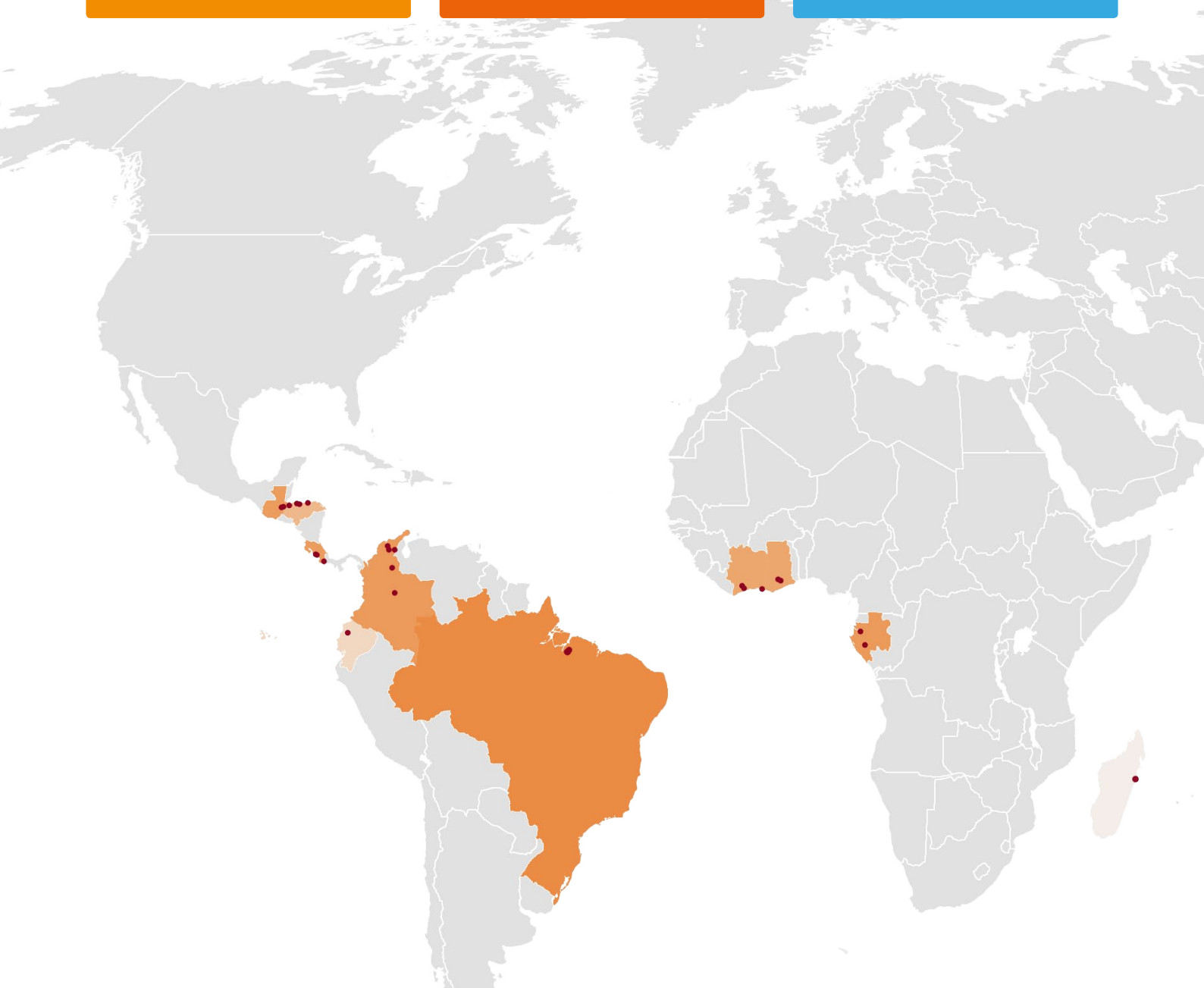
3.2 million
hectares certified



2.4 million
hectares production
area certified



263,177
hectares High
Conservation Value
(HCV) area set aside
within certified area



3,920

- 1,693 Ordinary
- 2,129 Associate
- 98 Affiliate



13.6
million tonnes
of Certified
Sustainable
Palm Oil (CSPO)



6.2
million tonnes CSPO
sold, 52% of total CSPO
supply¹

¹ CSPO sales figures are based on full calendar year data (1 January 2017 – 31 December 2017).

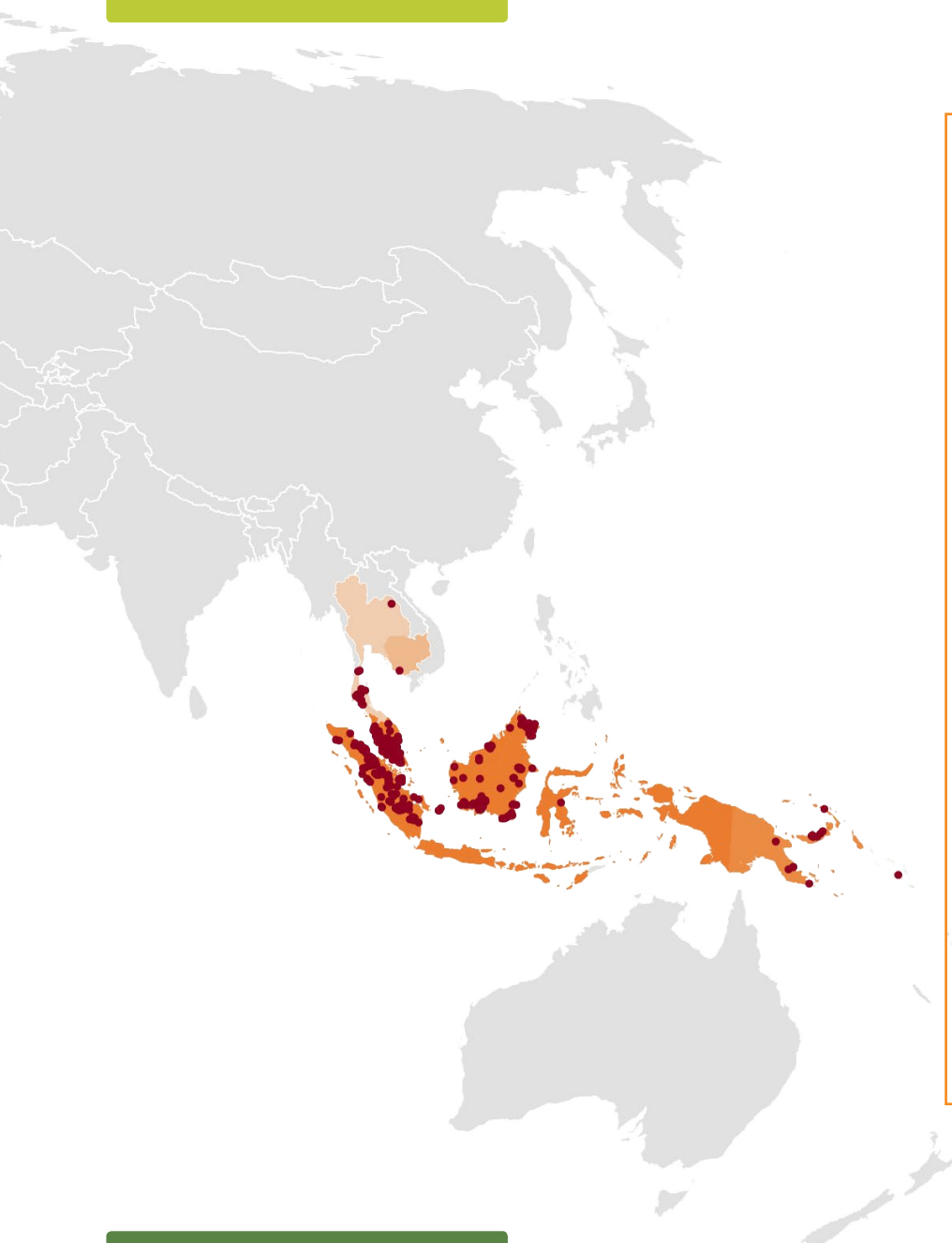


55,099

certified
schemes and
independent
smallholders



rspo.org/about/impacts



Certified Area as at 30 June 2018



Global Distribution of Certified Mills

 354 mills certified



19%

of global palm oil
produced is CSPO




DRIVING CHANGE

RSP0 Today

Our Vision for the Future

Achieving Our Vision:
RSP0's Roadmap for Sustainable
Palm Oil





“ We see a future where it is standard practice to realise benefits for all palm oil stakeholders by improving conservation, reducing poverty, supporting sustainable livelihoods, valuing community participation, and ensuring fair labour practices and the economic viability of businesses. ”



Photo Credit: RSPO & Jonathan Perugia

RSPO TODAY

By bringing stakeholders together to seek solutions to the challenges of the palm oil sector, RSPO has created a platform to transform how palm oil is produced, traded and sold. Today, approximately 19% of all palm oil produced globally is certified under the RSPO Standard. Meanwhile our membership base has more than doubled in the last five years.

Despite these significant achievements, we continue to face a range of challenges. Stakeholders are raising issues that require stronger leadership, such as deforestation and human rights. The current system is also viewed as insufficiently adaptable to independent smallholders, or to countries outside Malaysia and Indonesia. There is, moreover, a need for increased government engagement in key producing countries, as well as a better balance between supply and market incentives, to encourage the uptake of Certified Sustainable Palm Oil (CSPO). This is particularly the case in Asian consumer markets.

In addition, the quality of certification is being questioned and new verification methods are required to supplement the current certification model. A number of competing solutions have emerged as a result, including alternative certifications, and both buyers and governments are increasingly challenging the relevance of RSPO.

“Business as usual” is no longer a viable approach if RSPO is to remain relevant. For real transformation to take place, our market needs to become more inclusive, as well as more competitive, innovative, transparent and resilient. To drive these changes, the RSPO and its stakeholders must in turn increase readiness to proactively respond to emerging challenges as the business landscape continually evolves.

OUR VISION FOR THE FUTURE

We see a future where it is standard practice to realise benefits for all palm oil stakeholders by improving conservation, reducing poverty, supporting sustainable livelihoods, valuing community participation, and ensuring fair labour practices and the economic viability of businesses.

To ensure our continued progress towards this vision, we began developing a Theory of Change (ToC) in 2016. This process entailed extensive engagement with all our stakeholder groups as we worked together to build consensus around the impacts RSPO seeks to attain and the pathways by which we can mobilise our resources in order to reach these priority outcomes. Launched in 2017, the RSPO ToC is now our definitive roadmap to making sustainable palm oil the norm.

RSP0 envisions a future where:



Wildlife corridors are flourishing, as are the landscapes and ecosystems in palm oil producing areas.



Communities and companies work together to determine shared value from palm oil production.



Palm oil workers have their rights respected and make a fair living.



Smallholders are producing palm oil in a sustainable way and are being supported by a viable economic model that provides them with security and livelihoods.



Photo Credit: RSP0

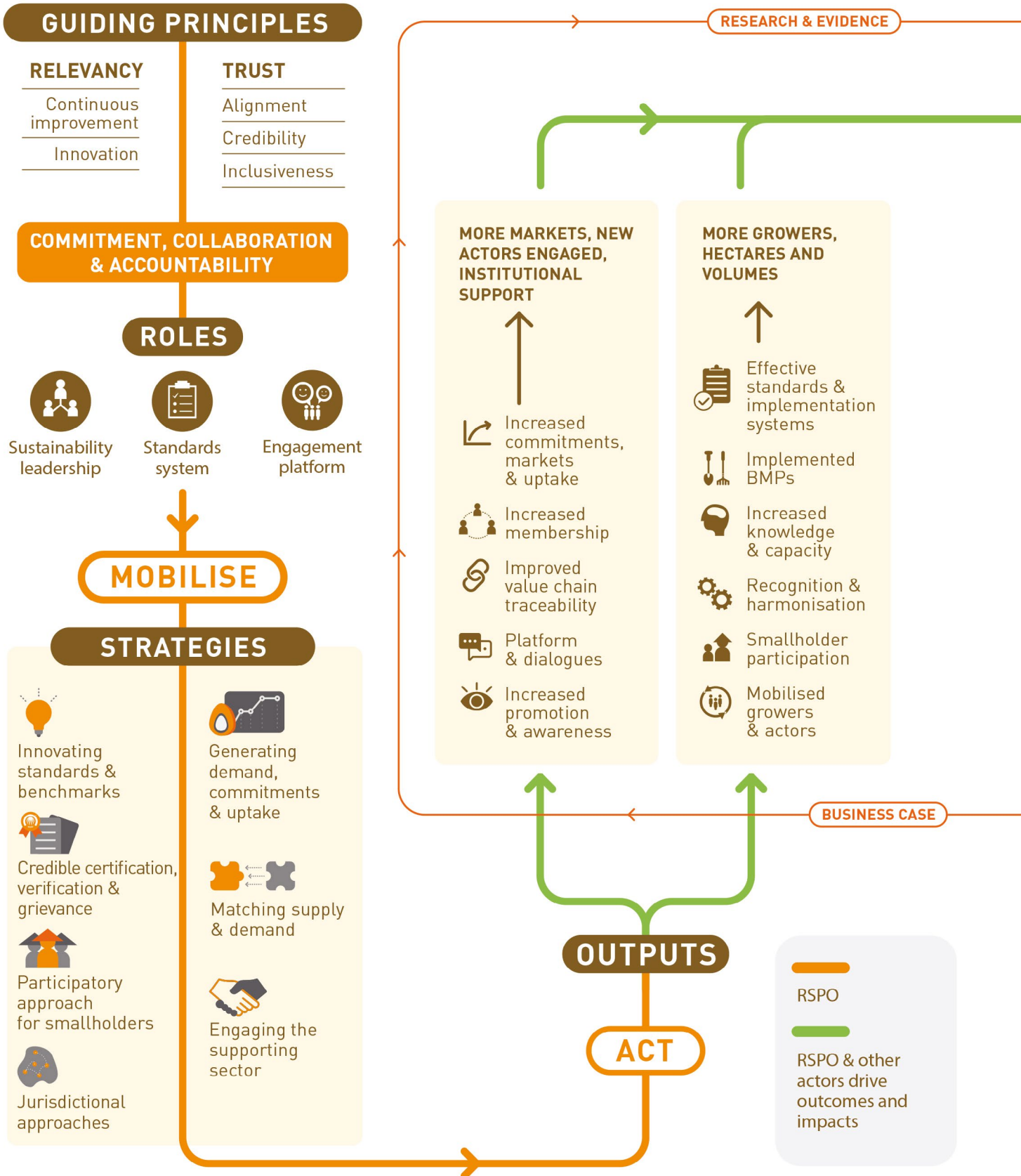


Governments have smart policies that provide appropriate regulations, supported by enforcement that creates a level playing field, enabling the market to adopt good practices.



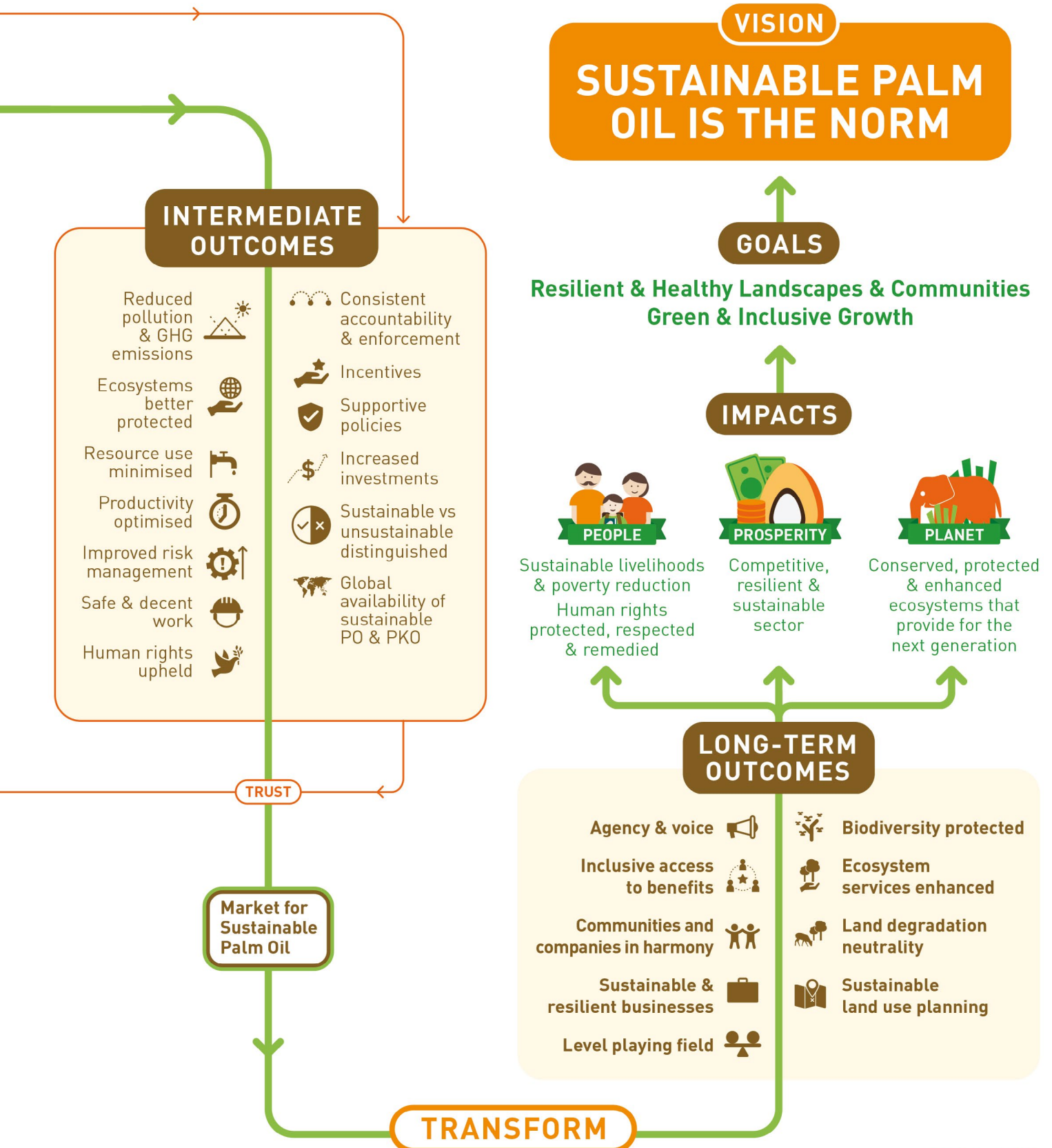
Companies recognise their obligations as corporate citizens, as well as the business case for sustainable production.

Photo Credits: RSP0 & Jonathan Perugia



THEORY OF CHANGE

RSPO'S ROADMAP FOR SUSTAINABLE PALM OIL



**ACHIEVING OUR VISION:
RSPO'S ROADMAP FOR SUSTAINABLE
PALM OIL**

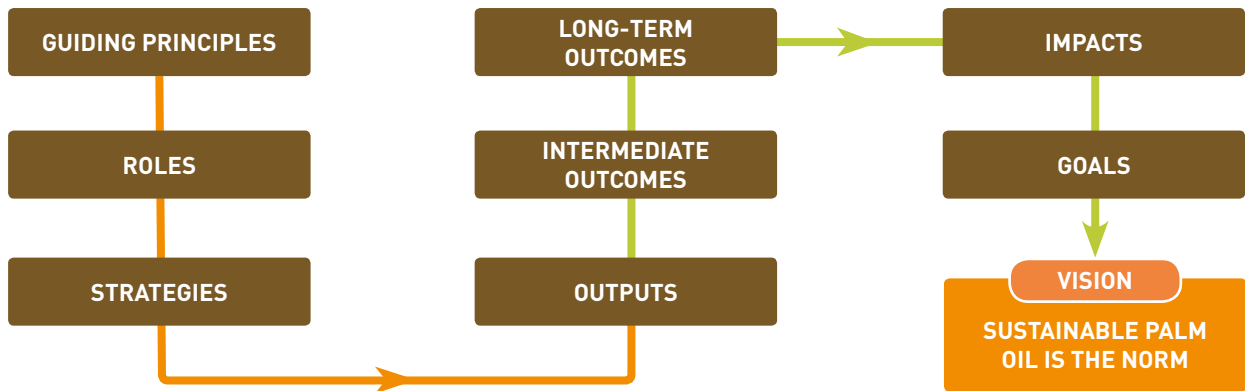
The ToC defines our desired **impacts** and the pathways – or **causal chains** – we have set up to achieve them. Impacts are the long-term effects that our interventions will have on our planet, people, markets and systems. Causal chains describe how RSPO and its partners will drive change by linking strategies to expected outputs and outcomes to deliver on our ultimate **vision** of making sustainable palm oil the norm.

The ToC infographic uses the logic of cause and effect to explain how our actions will drive change. It starts with our Guiding Principles and Roles, and then outlines each step along the causal chain as we move through three key phases – **mobilise, act** and **transform**.

Seven **strategies** have been identified to achieve the RSPO vision. These form the basis of the causal chains and aim to deliver key **outputs**, including increased adoption of the RSPO standards, greater transparency and inclusivity in the RSPO system, increased market uptake of sustainable palm oil and a more enabling environment.

Over time, these outputs lead to **intermediate outcomes** and **long-term outcomes**, which are anticipated to improve quality of life for oil palm growers, create a more prosperous palm oil industry, and enable us to better conserve our planet and its resources. As more actors are involved, the long-term outcomes are multiplied and supported by efforts leading to the ultimate **impacts** and **goals**.

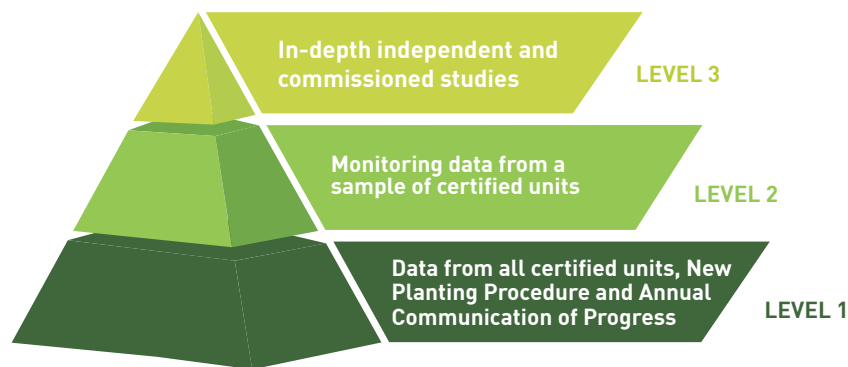
A more in-depth guide to the RSPO ToC, as well as individual explanations of each of the seven identified causal chains, can be accessed at rspo.org/about/impacts/theory-of-change.



How We Monitor and Evaluate Impact

We continuously monitor and evaluate the impact of our activities to assess how effectively they contribute to our vision. Our Monitoring and Evaluation (M&E) System provides evidence and insights to validate or negate the assumptions we work under in order to ensure the continuing relevance and development of the RSPO Standard.

We use a three-level structure for collecting and assessing data:



Data collection instruments based on: ISEAL Code of Good Practice for Impacts Assessment

DRIVING CHANGE

We have already collected a large amount of data under Level 1, and we continue to make significant progress on Levels 2 and 3. For Level 3 data, a list of completed research is available through our [Research Library](#), including RSP0-commissioned and independent studies on the impacts of RSP0 certification.

Read more about our research activities on page 33.

The M&E System and the RSP0 ToC

We started using the RSP0 ToC as a guiding framework for our M&E System in early 2018. The ToC and our M&E System together inform our strategies, drive innovation and ensure continuous improvement through learning and adaptive management. A set of core [M&E indicators](#) based on the ToC has been developed to evaluate our progress, from direct outputs, outcomes and impacts on critical pathways, as well as to develop key evaluation questions. The indicators combine additional reference points, including the International Social and Environmental Accreditation and Labelling (ISEAL) Alliance common core indicators, and the UN Sustainable Development Goals.

Contributing to the United Nations Sustainable Development Goals

At the UN Sustainable Development Summit on 25 September 2015, leaders from 193 countries adopted 17 new Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Launched by the United Nations, each of the SDGs incorporates ambitious targets to be achieved by 2030.

We identified areas where RSP0 actions may already be addressing the SDGs in our [2016 Impact Report](#), as well as opportunities to further integrate them into RSP0 standards and activities. As part of our ToC development process, we have since worked to ensure our objectives, vision and roadmap are aligned with the SDGs, and we will continue to calibrate our M&E indicators to relevant SDG targets.

Our Contribution to the Sustainable Development Goals

On a general level, our work supports seven key SDGs:

RSP0

RSP0 supports the SDGs



We will highlight the link between these SDGs and our impacts, activities and contributions in the following sections of this report.

More information about the UN Sustainable Development goals can be found at: sustainabledevelopment.un.org/sdgs.

OUR STRATEGIES	OUR APPROACH
 <p>Innovation in standards & benchmarks</p>	<p>Working with stakeholders and other systems to define the principles, criteria and practices that make sustainable palm oil production happen.</p> <p>Read more about the RSPO P&C review on page 23.</p> <p>.....</p>
 <p>Credible certification, verification & grievance</p>	<p>Developing a framework of assurance that builds stakeholder confidence and trust that sustainability requirements are met.</p> <p>Read more about RSPO's Certification System and assurance programme and activities on pages 21–25.</p> <p>.....</p>
 <p>Participatory approach for smallholders</p>	<p>Ensuring the inclusion of more smallholders in the RSPO system to produce sustainably and benefiting from sustainable palm oil production and trade.</p> <p>Read more about RSPO's work with smallholders and the RSPO Smallholder Strategy on pages 59–64.</p> <p>.....</p>
 <p>Jurisdictional approaches for collective impact</p>	<p>Catalysing a platform for collective impact.</p> <p>Read more about our work to advance the jurisdictional approach to certification on pages 30–31.</p> <p>.....</p>
 <p>Demand generation, commitments & uptake</p>	<p>Furthering commitments and uptake of sustainable palm oil to incentivise sustainable production.</p> <p>Read more about our market outreach activities on pages 65–74.</p> <p>.....</p>
 <p>Matching supply & demand</p>	<p>Increasing and diversifying the supply base and market to ensure the long-term security of demand and market access for growers.</p> <p>Read more about how we provide support to growers to advance the production of CSPO on pages 26–35.</p> <p>.....</p>
 <p>Engagement of supporting sector</p>	<p>Creating an enabling environment through being a catalyst, advocate, and partner for policies and incentives, investment, regulation, and enforcement.</p> <p>Read more about how we engage with market actors, government bodies and other key stakeholders to support progress on national commitments and uptake of CSPO on pages 66–74.</p>



Note: All seven Strategies work together to deliver results and therefore there is no direct linear relationship between Approach, Outputs, Outcomes and Impacts.



OUTPUTS (LEVEL 1)

OUTCOMES & IMPACTS (LEVELS 2 AND 3)

VISION

RSPO will transform markets to make sustainable palm oil the norm



Increased membership

As at June 2018, we had 3,920 registered members located in 91 countries – an increase of 15% since 2017. Read more about our membership on pages 19–20.



Increased commitments, market & uptake

Demand and uptake of CSPO continued to grow between 2016 and 2017, with overall sales increasing by 9% to 6,155,983 tonnes as at December 2017. Read more on page 65.



Smallholder participation

3,491 independent smallholders are certified as at 30 June 2018, covering 21,237 hectares of certified area. Read more about the progress made on smallholder certification on page 61.



Effective standards & implementation systems

- 28 certification bodies are accredited to conduct RSPO certification audits as at 30 June 2018. Read more on page 24.
- Average number of days for resolving complaints cases has decreased by 63% from 2016 to 2017. Read more about our progress on handling complaints on pages 41–42.



Implemented BMPs

As at 30 June 2018, 3,176,852 hectares are RSPO certified across 16 different countries. There are 354 RSPO P&C certificate holders, representing an annual certified production volume of 13,619,600 tonnes of CSPO and 3,135,973 tonnes of CSPK. Read more on pages 26–27.



Platform & dialogues

Find out more about the progress of country commitments towards market uptake of CSPO on page 66.



Reduced pollution & GHG emissions

- Between 2015 and 2017, 34% of the total proposed area for development has been identified for conservation set-asides resulting in projected net emission reduction of about 2 million tCO₂e. Read more on page 53.
- There has been a steady increase in the cumulative annual CO₂ emissions avoided from the conservation of peatlands up to a total of 515,000 tCO₂e/year in 2018. Read more on page 51.



Biodiversity protected

- As at 30 June 2018, 263,177 hectares of HCV area has been identified and is managed by RSPO certified members, an increase of 39% since the last reporting period. Read more on page 44.
- Between 2000 and 2015, total loss of intact and logged forest in areas allocated for oil palm that were active and non-certified concessions was 1,748,123 ha, which was 25 times more than RSPO-certified concessions. Read more on page 45.



Communities & companies in harmony

As at 30 June 2018, the total Final Conservation Liability area identified through the RSPO Remediation and Compensation Procedure (RaCP) is 117,400 hectares. Read more on page 49.



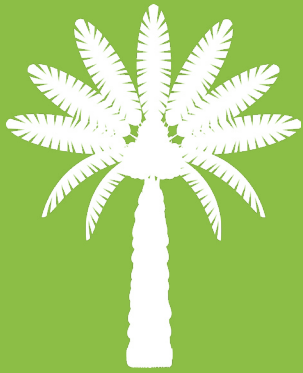
Sustainable & resilient businesses

Certification is profitable for different types of Indonesian palm oil smallholders. Read more on page 64.



Inclusive access to benefits

The RSPO Smallholder Support Fund (RSSF) has provided financial support for 32 smallholder projects in 12 countries since November 2013, benefitting nearly 26,000 individual smallholders. Read more on page 63.



ROUNDTABLE ON SUSTAINABLE PALM OIL

RSP0 Governance &
Management

RSP0 Membership in 2018

RSP0 Certification
Systems & Standards

RSP0 Certification in 2018

Jurisdictional Approach to
Certification

Research on RSP0 Impacts

Building Capacity & Learning
Platforms

Linking Back to Our Roadmap





// Today, we are a global organisation with members in 91 countries.

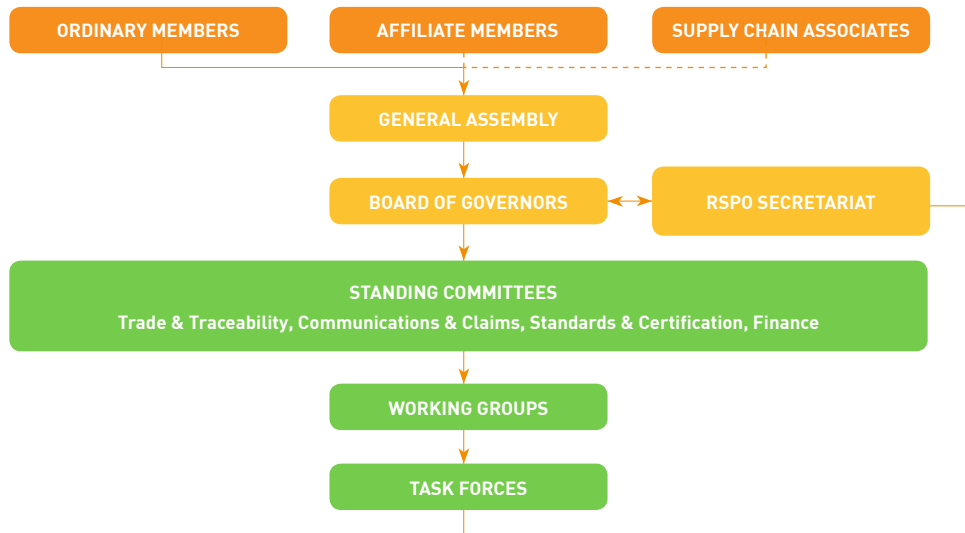
Our members represent the seven key sectors of the industry: oil palm growers, palm oil processors and traders, consumer goods manufacturers, retailers, banks and investors, environmental and nature conservation NGOs, and social and development NGOs. //



RSPO was legally established on 8 April 2004 under Article 60 of the Swiss Civil Code. Starting out as an informal collaboration between several multinational companies and the WWF, the RSPO was set up in response to an urgent global call for sustainable production in the industry.

Today, we are a global organisation with members in 91 countries. Our members represent the seven key sectors of the industry: oil palm growers, palm oil processors and traders, consumer goods manufacturers, retailers, banks and investors, environmental and nature conservation non-governmental organisations (NGOs), and social and development NGOs.

RSPO GOVERNANCE & MANAGEMENT



RSPO is governed by its Statutes, Code of Conduct and Membership Rules, which set out the requirements and expectations for the organisation and its membership. The Code requires every ordinary and associate member to submit Annual Communication of Progress (ACOP), as well as a time-bound plan, which together enable us to evaluate progress on membership commitments.

The General Assembly (GA) is an annual general meeting of members held every November to propose and deliberate resolutions on the governance and position of the RSPO. The GA provides transparency on the administrative and financial activities of the RSPO, and sets out the working agenda for the coming year.

RSPO is managed by a Board of Governors (BoG) comprised of 16 members (with alternate members), distributed over the RSPO's seven official member sectors. The BoG is supported by four Standing Committees that oversee Standards & Certification, Trade & Traceability, Communications & Claims, and Finance. Additional support is designated to, and provided by, Working Groups and Task Forces that focus on developing solutions to specific challenges. Decisions taken by the BoG, Working Groups and Task Forces are consensus-based.

Based in Kuala Lumpur, Malaysia, and led by the Chief Executive Officer (CEO), the RSPO Secretariat is responsible for the RSPO's day-to-day operations.

RSP0 Annual Roundtables & Conferences

Held every November in an Asian city, the RSP0 Annual Roundtable Conference on Sustainable Palm Oil (RT) brings together around 1,000 representatives from across the global palm oil industry. This flagship event provides opportunities for members and stakeholders to receive the latest RSP0 updates and debate issues relating to sustainable palm oil production and market trends. In 2017, we held our [15th Annual Roundtable Conference \(RT15\)](#) in conjunction with our [14th General Assembly \(GA14\)](#) in Bali, Indonesia. RT15 welcomed participants from 40 different countries and focused on the themes of inclusivity, accountability, and commitment to transforming the market together.

RSP0 also hosts a yearly European Roundtable (EURT) and regular conferences in Latin America and Africa. The [6th RSP0 EURT](#) was held in June 2018 in Paris and received over 400 delegates.

RSP0 MEMBERSHIP IN 2018

As at 30 June 2018, we have 3,920 members in 91 countries, a 15% increase since the start of the reporting period. Around 65% (521) of new members are supply chain associate members, and 34% (276) are ordinary members. Palm oil buying sectors and markets continue to lead the field in terms of memberships and growth. Retailers, Consumer Goods Manufacturers and Palm Oil Processors and/or Traders within ordinary membership have collectively grown by around 11%.

Membership among growers has increased by 3% since 2017, bringing the total number of growers to 175 out of 1,693 ordinary members. Although there were 20 new grower memberships registered during the reporting period, there were also nine grower members that consolidated their registrations with their parent companies in the same timeframe, which partly explains the limited growth. Overall, 67% of RSP0 growers are located in Asia, while Latin America and Africa are more diversified in terms of countries with RSP0 members.

Germany has overtaken the UK in terms of total RSP0 memberships. The United States (US), an important and fast-growing emerging market for sustainable palm oil, is now in second place following a 38% increase in the reporting period. Spain also saw a 21% increase and has now replaced Indonesia in the top 10 countries by membership.

3,920

members in 91 countries,
15% (498) more than in 2017

43%

are ordinary members and 57% are affiliate
or supply chain associate members

20%

increase in supply chain associate members
since the last reporting period in 2017

38%

membership increase in the US and
21% increase in Spain since 2017

82%

of ordinary members are manufacturers
and processors and/or traders

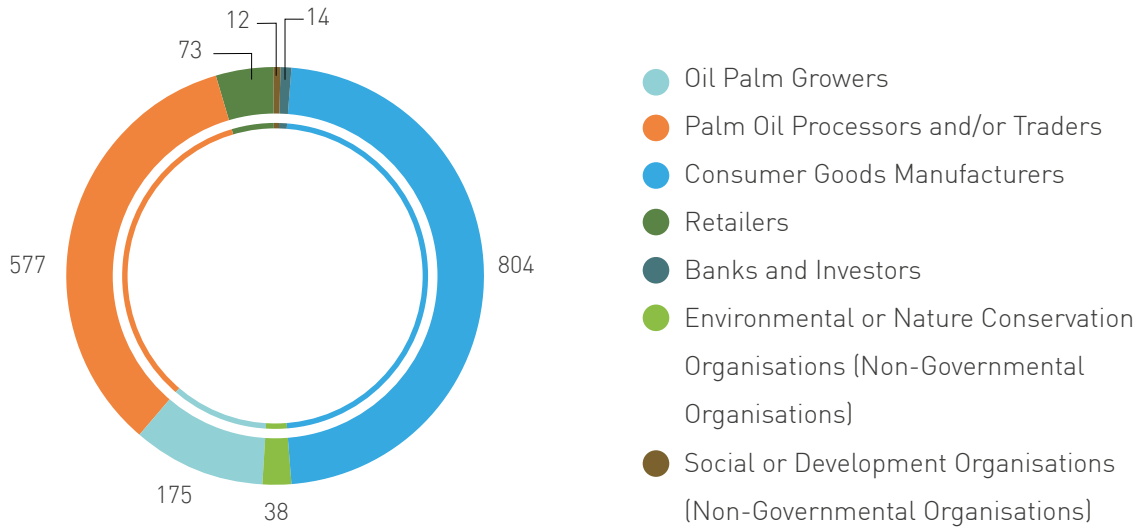
175

of the 1,693 ordinary members are growers,
representing a 3% increase in grower
membership since 2017

ROUNDTABLE ON SUSTAINABLE PALM OIL

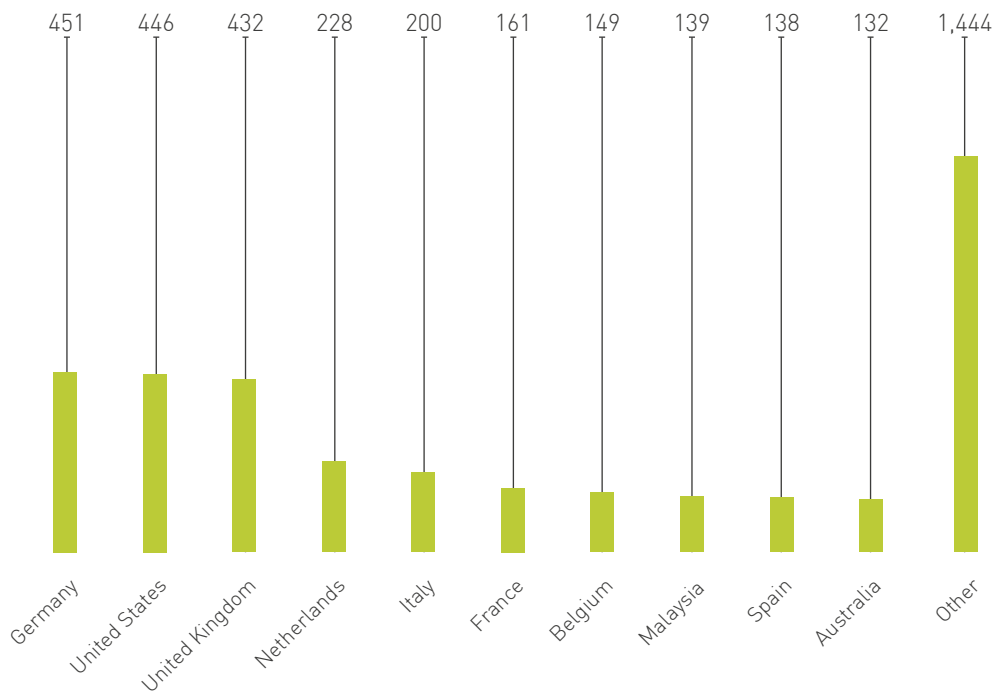
ORDINARY MEMBERSHIP

(1,693 as at 30 June 2018)



TOP 10 COUNTRIES OF RSPO MEMBERSHIP

(Total membership: 3,920 as at 30 June 2018)



RSPO CERTIFICATION SYSTEMS & STANDARDS

RSPO provides a global certification system for certified sustainable palm oil (CSPO) and palm kernel (CSPK). The system is made up of three key elements: certification standards, accreditation requirements and certification process requirements.



To ensure the credibility of the certification system and all associated sustainability claims, all RSPO members that take legal ownership of, produce or handle RSPO-certified sustainable oil palm products must be certified through the following means:

- **Palm oil growers** are certified through strict verification of compliance with [RSPO Principles & Criteria for Sustainable Palm Oil Production](#). Growers are assessed for certification every five years. Certified growers are also annually assessed through surveillance audits for continued compliance.
- **Individual growers** wishing to certify their Fresh Fruit Bunches (FFB) against the RSPO Principles & Criteria (P&C) can do so under the [Group Certification scheme](#), which enables independent small farmers to be certified together under a single certificate.


- **All other organisations in the supply chain** that use RSPO certified sustainable oil palm products are audited against the [RSPO Supply Chain Certification Requirements](#) to prevent the overselling and mixing of palm oil with conventional (or non-sustainable) palm products.

In addition, third-party verification and certification must be carried out by an independent and accredited certification body. Accreditation bodies and certification bodies must follow the certification process requirements set out in the [RSPO Certification Systems for Principles & Criteria](#) and [RSPO Supply Chain Certification Systems](#) documents.

RSPO P&C: Eight Principles Governing Certification

The RSPO P&C sits at the heart of the RSPO certification process. The P&C are a set of environmental and social requirements designed to guide palm oil growers and millers as they implement sustainable production practices.

There are eight core principles set out in the current (2013) version:

 <p>Commitment to transparency</p>	 <p>Environmental responsibility and conservation of natural resources and biodiversity</p>
 <p>Compliance with applicable laws and regulations</p>	 <p>Responsible consideration of employees, and of individuals and communities affected by growers and mills</p>
 <p>Commitment to long-term economic and financial viability</p>	 <p>Responsible development of new plantings</p>
 <p>Use of appropriate best practices by growers and millers</p>	 <p>Commitment to continuous improvement in key areas of activity</p>

National Interpretations

The P&C are generic and include key international laws and conventions. As countries may differ in their laws for the same criteria, the P&C are further adapted for use by some countries through [National Interpretations](#) (NIs). There are currently 12 countries with NIs. Two of these interpretations, for Nigeria and Ecuador, were approved during the reporting period, and an NI for Côte D'Ivoire is being finalised at the time of reporting.

Supply Chain Certification Standard

The RSPO Supply Chain Certification Standard (SCCS) covers requirements related to the control of RSPO certified oil palm products in the supply chain, including flows of RSPO certified palm oil products and associated claims.

Oil palm products can be traded through any of the four [supply chain models](#) approved by RSPO:

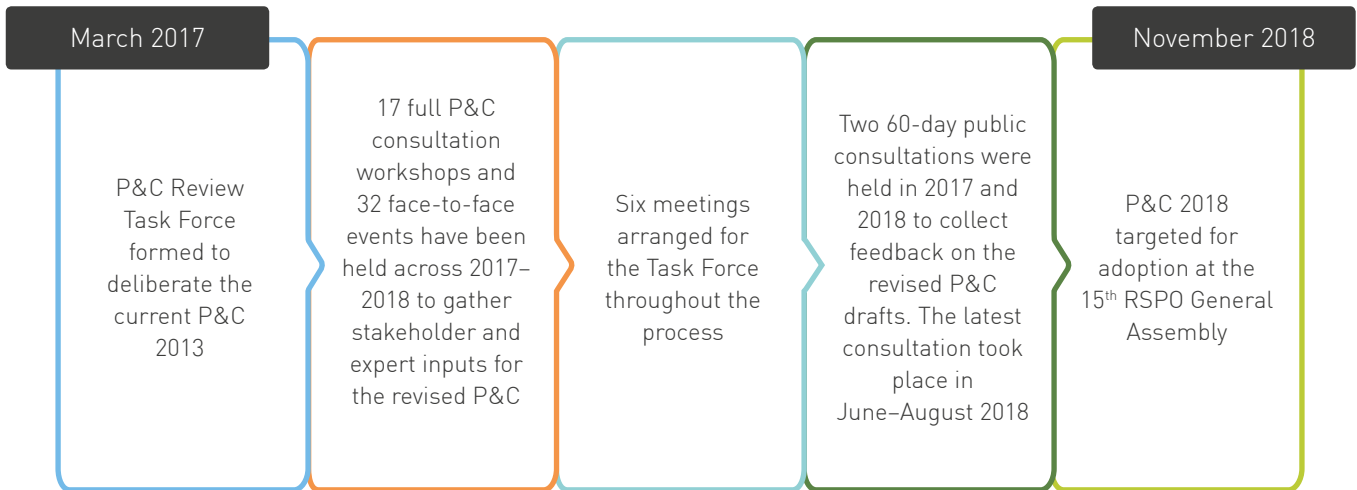
 <p>Identity Preserved (IP)</p>	 <p>Mass Balance (MB)</p>
 <p>Segregated (SG)</p>	 <p>RSPO Credits / Book and Claim</p>

Companies in the supply chain that have been successfully audited against the RSPO SCCS can claim the use of RSPO CSPO products and use the [RSPO Trademark](#) on packaging.

RSPO P&C Review

To comply with the membership requirements of the [ISEAL Alliance](#), and to ensure the continued effectiveness and relevance of the RSPO standards, we review our certification standard every five years. This inclusive process incorporates input from stakeholder groups, auditing results and feedback from our monitoring and evaluation work. A central focus of the RSPO in 2017 and 2018 has been on conducting the review of the current P&C 2013.

RSPO P&C Review Milestones



RSPO P&C Review Highlights as at 30 June 2018

At the fifth Task Force meeting in May 2018, work by sub-groups was collated and consensus was achieved on several items:

- Restructuring the P&C to align with the new RSPO ToC, improve the flow and order, and provide more clarity on standard implementation
- Enhanced prescriptiveness for labour requirements on key issues, including forced labour, freedom of association, health and safety, gender and child labour
- A proposal for a new No Deforestation requirement
- A separate standard exclusively applicable to independent smallholders

More information on the current P&C Review can be found in the [RSPO Impact Update 2017](#) (pages 32–37) and at www.rspo.org/principles-and-criteria-review.

RSPO Certification Systems Review

In 2015, [Resolution 6h](#) was passed at the 12th General Assembly committing RSPO to developing mandatory guidelines to improve the quality, credibility and oversight of assessments. We have since conducted a review of the RSPO Certification Systems for the P&C and RSPO SCCS. The new Certification Systems documents came into effect in July 2017, with a 12-month transition period for members and certification bodies to achieve compliance.

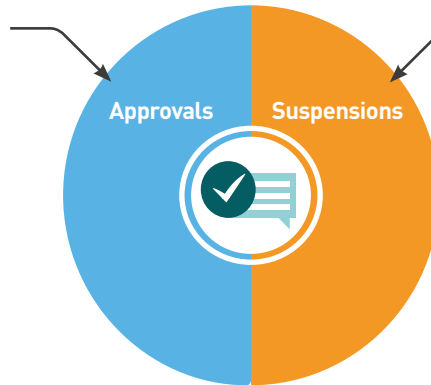
RSPO’s designated accreditation body, Accreditation Services International (ASI), is currently monitoring the compliance of RSPO accredited certification bodies against the 2017 Certification Systems documents. Seven certification bodies have been audited following the release of the documents, and audits will continue throughout 2018.

Approvals and Suspensions as at 30 June 2018

28 certification bodies are accredited to conduct RSPO certification audits as at 30 June 2018:

- 3 for P&C certification audits
- 13 for SCCS audits
- 11 for both P&C and SCCS audits

Two certification bodies were approved during the reporting period in Colombia and Malaysia.



No certification bodies were suspended between July 2017 and June 2018.

Two suspensions took place in the first half of 2017, and both certification bodies have been reinstated following corrective actions.

RSPO Assurance Task Force

The RSPO Assurance Task Force was established in 2016 to lead the implementation and enhancement of the RSPO assurance system.² The Task Force is assigned to identify all necessary steps to ensure robust assessment, verification and certification against the RSPO Standard, and to clarify the role of each party, notably certification bodies, auditors, assessors and growers.

During the reporting period, the Task Force facilitated seven training sessions for certification bodies, as well as workshops and seminars in Indonesia and Malaysia, engaging nearly 200 participants in total. Workshops focused on increasing understanding on critical topics related to RSPO audits, including P&C and SCCS certification, smallholder certification, High Conservation Value (HCV) and New Planting Procedure (NPP) assessments, social auditing procedures, and training on the latest Certification Systems document requirements.

Investigation & Monitoring Unit

Answering the need for a robust, effective, and harmonised investigation and monitoring mechanism, the Investigation & Monitoring Unit (IMU) was established in July 2018 as a critical control point within the RSPO Assurance and Grievance systems. The IMU has oversight and ensures coordination of the RSPO investigation and monitoring efforts via a newly developed risk management system. If breaches to RSPO's key documents are determined on the basis of monitoring and/or investigation findings, appropriate corrective actions are recommended using existing platforms within the organisational framework. In addition to Investigation and Risk Management & Monitoring desks, the IMU also consists of Geographic Information Systems (GIS) expertise.

² The assurance system covers assessments, such as High Conservation Value (HCV) assessments; verification, including for the New Planting Procedure (NPP); audits conducted by Certification Bodies; and oversight, including ASI accreditation.

RSPO Integrity Project

Initiated in 2016, the RSPO Integrity Project is a collaboration between RSPO and ASI that aims to strengthen the implementation of RSPO requirements, identify gaps and weaknesses in the RSPO standards and provide a platform for alignment between RSPO, ASI and certification bodies.

Some of the project's key components include:

- The introduction of compliance assessments to the RSPO accreditation programme
- The development of a central lead auditor registry
- Data evaluations of RSPO P&C audit reports

In March 2017, ASI released a summary report on 10 compliance assessments of certification bodies conducted by the organisation between 2015 and 2016. The report concluded that compliance assessments are extremely useful for determining performance quality, and that substantial training will be needed to drive improvements among the certification bodies assessed. Up until the close of 2017, ASI continued to carry out an additional eight compliance assessments. A final report, including the findings of these additional assessments, is expected to be available in 2019.

ASI has also carried out a comparative analysis of 485 RSPO P&C audit reports to understand the patterns in all non-conformities raised by accredited RSPO P&C certification bodies throughout 2015 and 2016. One of the key findings that emerged showed that there is an uneven distribution of non-conformities identified across the eight RSPO Principles (2013 version) – 90% of non-conformities were linked with Principles 2, 4, 5 and 6. The results have served to inform the RSPO P&C review process, as well as to strengthen RSPO's general risk and performance-based assurance activities.

Access ASI's final report on the comparative analysis at www.accreditation-services.com/s/post/a1J1H000002JeDSUA0/p0135

Perspectives: Both ENDS

Both ENDS is an independent NGO that works towards a sustainable future for the planet. Its core activities focus on building connections to strengthen civil society organisations – including environmental and social justice groups – in developing countries. Both ENDS joined RSPO in 2005, and Paul Wolvekamp has been on the RSPO Board of Governors since 2013. Paul also facilitates the RSPO Assurance Task Force. Below he expands on the progress of the Task Force and Resolution 6h.



Paul Wolvekamp,
Both ENDS

Resolution 6h proposed amongst others the development of a minimum standard for HCV and Free, Prior and Informed Consent (FPIC) assessments in NPPs, as well as a transparent and robust system for monitoring assessment quality. It called for monitoring of RSPO members' adherence to required procedures and reporting all members that omit submitting NPP notifications before clearing lands to the Complaints Panel. It also called for improvements in RSPO's assurance programme and stricter monitoring of certification bodies/auditors that conduct RSPO audits. While it has taken some time to engage all the various stakeholders involved, important progress has been made in these areas.

RSPO has worked closely with HCVRN (HCV Resource Network) to address the quality issues related to HCV assessments. The current system requires the utilisation of the HCV Assessor Licensing scheme, and this has proved very helpful in preventing flawed HCV assessments and NPPs resting on such assessments being approved or endorsed. However, for NPP assessments, we still face an IT challenge in making all documentation and stakeholder feedback publicly available. The publication of such documents is critical for maintaining RSPO's transparency and ability to undertake timely corrective actions, and we are currently working on a solution.

The monitoring of labour remains a complex issue. One major challenge is to strengthen auditing systems to detect non-compliances on RSPO labour requirements. One opportunity identified through dialogue with ASI and RSPO accredited certification bodies is to provide auditors with specific training that better prepares them to navigate the social aspects of their work. Moving forward, we will also work to ensure that women are better represented on auditing teams and that these teams are properly equipped to interview female workers.

Overall, the review of the RSPO Certification System requirements was an effective process. One challenge here was to balance the number of days needed for a certification body to conduct a good quality audit and the

audit costs incurred by grower members. This balance was achieved through open and multi-stakeholder dialogue. While this remains guidance rather than a requirement, it is positive to see that RSPO acknowledges that auditors face unforeseeable complexities in the field and require sufficient time to conduct thorough evaluations.

Compliance audits are another key ingredient in the mix of measures right now. ASI has conducted two rounds of compliance audits. The first of these prompted certification bodies to be more stringent in their own performance, and this resulted in significant improvements signalled during the second set of compliance audits – as well as some valuable lessons.

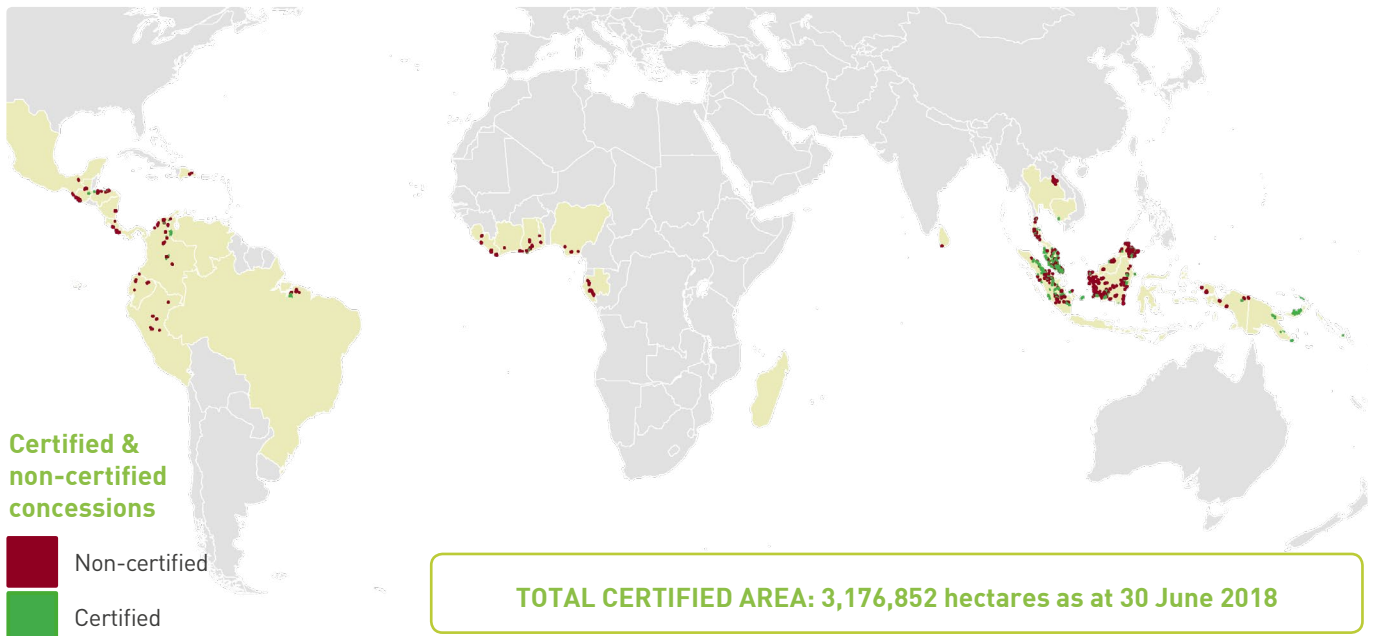
The Task Force is also addressing perceived conflicts of interest where certificate holders contract certification bodies. Having commissioned research in this area, we are now exploring ways to create a more neutral relationship between these parties. This relationship must of course be based on mutual trust, but certification bodies' first loyalty should be to the RSPO system.

Both ENDS expects that RSPO will continue to focus on integrity and push for improvements. Certification systems are useful for detecting compliance issues, but progress ultimately depends on the commitment of growers to implement the requirements properly. In this context, Resolution 6h demonstrates that RSPO should remain an effective platform for shared learning and capacity building, where growers are fully involved and in dialogue with other key stakeholders.

The big challenge for RSPO now – which is also a big opportunity – is to continue reaching out to growers and other downstream players and local stakeholders – communities, labourers, civil society organisations (CSOs) and local governments – to make sure they understand that this is where the road to a more equitable and more sustainable palm oil industry starts: with growers being able to implement and adhere to the RSPO Standard.

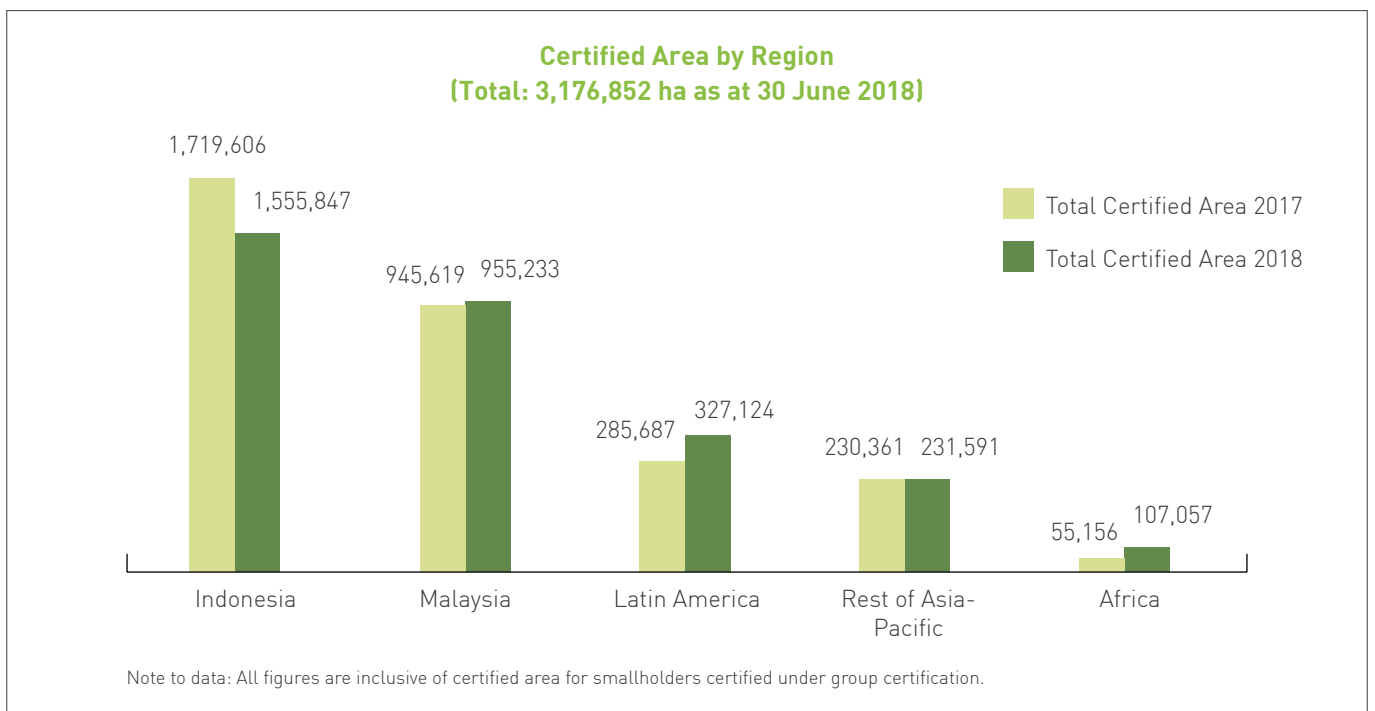
RSPO CERTIFICATION IN 2018

As at 30 June 2018, plantations covering 3.2 million hectares across 16 countries are RSPO certified. In total, there are 354 RSPO P&C certificate holders, representing an annual certified production volume of 13,619,600 tonnes of CSPO and 3,135,973 tonnes of CSPK. The total production area cultivated by RSPO members covers 2.4 million hectares. This represents a 3% decrease since 30 June 2017. There was a corresponding 2% decrease in the total global RSPO certified area.



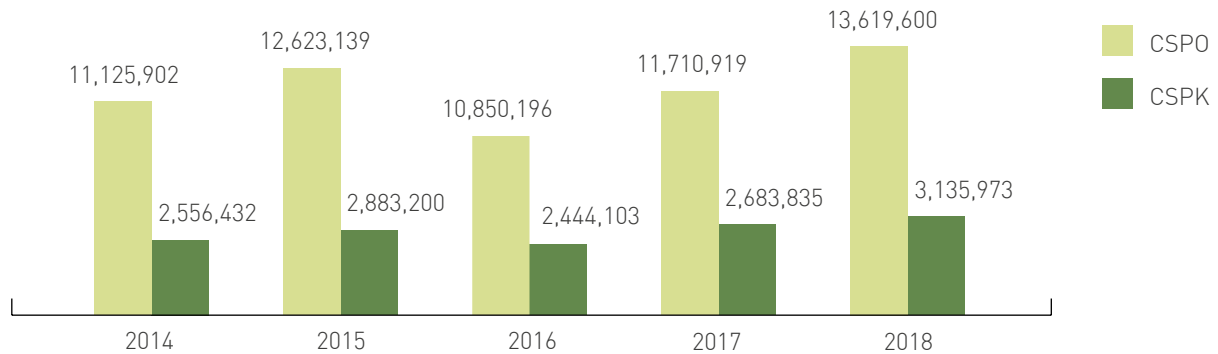
Note: This map only shows the global distribution of RSPO certified concessions. The concession areas/boundaries are not to scale and have been exaggerated for visual display purposes.

Indonesia and Malaysia are the largest oil palm producing nations and account for the majority share of RSPO certified area (2,511,080 hectares or 79% of the total certified area). Indonesia’s certified hectareage has decreased by 10% over the course of the reporting period due to the suspension and delayed renewal of member licences in PalmTrace. Malaysia and the rest of Asia-Pacific individually saw a 1% expansion. More positively, certified area in Latin America has increased by 15%, and certified area in Africa has nearly doubled, with a 94% increase since 30 June 2017.



ROUNDTABLE ON SUSTAINABLE PALM OIL

**Annual Certified Production Volume of CSPO and CSPK (MT)
(2014–2018)**



Note to data: All figures are inclusive of annual production volumes of CSPO and CSPK of all smallholders certified under group certification. Data taken as at 30 June for each respective year.

RSP0 NEXT

RSP0 NEXT is an additional and voluntary set of environmental and social criteria that expands on the current RSP0 P&C to cover additional categories. The initiative engages with RSP0 member companies that have met and exceeded the current P&C requirements, offers credible third-party verification for these actions, and provides a platform for recognising leadership in implementing best practices.

Two palm oil growers have achieved full RSP0 NEXT certification since the initiative's launch in 2015, Colombia-based DAABON Group and Malaysian grower United Plantations. Together these represent a total of 27,955 certified hectares. Just one year later, DAABON completed the world's first sale of RSP0 NEXT credits, representing 2,000 tonnes of certified volume.

The RSP0 NEXT requirements can be accessed at: www.rspo.org/certification/rspo-next.



Celebrating Ten Years in Latin America

With the fastest growth in terms of newly certified hectares— it’s an exciting time for Latin American RSPO members and CSPO consumers.

RSPO held its 7th Latin American RSPO Conference in Cali, Colombia, in June 2018. The conference was jointly hosted with the Colombian palm oil trade association FEDEPALMA, and received participants from 20 countries across Latin America, Asia, Europe and North America. The three-day event gave participants an opportunity to reflect on 10 years of RSPO presence in the region, as well as on the main challenges and next steps towards achieving one common goal: making Latin America a global leader in the sustainable production of palm oil.

There has been limited growth in certified area in Latin America over the course of the reporting period. However, when considering our progress over a wider timeframe, we see that CSPO has advanced significantly since RSPO entered the region. Latin America is approaching the milestone of producing one million tonnes of CSPO, with the volume of certified palm oil having tripled over the last three years. In addition, the number of RSPO certified mills and supply chain facilities continues to increase.³ This indicates a growing interest among regional growers in adopting RSPO’s sustainability standards.

To harness this momentum, RSPO hosted an international media tour in Ecuador and Colombia in 2018 for journalists from the United States and Europe, a joint initiative between the RSPO Secretariat in North America and Latin America. In Ecuador, the tour included a meeting with the first group of independent smallholders in Latin America to become certified, ASOCOFOR in La Concordia. Journalists were also able to learn more about Ecuador’s initiative to pursue a jurisdictional approach to certification in a meeting with Ecuador’s Minister of Agriculture, Ruben Flores.

In Bogotá, Colombia, the group held interviews with representatives of the Ministry of the Environment to explore the country’s zero-deforestation policy, which was announced as part of the TFA (Tropical Forest Alliance) 2020 initiative. Journalists also toured a mill operated by DAABON Group in Santa Marta and attended an HCV training session for smallholders.

In addition, the group visited FEDEPALMA to learn more about how the association is working towards transforming both the Colombian market and consumer perceptions in order to drive domestic demand for CSPO.



Photo Credit: RSPO & Christian Perez

³ From January 2015 to January 2018, certified sustainable palm oil volume has increased from 250,000 tonnes to around 780,000 tonnes. Meanwhile, the number of RSPO certified mills has grown from 5 to 28 mills.

Perspectives: DAABON Group

DAABON Group is a family owned and managed company located in Santa Marta, Colombia. Established in 1914 with just a few hectares of banana plantations in the Magdalena region, the company is today one of the world's leading suppliers of sustainable tropical crops, including avocado, banana, coffee, palm oil and cocoa. DAABON has been a member of RSP0 since 2007 and has maintained 100% RSP0 certification since 2010. Below, Felipe Guerrero, the Group's Corporate Director of Sustainability, provides us with DAABON's perspective on the advancement of CSPO in the region, as well as the evolving role of RSP0 in Latin America.



Felipe Guerrero, Corporate Director of Sustainability, DAABON Group

The last decade has seen substantial changes in the reception and growth of CSPO production in Latin America. We see this trend reflected in the volume of CSPO produced, and also in the growing awareness about RSP0 in the region. Producers now understand not only the risks associated with unsustainable palm oil production, but also how RSP0 can help to deliver transparent, robust communications to customers and stakeholders about sustainability in the sector.

Companies are also becoming less concerned about what they previously saw as a costly and challenging process. They are realising that RSP0 does more than just set requirements – it also provides a framework for improving management practices. In so doing, it allows for smaller and medium-sized family run businesses, which are common in the industry in Latin America, to elevate themselves to international standards and stand out through the implementation of these best practices. This is one of the most significant impacts that the RSP0 has for local companies that are exposing themselves to sustainability, and to the world.

Much of this progress can be attributed to RSP0's presence in the region, as well as the dynamic relationship forged between the RSP0 Secretariat in Latin America and the US. This strong and approachable team has made significant strides in increasing awareness about the standard and its benefits. The market for CSPO in the US is growing, and companies are increasingly interested in sourcing the best quality sustainable palm oil. This is in turn having a marked impact on the level of awareness about RSP0 and sustainability among palm oil producers in the region.

We believe Colombia will continue to be a front-runner for CSPO production. RSP0's work is highly relevant in the current political context because it could lead to increased government presence, which is also the aim of the current peace process. We are very grateful to FEDEPALMA, an important partner in helping to secure the position of palm oil from Colombia and the wider region. At DAABON, we continue supporting progress where we can. For example, one of our reasons for taking on RSP0 NEXT certification has been to demonstrate that it is possible for companies in Colombia to raise the bar and do more than what is already being done.

One of the key challenges we foresee relates to how No Deforestation is defined and addressed in the region. More alignment is needed at a governmental level with global definitions of No Deforestation established by international experts. We also see Ecuador's work towards a jurisdictional approach as an important but challenging process. The jurisdictional approach is a well thought out concept, but will require significant adaptation to succeed in the local contexts found in Latin America. Nevertheless, countries in the region will be looking to Ecuador's commitment as a model to be replicated.

On a broader level, RSP0 has succeeded both as a certification scheme and as a platform for bringing stakeholders together to discuss the key challenges related to sustainable palm oil production. From our perspective, RSP0 has the future potential to be viewed as the 'embassy' for sustainable palm oil, as government-level engagement becomes increasingly important for moving the agenda forward. RSP0 has already achieved some progress in the political space, and we hope to see it strengthen this role and further build on the influence it already has on a global scale.

JURISDICTIONAL APPROACH TO CERTIFICATION

In an effort to scale up sustainable palm oil production, and in line with the strategies laid out in our ToC, RSPO is embarking on a jurisdictional approach to certification. This approach involves the certification of palm oil production at a jurisdictional level and aims to ensure the participation of all relevant stakeholders so that the benefits of sustainable palm oil production can be shared.

By involving all stakeholders – from local governments, to mill owners, to small-scale farmers – the jurisdictional approach streamlines certification processes through strengthened collaborative actions that target challenges beyond the capacity of single producers or even the entire supply chain.

The most important and promising element of the approach so far has been the opportunity to drive dialogue and to converge common goals across business, government, and community stakeholders. Companies increasingly see the potential of the jurisdictional approach to simplify traceability and certification, and to lower the cost of meeting

their commitments through efficiencies of scale. Local stakeholders are also welcoming the approach as it promotes the sharing of local expertise and enables regional society to take ownership of sustainability strategies rather than them being imposed from outside.

Several jurisdictional approach pilot projects are already making progress. The Sabah State Government was the first to pledge its commitment in 2015, and Seruyan (Central Kalimantan) has subsequently committed to a pilot. In 2016, the Ecuadorian government in Latin America, and several countries in Africa, also made pledges towards the production of sustainable palm oil at the national level under the Marrakesh Declaration.

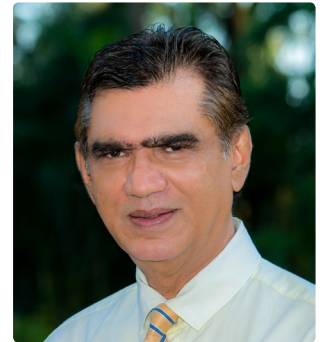
In May 2018, the RSPO Jurisdictional Working Group (JWG) met for the first time to deliberate a plan to support the development of a jurisdictional approach to RSPO certification.

More information on the membership and mandates of the JWG can be accessed at: www.rspo.org/about/who-we-are/working-groups/jurisdictional-working-group.



Perspectives: Sabah State Government and Forestry Department

The Sabah State Government and Forestry Department have worked in partnership with the RSPO since 2015 with the objective of certifying all of Sabah to the RSPO P&C by 2025. This will be done through the groundbreaking jurisdictional approach – the first of its kind in the world. We talked to the Chief Conservator of Forests of the Sabah Forestry Department, Datuk Sam Mannan, about his experience with the RSPO and the prospects for sustainable oil palm in Sabah.



Datuk Sam Mannan, Chief Conservator of Forests of the Sabah Forestry Department

Q: What made the Sabah Government decide to partner with the RSPO on the jurisdictional approach?

A: Sabah is one of the world’s largest producers of palm oil. It is a critical industry for us as a state, as it provides significant income that is crucial to the prosperity of our people. However, land in Sabah is becoming very scarce, and because other regions are catching up and are operating on a lower cost base, we are finding it hard to compete in the global market. We believe that our main opportunity to grow and retain prominence in the industry lies in our ability to offer something extra, and that high social and environmental standards can be a significant competitive advantage. Most of Sabah’s larger growers are already RSPO certified, and certification currently covers around 25% of our total plantation area. However, in order to leverage our sustainability credentials commercially, we need to expand this – bringing with us smaller producers, and of course smallholders. By expanding coverage of RSPO certification state-wide, we hope to see strong support from the marketplace over the coming decade.

Q: What are the plans going forward, and what challenges do you see in meeting your objectives?

A: We started the programme in 2015 and are targeting certification of the entire state by 2025. This will be a hard task – and as a first-mover, we have no model to look to, and there remains a lot of ground to cover. In some areas we can move fast, while we expect to get bogged down in others. We have established a Steering Committee, which includes civil society representatives, to oversee and guide the process. We are currently placing immense focus on halting all deforestation and on protecting HCV and High Carbon Stock (HCS) areas. We are also investing heavily in support for smallholders, as well as guidance on Free, Prior and Informed Consent (FPIC) and issues relating to land tenure and licensing.

With limited funding and labour shortages across the Sabah oil palm industry, it is no mean feat, but I believe we will achieve our goal.

Q: Tell us about your partnership with RSPO?

A: Our relationship has been magnificent. RSPO has brought much-needed technical expertise and funding into the process, so we have been able to undertake studies and initiatives that would have been challenging to achieve without support. We have also been pleased with RSPO efforts to make this programme highly visible both nationally and internationally. For example, we were recently able to present to the United Nations Framework Convention on Climate Change (UNFCCC). Being a pioneer in this area, it is important that we are able to share our experiences on a broader platform, so such opportunities have great value for us.



Photo Credit: RSPO & Jonathan Perugia

ROUNDTABLE ON SUSTAINABLE PALM OIL

Q: You have been involved in forest and conservation policy for decades – have you observed any changes as a result of the implementation of RSPO certification in Sabah?

A: There is no doubt that we have made many mistakes over the years, and I believe the RSPO Standard has helped us address these in a cohesive manner. It is also good to see that new palm oil developing regions seem to have learned from both our mistakes and the RSPO's, and are incorporating sustainability concerns from the outset.

I am seeing great improvements across the board in Sabah. Many of the RSPO certified big growers operating in the state are making tremendous investments in conservation and reforestation initiatives. In many areas we are seeing severely degraded forest recover, and important flagship species like the orangutan are stabilising and hopefully on the road to a population increase.

I am also happy to see that the social aspects of oil palm production are improving. I believe that workers are now treated much better. Housing conditions, pay levels, and safety have all been given a significant lift as oil palm producers are focusing on meeting international labour standards.

It is also encouraging to see how there have been positive spillover effects to other sectors – particularly in forestry. Many forest management companies are also involved in oil palm and are implementing parallel practices across both.



Note: In August 2018, with a new administration in place, Datuk Sam Mannan was served notice of termination of employment. However, the partnership between RSPO and Sabah Forestry Department continues unhindered. As the original motivations behind our partnership remain valid and relevant to our stakeholders, we have decided to publish this interview in full.

RESEARCH ON RSPO IMPACTS

Our research activities generate new evidence, bridge gaps in our knowledge and help us to capture the lessons we learn, which can then be applied to our current work and future initiatives. To date, there are approximately 21 independent and RSPO-commissioned studies on impacts and performance of RSPO certification. Among these, are studies conducted under the Socially and Environmentally Sustainable Oil Palm Research (SEnSOR) programme, which has been collecting data and insights since 2015.

During the reporting period, we also launched our Research Agenda, to foster new and innovative collaborations with the research community. Detailing our priority research questions, the Research Agenda reflects RSPO ToC objectives and has been developed in consultation with experts from the RSPO Secretariat.

The results from a selection of some of the most recent studies have been highlighted throughout this report. The full list of RSPO studies can be accessed at: www.rspo.org/about/impacts/research-library.

Socially and Environmentally Sustainable Oil Palm Research

The SEnSOR programme is an independent scientific research programme designed to test and validate the impact of RSPO certification on people, biodiversity and the environment.

Phase 1: Building the evidence base

Phase 1 of SEnSOR entailed building the evidence base essential for effectively measuring the impacts of certification and was completed in September 2016. The key findings under Phase 2 and plans for Phase 3 are presented below.

Phase 2: Key findings in 2016–2017

Phase 2 of the SEnSOR programme involved projects in three priority areas: the importance of HCV areas for improving connectivity, the impacts of RSPO certification on smallholder land management and livelihoods, and the capacity of HCV areas to support biodiversity and carbon storage.

PROJECT 1: BIODIVERSITY



The Biodiversity team digitised maps of HCVs in RSPO plantations in Borneo. Computer modelling techniques were used to test whether HCVs improve connectivity in the landscape. The results showed that almost half of plantations contained at least one large HCV patch of a suitable size to support substantial biodiversity. However, HCVs only contained an average of 20% forest cover, and so do not currently provide much connectivity benefit. However, fully reforested HCVs would substantially improve the level of connectivity.

PROJECT 2: PEOPLE



The People team observed and conducted interviews with smallholders in Jambi, Indonesia. The results indicate that RSPO certification is having some impact on improving intensification of production compared to non-certified smallholders, especially by improving fruit quality. There is no evidence that this is translating to a parallel shift away from expansion. Intensification is occurring in agricultural areas where smallholders have formal land titles and are farming on mineral soils. RSPO is not having an impact on intensification or expansion in vulnerable peat and forest areas where smallholders have different motivations for acquiring land, and where they face land rights issues that restrict their participation in certification.

PROJECT 3: ENVIRONMENT



The Environment team conducted the first set of field surveys of HCV areas in Kalimantan. Preliminary results indicate that HCV areas in RSPO certified plantations provide important refugia for biodiversity, notably endangered bird species, as well as ecosystem services. However, these areas are currently not functioning optimally, nor providing maximum benefits, due to human disturbances. Fires from past disturbances resulting from the 2015–2016 El Niño–Southern Oscillation (ENSO) and other human disturbances are major factors reducing carbon stocks and biodiversity in HCV areas. There is a substantial opportunity to improve forest quality through the management of HCV areas and thereby increase the impact of RSPO certification.

Phase 3: Plans for 2018–2019

Project 3 (Phase 2) will be expanded to survey more HCV areas in Sabah. Field and satellite data will be used to compare forest patches in non-certified plantations. The aim will be to test whether HCV set-asides in RSPO plantations have more impact in conserving forests and biodiversity than remnant patches in non-certified plantations. The Biodiversity team will also conduct a scoping study of potential unintended consequences of RSPO certification on biodiversity and ecosystems to identify priority areas for investigation in Phase 4.

As part of Phase 3, the People and Environment teams are collaborating to test the impact of certification on their joint goals of avoiding carbon and biodiversity losses and improving smallholder livelihoods. Field studies will be conducted in certified and non-certified smallholdings on Borneo.

BUILDING CAPACITY & LEARNING PLATFORMS

Education was one of RSPO’s key themes in 2017, and we have continued to place significant focus on developing our stakeholders’ capacities and knowledge throughout the reporting period.



TRAINING, WORKSHOPS & ROADSHOWS IN 2017–2018

RSPO conducted around 15 workshops, training sessions, seminars and webinars on a wide variety of subjects, reaching an estimated 352 individuals from various stakeholder groups.

We held engagement sessions with our Indonesian and Latin American members at nine different locations between 2017 and 2018. Each session received around 30 delegates.

RSPO Roadshows were hosted in Indonesia, Singapore, Thailand, Malaysia, Spain and Poland in 2017-2018 as part of the RSPO Outreach Programme.

In addition to the 2018 media tour in Latin America, RSPO also hosted a 2017 tour in Malaysia where journalists were invited to visit an RSPO certified site in Sandakan and learn first-hand about the P&C, Group Certification and the jurisdictional approach.

RSPO SUSTAINABILITY COLLEGE: FUN, EDUCATIONAL CONTENT ABOUT SUSTAINABLE PALM OIL

We have further enhanced RSPO’s Sustainability College in 2018 by creating a fun and interactive platform to educate stakeholders on key sustainability topics. The platform is structured around content reflecting the three pillars of sustainability: people, planet, and prosperity. It has been specifically designed to deliver a user experience aligned with the way people learn. Topics are covered in a simplified manner, and animation, gamified elements, a progress tracker and quizzes are used to keep users engaged.

The revamped platform was officially launched at the RSPO EURT in June 2018. Nearly 500 users registered during the BETA phase (March–June 2018) and this number is anticipated to grow exponentially following launch. The US is currently the top country in terms of users, and Colombia is in the top-five – positive signs that the platform has the potential to reach consumers and stakeholders in countries with traditionally less awareness about sustainable palm oil production.

The platform was initially released with six courses, and we aim to release more over the next year and collaborate on courses with other sustainable organisations in the future.

RSPO Sustainability College: sustainability-college.rspo.org

LINKING BACK TO OUR THEORY OF CHANGE

STRATEGIES



Innovating standards & benchmarks

Continuous improvement of the RSPO P&C and SCCS, training and technical assistance leads to increased knowledge and capacity in implementing best practices, the mobilisation of growers and other actors, and further recognition and harmonisation of the RSPO Standard. In turn, this leads to an increase in the global production, availability and uptake of CSPO, and ultimately, the environmental, social and economic benefits associated.



Credible certification, verification & grievance

Enhancing RSPO's certification systems and assurance programme, including training, analytics, and interpretation platforms, leads to effective implementation of the standard, consistency in accountability and enforcement, mobilised growers and other actors, and further recognition of RSPO as a credible and leading certification for sustainable palm oil. It also leads to improved risk management throughout the palm oil supply chain.



Jurisdictional approaches

Working with partners and key stakeholders to support the effective development and implementation of a jurisdictional approach to certification creates a platform for driving dialogue and collaboration amongst businesses, government, civil society and local communities. It will also encourage smallholder inclusivity and participation, scale up the wider implementation of RSPO certification, and support the overall use of sustainable production practices.



Generating demand, commitments & uptake

Our educational initiatives and research activities help to promote and enhance awareness of the benefits and impacts of sustainable palm oil, ultimately leading to increased membership, as well as commitments, markets and overall uptake of CSPO.

Our Contribution to the SDGs

RSPO

RSPO supports the SDGs



- Through the RSPO P&C, we offer sustainable palm oil production guidelines to our grower members, and we engage in training, capacity building, and regional outreach activities to support and further its implementation.
- We collaborate with stakeholders to progress and support commitments being made to the jurisdictional approach to certification, working to scale up sustainable palm oil production and the impacts and benefits associated in the longer term.
- We continue to educate our stakeholders, including consumers, about RSPO certification and the impacts of sustainable palm oil production by publishing research and developing interactive learning platforms.
- The jurisdictional approach to certification involves the development of regulatory processes and policy frameworks supporting palm oil certification to drive scale and deliver multiple societal impacts including conservation.



IMPACTS 2018

Impact for People

Impact on Our Planet

Impact on Prosperity





“ Sustainable palm oil production cannot be achieved without respect for human rights. It also entails a commitment to improve livelihoods, social wellbeing and environmental standards for all stakeholders that live and work in and around oil palm operations. ”



“Human rights protected, respected and remedied”
 “Sustainable livelihoods and poverty reduction”

RESPECTING HUMAN RIGHTS

Sustainable palm oil production cannot be achieved without respect for human rights. It also entails a commitment to improve livelihoods, social wellbeing and environmental standards for all stakeholders that live and work in and around oil palm operations.

To ensure that community land use rights are protected, RSPO certified growers are required to demonstrate that plantation land has been obtained with the FPIC of local communities prior to its establishment and development. The right to use the land must not be contested by local people who can demonstrate that they have legal, customary or user rights.

Aligned with the International Labour Organization (ILO) Core Labour Standards, the RSPO P&C also incorporates strict requirements on guaranteeing fair pay, non-discrimination, as well as decent and safe working conditions for employees of certified grower members. As well as conducting a social impact assessment, certified growers must safeguard workers’ right to collective bargaining, and also prohibit child labour and all forms of forced labour.

RSPO Human Rights Working Group

The RSPO Human Rights Working Group (HRWG) works to preserve the rights of communities, plantation workers, outgrowers and smallholders, and all other stakeholders affected by the activities of palm oil production. Established in 2017, the working group ensures the successful implementation of the human rights criteria under Principle 6 of the RSPO P&C 2013, and reviews the adequacy and clarity of all other relevant criteria.

The HRWG also develops mechanisms and tools for use by all RSPO members to identify, prevent, mitigate and address human rights issues and impacts in accordance with the globally accepted UN Guiding Principles on Business and Human Rights.

A key focus of the HWRG during the current reporting period has been to provide guidance for the revision of the RSPO P&C based on its review and implementation of existing criteria relevant to human rights. In addition, the working group has developed a policy on the protection of Human Rights Defenders. The policy will complement RSPO’s Grievance Mechanism by enabling Human Rights Defenders and whistle-blowers to lodge complaints with greater confidence, ensuring that their submissions are treated with the highest level of confidentiality and anonymity. The policy will be mobilised by the newly established Investigation & Monitoring Unit (IMU) and is targeted for release in October 2018.

The HWRG has also organised training for stakeholders, including certification bodies in Asia and Latin America, on the FPIC process under the NPP. A total of three training courses have been conducted during the reporting period. A further workshop on FPIC was held in 2018 during the 7th Latin American RSPO Conference.

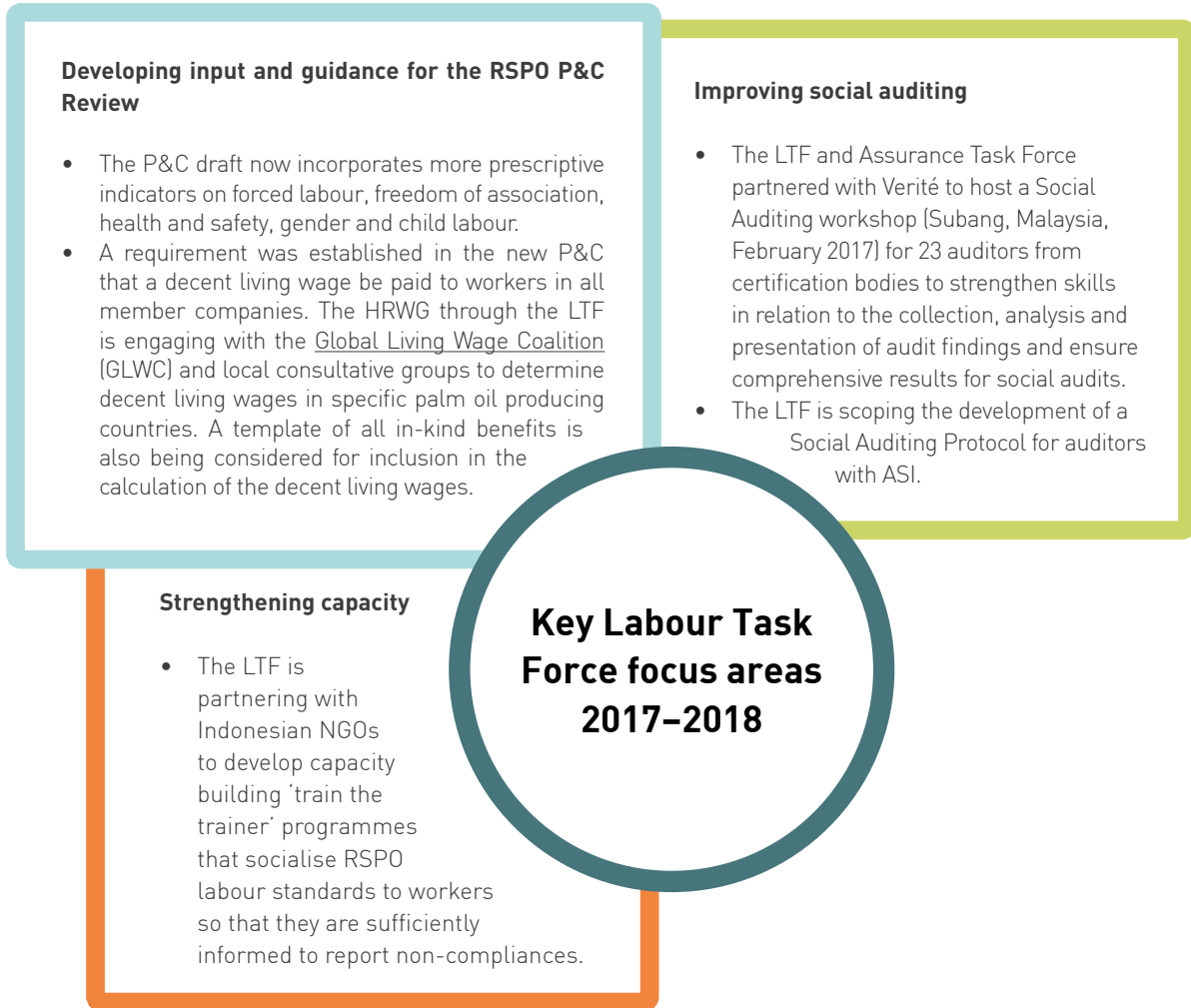
RSPO Labour Task Force

NGOs and the media are increasingly focused on labour issues and poor working conditions in oil palm plantations. Among the major issues highlighted are child labour, forced labour and the trafficking of migrant workers. The gravity of these violations has spurred a demand for industry reform and has led many stakeholders to reflect on the effectiveness of monitoring and social auditing procedures in relation to human rights and labour practices in the palm oil sector.

Understanding the urgent need to take action on these concerns, RSPO formed the Labour Rights Task Force (LTF) in 2017. Led by Verité South East Asia, the LTF works to strengthen RSPO’s labour protection standards and processes. This includes improving the implementation of the standards and ensuring compliance among RSPO members.

IMPACT FOR PEOPLE

The LTF is also developing a comprehensive programme to address current gaps in the existing system, as well as the implementation challenges faced by specific stakeholder groups. The focus of the programme will primarily be on improving aspects related to responsible recruitment, pre-departure considerations and onsite working conditions.⁴



Monitoring Labour Conditions with Innovative Technology

In June 2018 we partnered with [Ulula](#), a technology platform that specialises in monitoring the risk of rights abuses in organisations and supply chains. Together we have developed a simple and inclusive mechanism for monitoring potential worker incidents, identifying rights abuses and monitoring employee satisfaction and social investments in oil palm plantations.

The free tool was piloted during an independent field verification related to a complaints case in North Sumatra, as a measure for monitoring potential reprisals post-

verification. It enabled palm oil workers to anonymously notify RSPO directly of any reprisals using simple feature mobile phones. There was also an option for workers to provide contact details, which allowed the RSPO Secretariat to follow up on some of the cases submitted.

RSPO and Ulula will now build on this initial work to create a system that enables RSPO to better support its members and partners in monitoring non-compliances, including labour conditions, and which provides a platform for complaints and feedback to be sent directly to the RSPO Secretariat.

⁴ More specifically, onsite working conditions and issues that the programme intends to address include: onsite worker management, living wage, freedom of association, non-discrimination, gender rights, the rights of children and young workers, working conditions and rights of migrant workers, and ensuring there are no forms of trafficked or forced labour.

Perspectives: Tenaganita

Tenaganita is a Malaysian human rights organisation dedicated to supporting and protecting migrants, refugees, women and children from exploitation, abuse, discrimination, slavery and human trafficking. Executive Director, Glorene Das, elaborates on Tenaganita’s experience with RSP0 and RSP0’s role in addressing labour issues within the palm oil industry.



Glorene Das,
Executive Director,
Tenaganita, Women’s Force

Tenaganita has been directly involved with RSP0 since the early years of the organisation, when our founder, Ms. Irene Fernandez, participated in the formulation of the first RSP0 P&C concerning labour and social issues. Subsequently, we have provided expert advice for plantations seeking to become RSP0 certified, as well as internal auditing services for RSP0 certified companies. We have also played a significant role in the ban of paraquat from plantations, and have developed gender policies for leading producers.

RSP0 has generated public discussion, and consequently, a greater interest in labour and human rights in the context of palm oil production. Plantation companies have become more aware that there is a human side to the palm oil industry, and that inaction on labour and human rights issues poses an increasingly greater risk for reputation, markets and profits. To some extent, they have begun to address social issues more proactively, including issues linked to health and safety, gender sensitivity, forced labour, recruitment costs, retention of passports, housing, and minimum wage.

Notwithstanding this progress, the palm oil industry by and large has yet to internalise the philosophy underlying the RSP0 P&C, which should by default be accepted as the standard for conducting business. The focus is too often on achieving the certification itself, rather than on the purpose and value of implementing the P&C. Improvements will only come about when investors and managers of oil palm plantations view labour not simply as a factor in production, but as human individuals with rights, and co-creators of wealth of which they are also entitled to a share. This is a message that RSP0 must constantly drive home to all stakeholders.

Our work with the communities of workers in plantations, especially local women workers, has provided valuable insights into their perception of RSP0. They do not see how RSP0 can improve their lives and they feel excluded from the certification and surveillance process. This is an area that

requires much more attention – ensuring that the benefits of RSP0 certification are reaching all workers, including women.

Tenaganita expects that RSP0 will become a driving force to humanise the plantation industry. We hope that the standard and RSP0 as a platform will facilitate the transformation of the social environment in the plantation sector, so as to include public amenities, schools, more efficient transportation, health services, recreational facilities and more. This will contribute to the plantation sector becoming more attractive as a place of employment for both locals and foreigners.

At the same time, more focus needs to be placed on the issue of wages, which should be more reflective of the arduous nature of work and the difficult conditions found in plantations. This is why the RSP0 Standard must go beyond ensuring compliance with the legal minimum, and push for a more equitable level of wages.



Photo Credit: RSP0 & Jonathan Perugia

MEMBER ACCOUNTABILITY: ADDRESSING COMPLAINTS & GRIEVANCES

The RSPO Complaints System provides a framework for handling and addressing complaints submitted against RSPO members. The process, which is accessible to both RSPO members and non-members,⁵ ensures that any alleged breach of the rules set out in our core governance documents and standards are fairly, impartially and transparently resolved.

The system is critical for ensuring accountability within our membership as well as the credibility of the RSPO Standard. It also creates opportunities for our members and stakeholders, including companies, NGOs, workers and communities, to identify issues and discover solutions together.

RSPO Complaints and Appeals Procedures

The RSPO Complaints System was established in 2009. It was then reviewed following the adoption of Resolution 6f on “Guaranteeing Fairness, Transparency and Impartiality in the RSPO Complaints System” in November 2013. The revised RSPO Complaints and Appeals Procedures (CAP) was endorsed by the RSPO Board of Governors in June 2017 and came into effect on 1 August 2017.

One of the new key features of the CAP is the inclusion of an appeals mechanism, which is mandated to deliberate and deliver appeals decisions. Under the revised CAP, the powers of the Complaints Panel have also been strengthened, including the authority to take the appropriate measures against a member, if found to have engaged in any form of retaliation or reprisal against the complainant, affected communities or other human rights defenders.

Other new features of the CAP are listed in the [RSPO Impact Update 2017](#) (page 20).

RSPO Dispute Settlement Facility

RSPO aims to ensure that disputing parties have reasonable access to sources of information, advice and the expertise necessary to engage in a complaints process on fair, informed and respectful terms. The RSPO Dispute Settlement Facility (DSF) provides an impartial facilitation mechanism to support RSPO members, as well as local communities and other stakeholders, in using mediation as a means to resolve disputes.

Complaints & Grievances in 2018

With the revised CAP in place, we have now reviewed and restructured our data collection system for complaints. The data presented in this report reflect these structural changes, and therefore differ from data presented in previous Impact Reports and Impact Updates.

Since 2009, we have recorded a total of **153 cases** through our Complaints System. Of these, **110 were official complaints cases**, while the remainder were categorised as reported cases and were not escalated as formal complaints to the Complaints Panel. As of 2017, we have removed this category with the new CAP in effect. All reported cases have either been closed or escalated as formal complaints.

Of the 110 official complaints cases received by the Complaints Panel, **46 cases remain open** (active cases). A total of **64 cases** (58%) were closed between 2009 and 30 June 2018, which averages out to **6.4 cases** closed per year.

The average number of days for resolving complaints cases has continued to decrease since 2017, and **dropped by 63%** between 2016 and 2017. The average number of days that active cases stay open decreased by **37%** in the same timeframe.

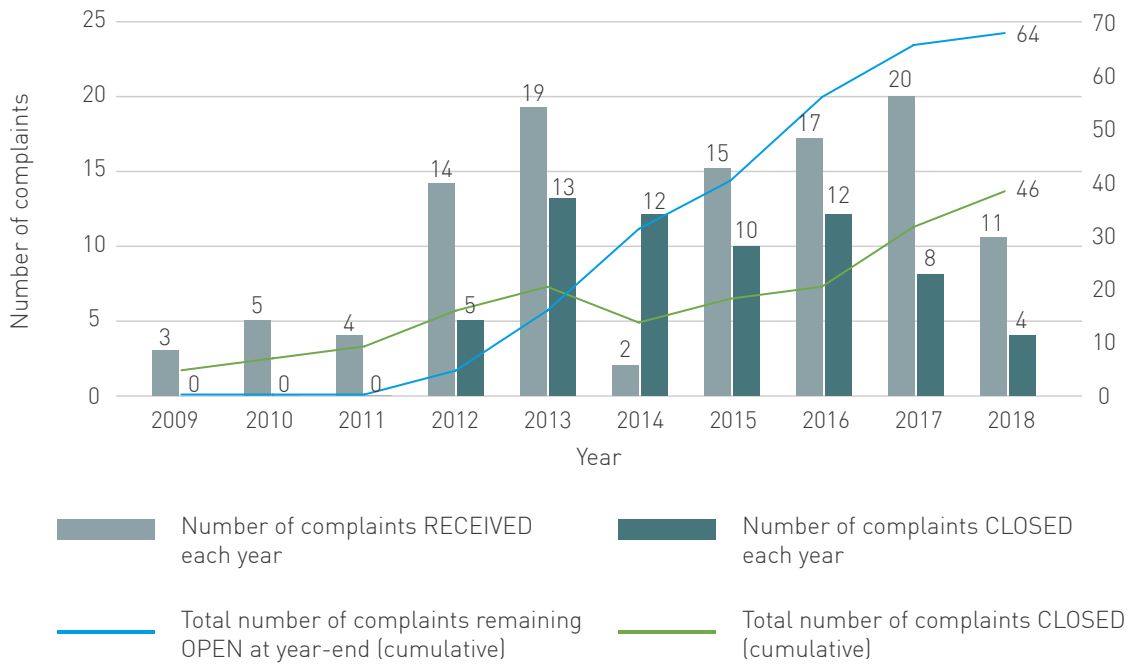
By country, Indonesia has the highest number of complaint submissions, and accounts for **74% of active cases**, and **69%** of the total number of cases since 2009.

The most prevalent issues raised amongst the complaints cases submitted are related to **FPIC** and **HCV**, followed by **human rights** and **labour**.

⁵ Non-members include affected communities (and their nominated representative), workers (and their nominated representative) and other interested parties.

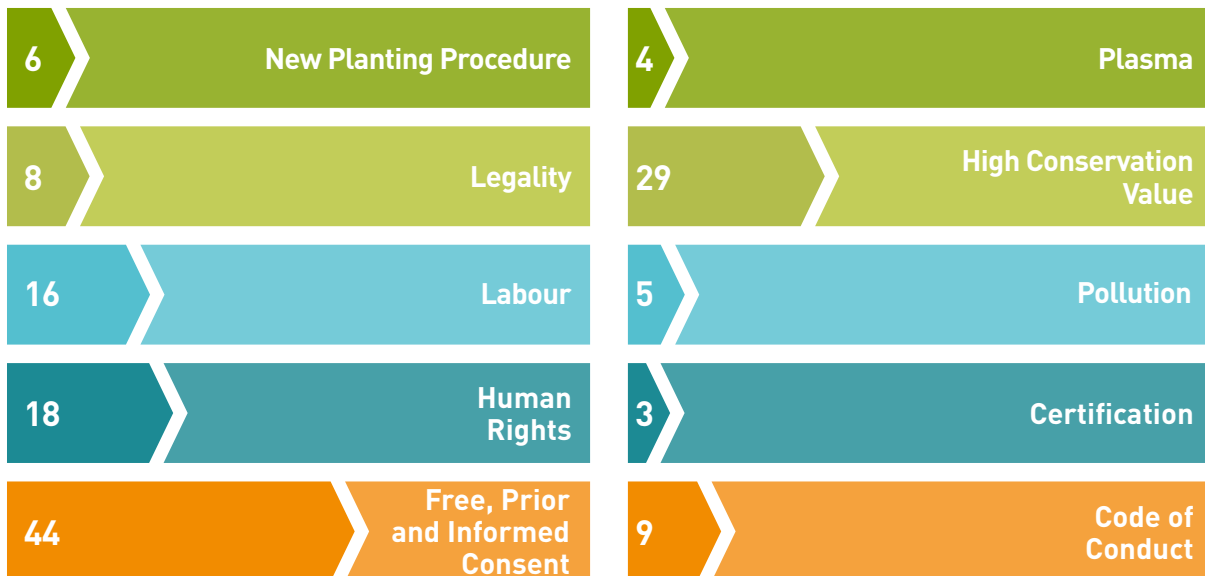
IMPACT FOR PEOPLE

Number of Complaints Cases by Year (2009–2018)



Note to data: Figures for 2009–2017 are representative of full calendar year (1 January–31 December). Figures for 2018 are inclusive up to 30 June 2018.

Nature of Complaints (2009–2018)



Note to data: As some of the complaints cases fall under more than one category, the data presented does not reflect the total number of official complaints cases received. Data is representative of 1 January 2009 up until 30 June 2018.

LINKING BACK TO OUR THEORY OF CHANGE

STRATEGIES



Innovating standards & benchmarks

When applied properly, the P&C are intended to drive positive social outcomes – safe and decent working environments, improved livelihoods, land and community rights respected, and human rights upheld. Through the P&C review, we are working to further strengthen our social requirements.



Credible certification, verification & grievance

An effective, accessible grievance system, and improved monitoring and social auditing procedures will help to strengthen member accountability and contribute to the credibility of the RSPO Standard. They will also improve consistency in the standard’s implementation, enhance stakeholder trust, and help to manage the social and environmental risks associated with palm oil production.

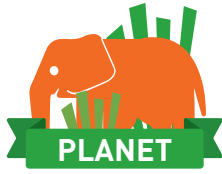
Our Contribution to the SDGs

RSPO

RSPO supports the SDGs



- The P&C 2013 are aligned with the ILO Core Labour Standards and require all certified growers to guarantee decent and safe working conditions and fair pay, ensure there is no harassment or abuse in the workplace, safeguard the right to collective bargaining, and ban bonded and child labour.
- Fair labour standards must apply to all employees, including temporary and migrant workers. RSPO is working to strengthen social audits to cover all risks associated with the reliance on casual labour, and to ensure that all workers have access to the RSPO Complaints System.



“Conserved, protected and enhanced ecosystems that provide for the next generation”

PROTECTING CRITICAL ECOSYSTEMS & BIODIVERSITY

Unsustainable means of growing and processing palm oil have led to the widespread degradation of critical ecosystems and biodiversity loss in producing regions, with deforestation being the primary and most urgent cause for concern. Clearing of HCS forests and HCV areas threatens rare species with extinction, and can lead to the impoverishment of local communities in the long term. Moreover, oil palm development on peatlands has been linked to high CO₂ emissions, increased risk of fire, peat soil subsidence, consequent flooding, and productivity loss.

RSP0 works to address these and other environmental risks by setting out requirements for growers to follow best management practices, conserve biodiversity, preserve essential ecosystem services, and respect cultural landmarks and community access to natural resources. Within these requirements, producers are committed to protecting primary forests, HCV areas, and rare, threatened or endangered (RTE) species. They are also committed to planning development in such a way as to minimise net greenhouse gas (GHG) emissions towards the goal of low carbon development.

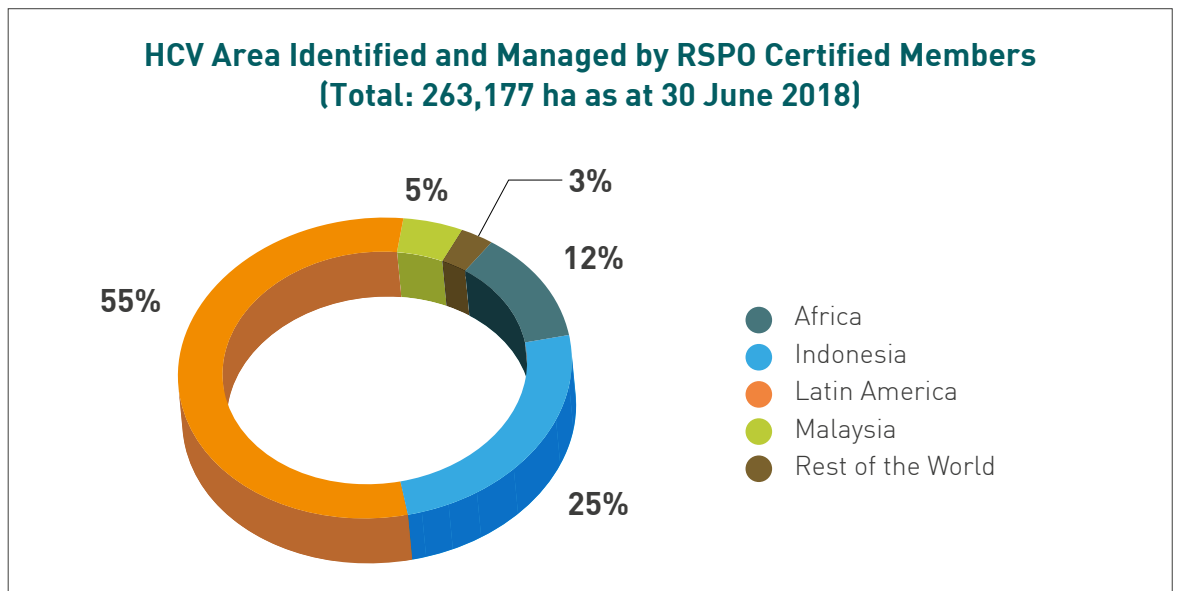
High Conservation Value Assessment and Management

The RSP0 Standard prohibits the clearing of primary forests, any areas that contain significant concentrations of biodiversity or fragile ecosystems, or areas that are fundamental to meeting basic or traditional cultural needs of local communities. Under the P&C 2013, growers are required to assess and develop an operations management plan for maintaining and enhancing HCV areas and RTE species, as well as sites of social and cultural importance for local communities.

As at 30 June 2018, a total of 263,177 hectares of HCV area has been identified and is managed by RSP0 certified members, an increase of 39% since the last reporting period. Just over half of the total area is located in Latin America (145,873 hectares), with Indonesia and Africa accounting for a combined 37% of the remaining area.

Significant gains in HCV area have also been made at regional levels. In Africa, identified HCV area increased by 132% (18,043 hectares) over the course of the reporting period, while there was an 83% increase (66,229 hectares) in Latin America.

The RSP0 welcomes this continued trend of positive growth, which builds on the overall HCV area increase (21%) noted and reported in 2017.



“An impact analysis of RSP0 certification on Borneo forest cover and orangutan populations”



RESEARCH BACKGROUND

2017

Borneo

Led by Borneo Futures, the research evaluates whether RSP0 certification is beneficial to orangutans, at a macro level (throughout Borneo) and micro level through fine-scale analysis within a well-renowned region for orangutans (Kinabatangan, Sabah). Using remote sensing, concession boundary mapping, and aerial and ground line transect survey data sets, the study compares deforestation rates between RSP0 and non-RSP0 oil-palm estates within 2,771 palm-oil estates across the island of Borneo, and the implications of this for orangutan conservation.



The full report is available at: rspo.org/about/impacts/research-library

KEY FINDINGS

Total loss of intact and logged forest (2000–2015)

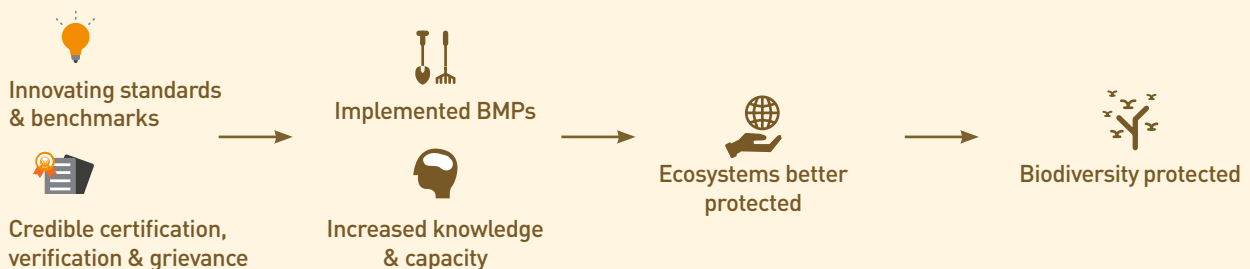
25 times
higher in non-certified compared to RSP0 certified concessions

Annual forest loss rates of RSP0 certified concessions have consistently declined after 2005, while those of non-certified concessions have remained consistently higher.

Orangutan population trends in Borneo oil-palm concessions between 1999 and 2014



Link to RSP0 Theory of Change:



Strengthening Our Commitment on Halting Deforestation

While the implementation of the P&C has led to some progress in protecting primary and secondary forests, we recognise that much more needs to be done to achieve our goals and vision. As part of the RSPO P&C review process, we have been working with key stakeholders to strengthen the standard. This work has included expanding requirements on forest protection through the addition of new requirements on halting deforestation in collaboration with the High Carbon Stock (HCS) Approach Steering Group, and new requirements on peat protection, conservation and sustainable management.

The draft P&C contains a new proposed criterion [7.12], which integrates requirements for the identification, maintenance and enhancement of HCS areas with the protection of forests. This new criterion includes revised and new indicators requiring growers to use an integrated RSPO endorsed methodology to identify HCS forest and HCV areas that should be maintained and enhanced.

The new Criterion 7.12 also aims to address deforestation in HCS forests, while balancing the need for development, poverty alleviation, and community livelihoods in countries with high forest cover (HFC). We acknowledge that to provide lasting solutions to deforestation, we will need to stay engaged in landscapes with HFC, and allow local stakeholders (particularly communities and governments) to make their own participatory decisions on land use in these landscapes. Hence, the draft recognises the need for an adapted procedure.

A formal No Deforestation Joint Steering Group (NDJSG) will be established by RSPO and the HCS Approach Steering Group to develop the adapted procedure applicable in HFC countries and landscapes. The objective of the procedure will be to support the sustainable development of palm oil by indigenous peoples and local communities with legal or customary rights.

Africa: Challenges and Solutions in New Landscapes

With available arable land and an existing market that is currently serviced through imports,⁶ Africa has in recent years become a new frontier for large-scale palm oil production. The global demand for palm oil is rising, and African governments are increasingly seeing oil palm development as a means to drive socio-economic growth. Investors have also been turning their attention to the region, and it has been estimated that by 2021, up to 22 million hectares of land in West and Central Africa could be converted to oil palm plantations.⁷

The growth prospects for Africa's sustainable palm oil industry are promising, but as in many developing markets, there are major challenges to realising this potential. One of the most urgent is deforestation, which is rooted in the ethical debate of socio-economic development versus conservation. Countries such as Liberia, Gabon and Congo have extensive or high forest cover, but are also within the scope of this new frontier for large-scale oil palm plantation expansion.

Other key issues include land rights and smallholder inclusion. Smallholders account for the majority of the palm oil production base, yet their inclusion in the sustainable palm oil supply chain has so far been limited. As with most palm oil smallholders, smaller scale farmers in Africa are also facing issues related to productivity and FFB quality.

With the tremendous potential for sustainable growth, we see that RSPO has a vital role to play in Africa. However, with such distinctiveness and variation at a local level, it is important that our approach and solutions are rooted in a firm understanding of local context. We have taken this into consideration across a broad range of activities in 2017 and 2018, including the P&C review process. We also welcomed a new RSPO-Africa representative in 2017, who will help us better understand how the industry operates in the region and provide locally informed insights that contribute to and improve our work.

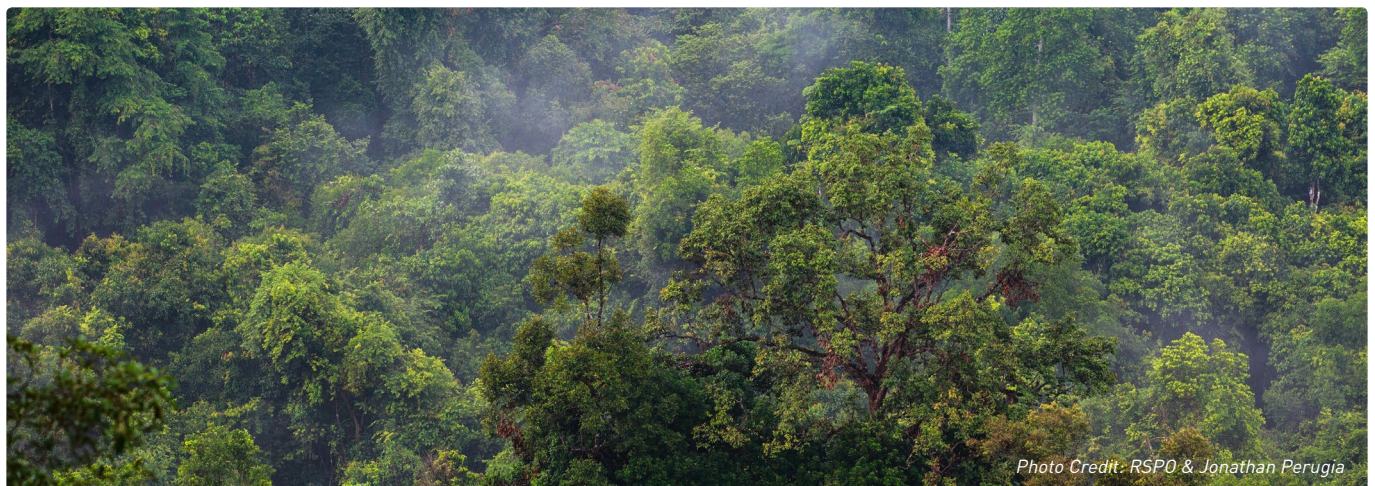


Photo Credit: RSPO & Jonathan Perugia

⁶ Although a net importer, palm oil in Africa accounts for around 70% of edible oil consumption.

⁷ Source: www.proforest.net/en/news/marrakesh-declaration-signed-at-cop22.

Perspectives: Benso Oil Palm Plantation

Benso Oil Palm Plantation (BOPP) is a Ghanaian company involved in the growing of oil palm and processing of FFB into crude palm oil (CPO). Formed in 1976 and listed on the Ghana Stock Exchange in 2004, BOPP owns a concession of 6,799 hectares, of which 1,650 hectares is managed by schemed smallholders. BOPP was previously a subsidiary of Unilever Ghana, and has been a subsidiary of Wilmar International Limited since 2011. A pioneer for CSPO in the region, BOPP became the first grower to obtain RSPO certification in Ghana, together with its schemed smallholders, in 2017. We spoke with General Manager Samuel Avaala Awonnea about the progress of the palm oil industry in Africa and the potential for RSPO to address challenges in the region.



Samuel Avaala Awonnea,
General Manager,
Benso Oil Palm Plantation

Q: In what way is RSPO relevant to the current context of the palm oil industry in Africa?

A: From a food security perspective, it is becoming increasingly important for West African countries to scale up the production of palm oil. Palm oil is found on most household menus in the region and contributes substantially to daily food consumption. As a net importer, however, we consume far more than we produce. This is partly why governments have started developing programmes aimed at expanding production, to strive towards self-sufficiency and facilitate the opportunity to venture into exports.

RSPO is very relevant in this rapidly evolving context. With the rise of the oil palm industry in the region, there is a growing risk that production is carried out in ways that are not ecologically sustainable and socially responsible. Moreover, about 60-70% of the current production in West Africa is represented by smallholders. With yields at around one-third of their potential, smallholders could benefit significantly from sustainable production practices, while mitigating the negative impacts of intensification and extensification.

Q: What are some of the key challenges for growers in the region?

A: Natural limitations that affect yields are a key challenge faced by producers in Africa. In areas where oil palm grows, we tend to have distinct periods of three to four months without rain. By comparison, in Southeast Asia there would be a more even distribution of rainfall throughout the year. In addition, solar radiation is lower and more infrequent in Africa than in Southeast Asia. Parts of the rainy season are cloudy and overcast, which reduces the effectiveness of solar radiation. Conversely, in the dry season when solar radiation is optimal, there is no rain.

BOPP and other large plantations try to address such challenges by implementing best management practices (BMPs), which is also an important part of the RSPO P&C. Through Solidaridad's Sustainable West Africa Palm Oil Project, we have been conducting trials for BMPs specific to Ghana. The project has contributed to yield increases as well as our RSPO audit results, and we believe that these BMPs should be nationally adopted. This would be especially valuable in encouraging more small producers to operate sustainably, which could in turn increase their incomes and their potential to achieve RSPO certification.

Q: What is the current progress in relation to CSPO production and uptake in Africa?

A: A very limited amount of CSPO is produced in Africa at present, and there is virtually no uptake. Demand for palm oil outweighs supply so there is a lack of incentive to produce CSPO – in particular, as there are always enough buyers willing to purchase conventional palm oil and do not see the need to pay a premium.

At BOPP we see sustainable production as a responsibility and a duty, with or without external direct incentives. It is, however, understandable that financial incentives will be needed for the wider production base to adopt sustainable practices. This is especially the case for independent smallholders who face resource constraints and may not see sustainability as a priority. More focus needs to be directed to this part of the production base to ensure that the gap between demand and supply is bridged in a way that does not result in the use of unsustainable practices.

Q: How can RSPO strengthen its support for producers and help advance the uptake of CSPO in the region?

A: We view the appointment in 2017 of a regional RSPO representative for Africa as a critical step, and hope that RSPO will continue to strengthen its representation. It would also be helpful if producers were able to engage RSPO approved certification bodies based in the region. This would reduce the cost burden of certification and ensure auditors have experience and knowledge grounded in the local context.

Certification can be a cumbersome process, especially for smallholders. We believe that driving the jurisdictional approach to certification in Africa, and having more direct support from RSPO in these areas, will lead to significant progress in terms of P&C compliance.

Lowering some of the barriers for smaller producers would also certainly help to scale up the adoption of sustainable practices. A progressive approach to sustainability and certification, which encourages smallholders to take graduated steps in the use of sustainable practices and enables recognition for the progress made, would be very helpful.

While further improvements are needed, BOPP welcomes the development of the new RSPO Smallholder Standard. We look forward to seeing how this draft progresses and the results of its implementation.



Photo Credit: RSPO & Jonathan Perugia

New Planting Procedure: Responsible Development of New Plantings

The RSPO New Planting Procedure (NPP) is a credible and quality-driven process that outlines RSPO’s guidance and rules on responsible planting. Successful implementation of the NPP requires compliance with all the indicators of RSPO P&C 2013 Principle 7. The purpose of Principle 7 and the NPP is to ensure that new oil palm plantings do not have a negative impact on primary forest, HCVs, HCS areas, fragile and marginal soils, or local people’s lands.

Launched in 2009 and revised in 2015, the NPP consists of a set of assessments and verification activities that must be conducted by growers prior to all new oil palm plantings developed after 1 January 2010.

The updated version came into effect in January 2016 and can be accessed at: rspo.org/certification/new-planting-procedures.

NPP Progress in 2018

As at 30 June 2018, 1,530,824 hectares across 14 countries were subject to NPPs, a 3% increase since the last reporting period.

Indonesia accounts for **72%** of the area subject to NPPs, followed by **Africa**, which accounts for **23%**.

Solomon Islands and Sierra Leone joined the list of countries that have applied for NPP, adding a combined area of **12,677 hectares**. Due to the resignation of one producer in Costa Rica during the reporting period, this country is no longer on the list of NPP submissions.

11 NPP notifications were approved covering **47,976 hectares** in Indonesia, Papua New Guinea, Guatemala, Nigeria, Solomon Islands and Sierra Leone.

Under the 11 notifications approved during the reporting period, **31,008 hectares** are proposed for HCV, bringing the total HCV area under the NPP to **297,038 hectares** (as at 30 June 2018).

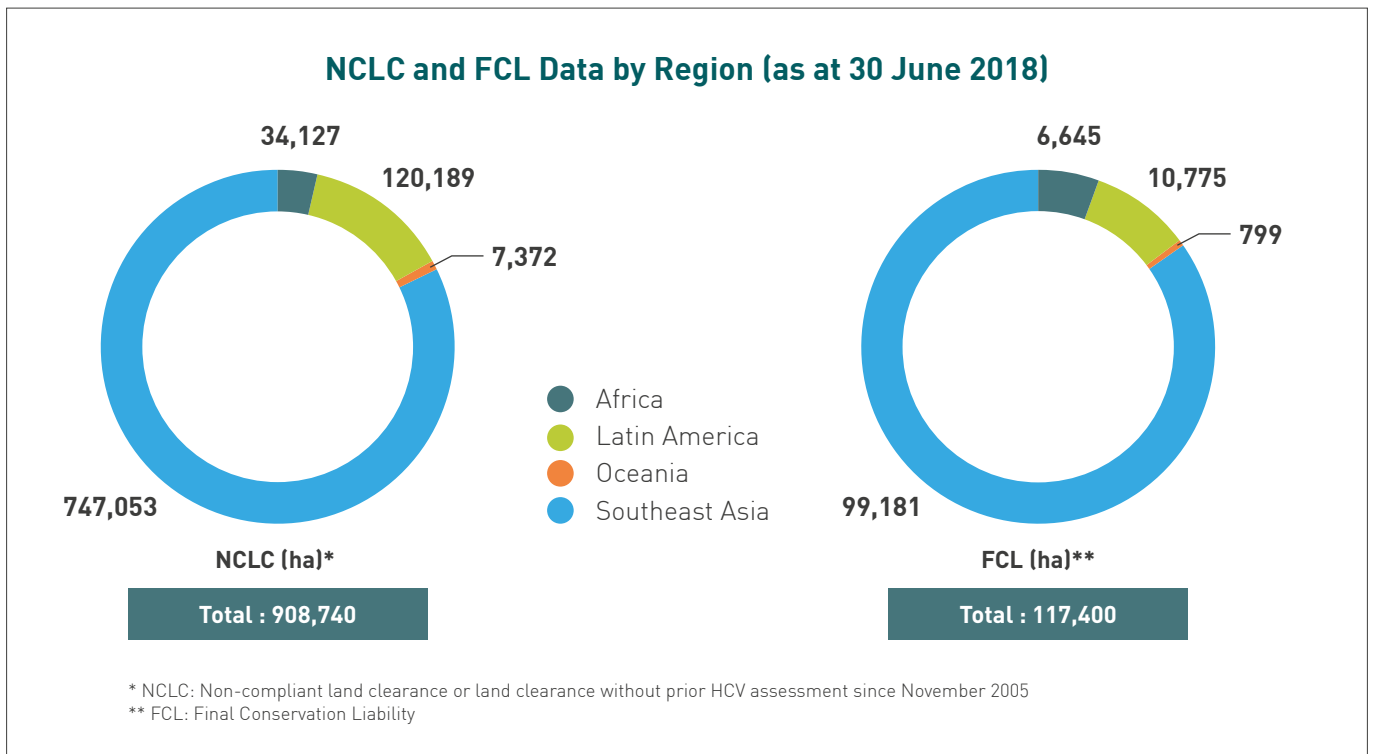
Remediation and Compensation Procedure

The Remediation and Compensation Procedure (RaCP) was established to address land clearance and plantation development undertaken without prior HCV assessment since November 2005. The procedure requires growers to first disclose any new land development that took place without a prior HCV assessment, calculate environmental liabilities through a Land Use Change Analysis (LUCA), then to carry out remediation for affected sites or parties, and make additional contributions to biodiversity conservation onsite or offsite.

Compensation liabilities are determined through the use of a matrix that combines vegetation coefficients as proxies for HCVs, land clearance periods, and membership status at the time of land clearance. The Final Conservation Liability (FCL) is expressed in hectares.

As at 30 June 2018, a total of 908,740 hectares of non-compliant land clearance (NCLC) – land clearance and plantation development undertaken since November 2005 without prior HCV assessment – have been disclosed by 330 management units.

The following charts show the disaggregated information on NCLC and FCL data of all disclosed liabilities by region, compiled from satisfactorily reviewed LUCA reports and reports that are in the various stages of review by external GIS specialists. To date, 39% of the total number of submitted LUCA reports have fulfilled the requirements for satisfactory analysis of land cover change and liability assessment – an increase of 20% since the last reporting period.

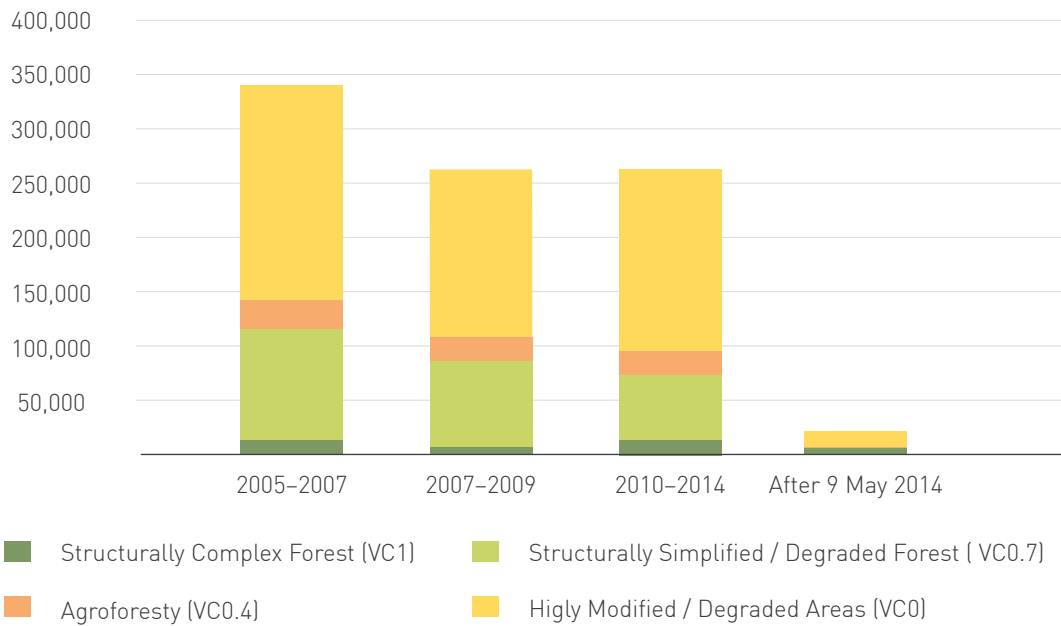


An additional 76 management units have disclosed liabilities since publication of the RSPO Impact Update 2017. This is primarily due to new membership applications received, as well as the consolidation of management units under the Group Membership rules, which was endorsed with immediate effect in July 2017.

Cumulative Number of Management Units with Disclosed Liabilities

Reporting period	Management units	NCLC (ha)	FCL (ha)
Up to 30 June 2018	330	908,740	117,400
Up to 30 June 2017	253	703,413	68,174

Land Cover Change 2005–2014 in Areas Developed without Prior HCV Assessment (by Vegetation Coefficient)



The chart above summarises land cover change in areas developed without prior HCV assessment after November 2005. The bulk of non-compliant clearance involved degraded or highly degraded vegetation (e.g. open grassland and scrub) and existing agroforestry plantations. Note that less than 5% of land cleared without HCV assessments involved the loss of high-quality forest (VC 1).

In addition to disclosure of NCLCs and the submission of LUCAs, growers have submitted revised standard operating procedures (SOPs) and/or opted to submit a declaration of SOP verification by an accredited certification body to demonstrate commitment to prevent further NCLCs.



Photo Credit: RSPO & Jonathan Perugia

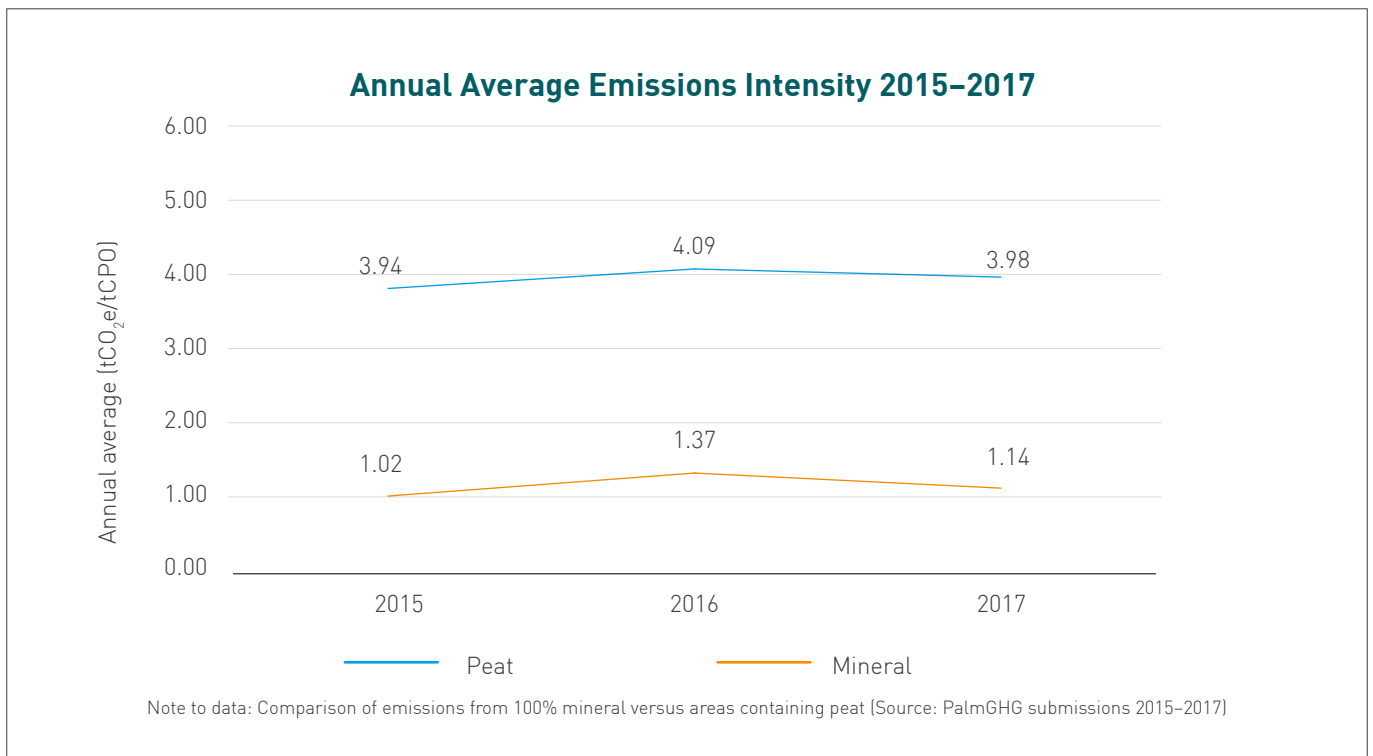
Reducing GHG Emissions

As at January 2017, the RSPO [PalmGHG Calculator](#), and New Development GHG Calculator are required for calculating and projecting GHG emissions from operations, including land use change GHG emissions of existing operations and new developments. GHG emissions are publicly reported through annual audit summary reports and NPP notifications, which are published on the RSPO website.

Developments on peatland are a significant source of GHG emissions in oil palm cultivation, together with methane (CH₄) from Palm Oil Mill Effluent (POME) and land clearance emissions. The PalmGHG Calculator defines peat emissions as emissions from peat oxidation and nitrous oxide (N₂O) emissions specifically from peat. While emissions from oil

palm plantings on mineral soils are to a large extent offset by crop sequestration,⁸ the monitoring of PalmGHG submissions indicates that planting on peat increases overall GHG emissions.

The following chart plots the average emissions intensity – in tonnes of CO₂ equivalent per tonne of crude palm oil (CPO) produced (tCO₂e/tCPO) – of all PalmGHG submissions by RSPO certified members between 2015 and 2017. As can be seen, cultivated areas containing peat have an annual average emissions intensity that is 250% higher than cultivated areas on mineral soils. This is solely attributed to the addition of peat emissions. It is important, however, to note that the impact of emissions from peat would largely depend on various factors, including the extent of the peat and water management practices within areas containing peat.



Acknowledging the need to manage and minimise emissions from upstream operations, the RSPO has published several Best Management Practice (BMP) modules as guidance to address issues relating to GHG emissions, peat management on existing oil palm plantations, and peat rehabilitation.

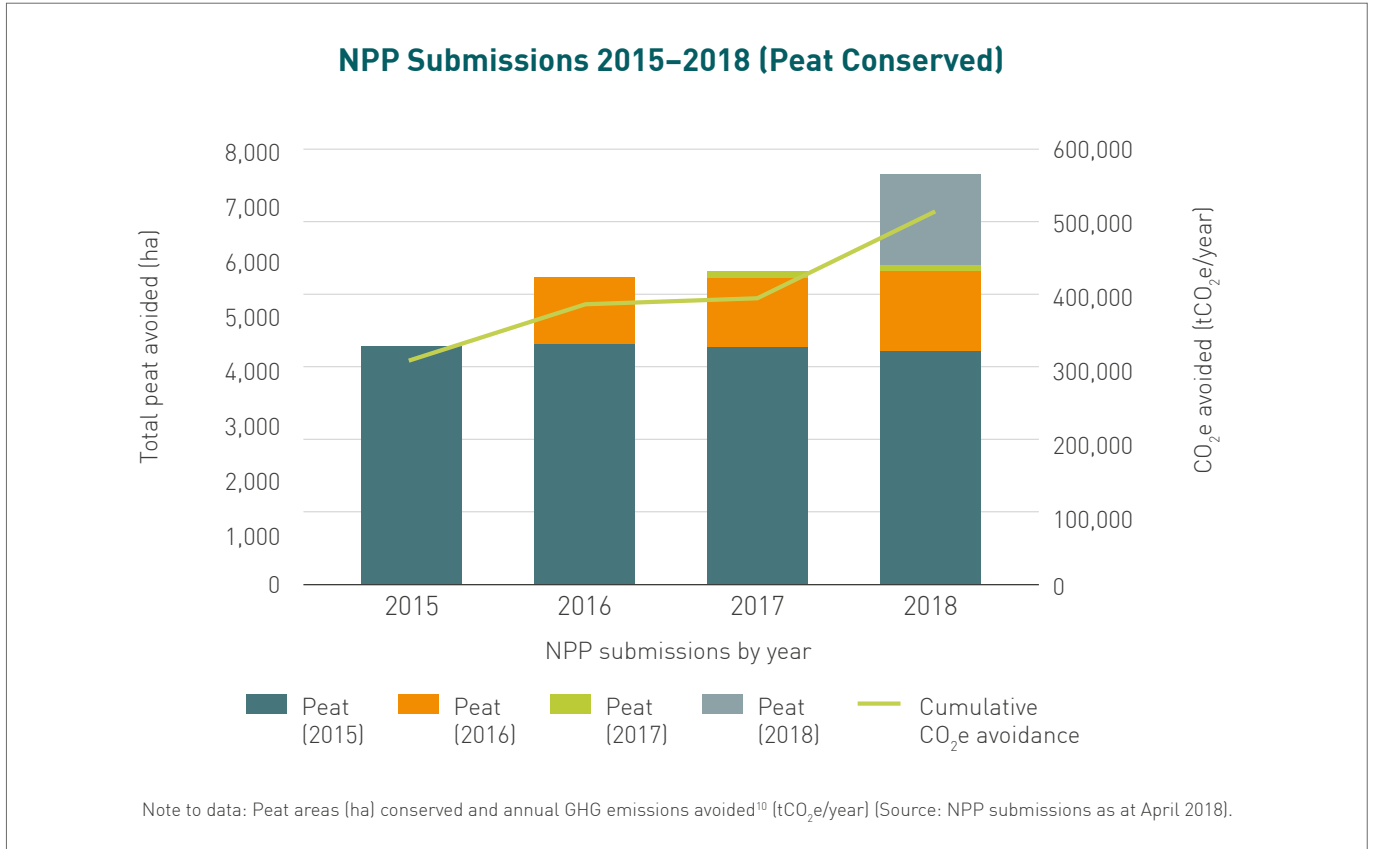
RSPO Members’ Commitment to No Peat for New Oil Palm Development

The NPP 2015 requires growers to conduct a series of assessments (including GHG assessments) prior to all new plantings. In terms of avoidance of development on peat areas, RSPO members have shown commitment beyond the requirements of the P&C 2013. Submissions received from members since 2015 have shown zero development on peat, and a total of 7,481 hectares of peatlands conserved. The following chart shows a steady increase in the cumulative annual CO₂ emissions avoided from the conservation of peatlands up to a total of 515,000 tCO₂e/year in 2018. This is equivalent to the annual emissions produced by 110,000 cars.⁹

⁸ Depending on the type of land cover conversion, extent of replanting and new planting versus total planted area.

⁹ Source: US EPA equivalencies calculator. Accessible at: www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

IMPACT ON OUR PLANET



RSPO fully recognises the large quantity of emissions that result from cultivation on peatlands, as well as the importance of peatlands both socially and environmentally. The current RSPO P&C 2018 draft has therefore been updated with a strict no new planting on peat policy (Criterion 7.7), and emphasis is placed on the proper management of existing oil palm cultivation on peat. Criterion 7.7 requires strict adherence to RSPO best management practices for existing oil palm cultivation on peatlands. A drainability assessment must be conducted five years prior to replanting to quantify the risk of flooding in existing plantings on peat. This assessment will determine if an area is suitable for replanting, or better suited to alternative forms of utilisation, such as paludiculture.



¹⁰ GHG emissions avoided takes into account peat emissions alone excluding land clearance emissions.



“Towards low GHG emission in new oil palm plantings”

RESEARCH BACKGROUND

2018

Malaysia Indonesia Papua New Guinea South America Africa

Published in *The Planter* magazine in 2018, the study was authored by Gan Lian Tiong, Faizal Parish, Henry Cai and Javin Tan from the RSP0 Emission Reduction Working Group (ERWG). The RSP0 ERWG commissioned the research to understand the effectiveness of the RSP0 GHG Assessment Procedure for New Development in guiding RSP0 growers and millers to plan development in such a way that minimises net GHG emissions towards the goal of low carbon development. This was carried out through the analysis of data obtained from GHG assessment reports submitted between 2015 to 2017 through the RSP0 NPP (version: November 2015).

The full report is available at: rspo.org/about/impacts/research-library

KEY FINDINGS

Projected net GHG emission reduction of 2 million tCO₂eq and 1.4 million tCO₂eq of genuine savings



2 million tCO₂eq



Equivalent to
388,516 cars*
removed from the
road in a year

Out of 193,857 hectares of land assessed:

- 66,237 hectares (34%) were identified for conservation
- 5,641 hectares of peat soil area was identified and 100% of this area was conserved



34%
Conserved

66%

1.4 million tCO₂eq savings is from:

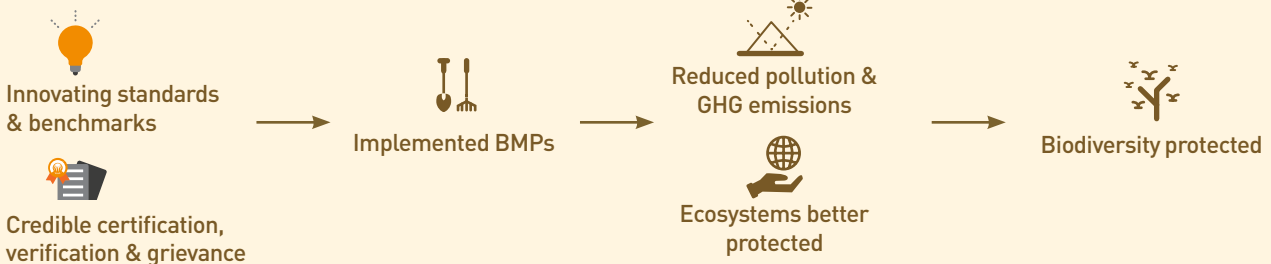
- Avoided land clearance
- Peat avoidance
- Conservation area sequestration

* Source: www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

RSP0 GHG Assessment Procedure:

The RSP0 GHG Assessment Procedure is a useful tool to assist growers in achieving low carbon new oil palm development. The procedure includes land cover analysis and mapping, soil mapping, carbon stock estimation, carbon stock maps, integrated maps, scenario setting, GHG emission calculation, selection of optimum scenarios, and management and mitigation plans.

Link to RSP0 Theory of Change:



Keeping RSPO Members Accountable with GIS Technology

In 2017 and 2018, we have remained focused on increasing our members’ accountability and developing practical solutions to challenges associated with monitoring the implementation of RSPO environmental requirements. This has included expanding our use of geographical information system (GIS) technology to enhance our impact evaluation and monitoring activities.

Launch of GeoRSPO in 2017

We partnered with the World Resources Institute (WRI) in 2016 to develop a mapbuilder app called GeoRSPO. Featuring powerful analytical tools for statistical and geospatial analyses, GeoRSPO is an interactive mapping platform that features concession maps submitted by RSPO grower members. Using GeoRSPO, it is now possible for anyone to conduct preliminary assessments on potential non-compliances by RSPO members.

Establishing GIS Capacity within the RSPO Secretariat

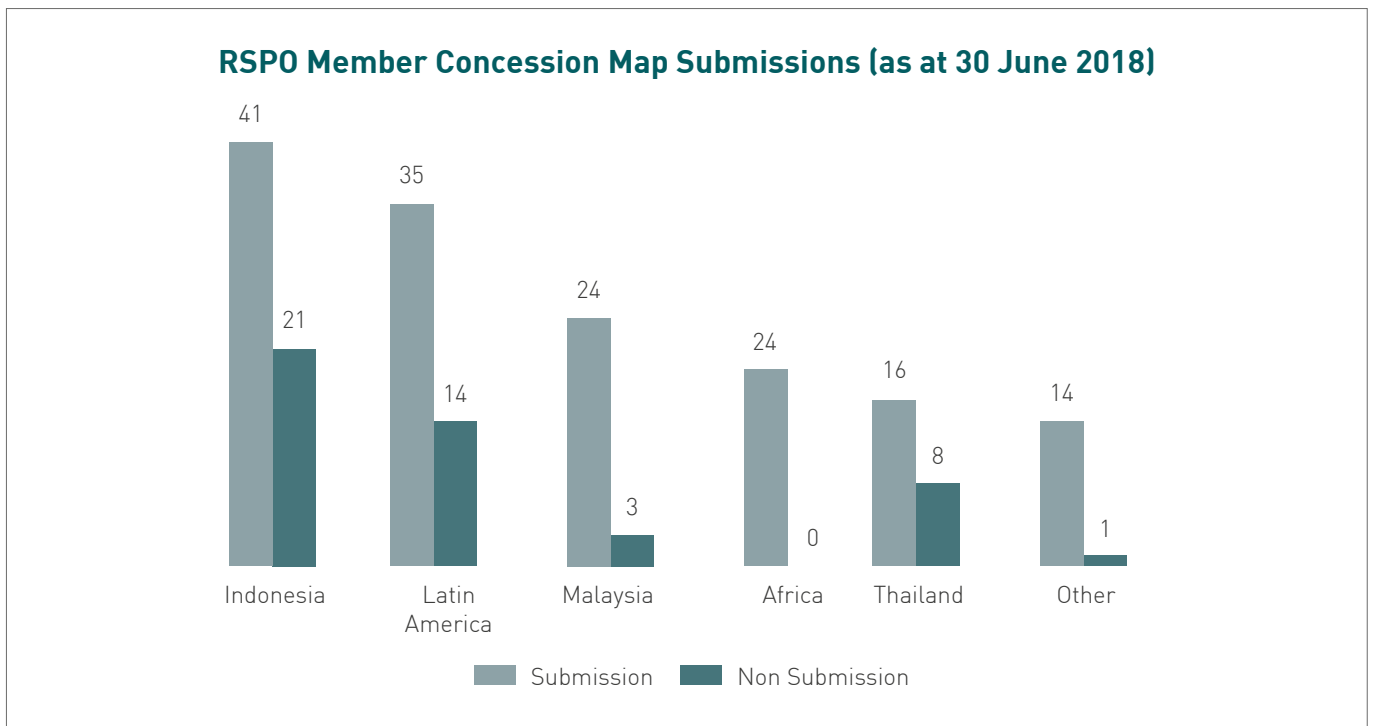
In 2017, we also appointed a GIS manager to lead our newly established GIS Unit and to manage the GeoRSPO platform. With the support of the new manager, we will continue to explore innovative ways to improve our GIS related investigation

and monitoring activities and thereby strengthen the credibility of our standard, verification and grievance systems.

Expanding Our Member Concession Map Database

Since 2013, RSPO members who have plantation operations are required to submit all concession maps together with their Annual Communication of Progress (ACOP), whether certified or not. The number and accuracy of maps being submitted has also been essential for monitoring environmental accountability and identifying issues such as land clearing and forest fires. Collecting map submissions and growing our database has therefore remained a key priority throughout the reporting period.

As at 30 June 2018, we have successfully collected 76% of concession maps held by RSPO grower members—149 map submissions out of a total of 196. The majority of these maps are from member concessions in Indonesia, followed by Latin America and Malaysia. Notably, there were no pending submissions from RSPO members in Africa and only three pending from our Malaysian members.



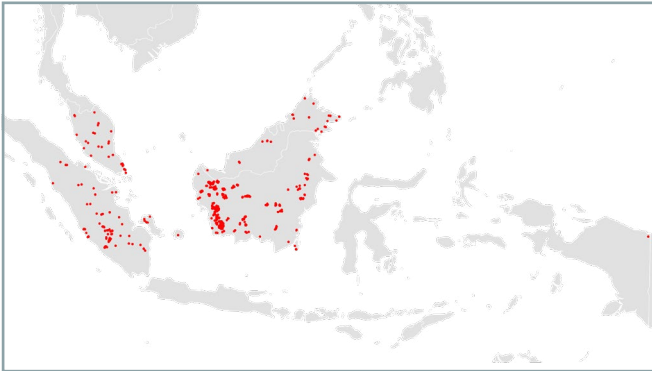
IMPACT ON OUR PLANET

Monitoring Fire Hotspots in Member Concessions

The establishment of our GIS Unit has enabled RSP0 to develop a mechanism to retrieve and analyse fire hotspot data, and eventually monitor potential fire occurrences within both certified and uncertified concessions. When a hotspot occurs at a grower member's concession, our team contacts the concession to organise a field verification. Any actual fire occurrences found within the concession must then be reported back to the RSP0 Secretariat, along with an update on actions taken and all requested documentation.¹¹

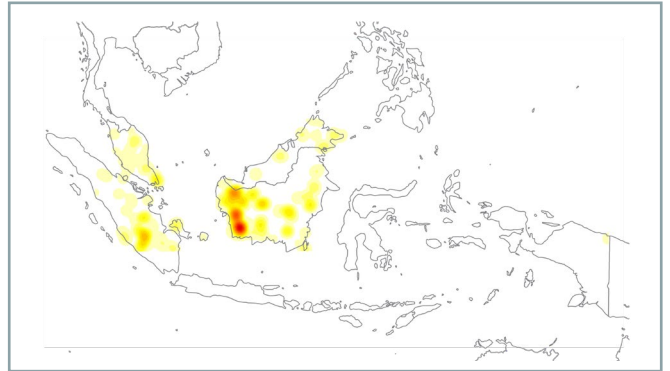
Fire Hotspot Distribution in RSP0 Member Concessions

July 2017–June 2018



Fire Hotspot Density in RSP0 Member Concessions

July 2017–June 2018



Notes to data:

- Hotspots are not necessarily actual fire incidences.
- Our GIS system locates fire hotspots retrieved from the Fire Information for Resource Management System (FIRMS).¹²

Total hotspots in Indonesia & Malaysia: 140,584 as at 30 June 2018

Total hotspots within RSP0 member concessions in Indonesia & Malaysia: 682 (0.49%) as at 30 June 2018



Most common causes of fire:

- Burning carried out by local communities
- Spreading from neighbouring areas



Most common management actions taken by the company

- Monitoring and patrolling of planted, recently planted and recently cleared area
- Fire guards on duty throughout the plantation for the duration of the dry season

Monitoring HCV Area Management with GIS Technology

We are currently working on a solution that uses geospatial technologies and remote sensing to determine whether HCV areas are being managed and monitored effectively. Our future plans include monitoring these areas using Global Forest Watch (GFW) Pro, an online platform under development at WRI.

¹¹ Documentation includes information on the cause of the fire, the relative location of the fire, best practices in fire prevention and management by the concession and any photographic evidence.

¹² FIRMS is a programme developed by the University of Maryland, with funds from NASA's Applied Sciences Program and the United Nations (UN) Food and Agriculture Organization (FAO). For technical details on how hotspots were detected, see: <https://earthdata.nasa.gov/firms-faq#ed-fire-detection>.

Perspectives: World Resources Institute (WRI)

WRI is a global non-profit research organisation that works in six critical areas of sustainable development: climate, energy, food, forests, water, and cities and transport. An active RSP0 member since 2012, WRI has contributed to various initiatives, including the development of GeoRSP0, RSP0's interactive mapping platform. WRI's Southeast Asia Commodities Manager for Global Forest Watch, Anne Rosenbarger is also currently on the RSP0 Board of Governors. Below, Anne reflects on the latest developments in RSP0's geospatial data management activities and how these are contributing to RSP0's transparency, accountability and monitoring efforts.



Anne Rosenbarger,
Southeast Asia Commodities
Manager for Global Forest Watch,
World Resources Institute

Over the last few years, we have seen RSP0 take some key steps towards strengthening its monitoring activities and its efforts around transparency and data accountability. One of the most notable has been the launch of the GeoRSP0 mapping platform, which was developed in partnership with WRI and enables RSP0 to publicly communicate where its members are active in a visual and interactive way.

Other positive developments include the onboarding of GIS expertise within the RSP0 Secretariat, which indicates a significant shift towards establishing an in-house system for managing spatial data. Such a system will enable RSP0 to collect, analyse, and present information on progress in more efficient, accurate and meaningful ways. It will also advance the organisation's monitoring and evaluation work, which has historically relied more on data extracted from individual audit reports, results drawn from academic studies and findings from external stakeholders.

Beyond GeoRSP0, WRI and RSP0 have been working with PalmTrace to list all mill locations around the world. The universal mill list will include both certified and conventional mills that supply RSP0 members, as well as identification numbers that can be cross-referenced across data platforms. Having non-certified mill locations in the list is a big win in terms of traceability, as it gives RSP0 a clearer picture of the supply chains that feed into its members' refineries.

Under the Assurance Task Force, we have also been working together with HCVRN to digitise and map HCV and NPP area boundaries and to establish a system for internal monitoring. The system will allow both RSP0 and HCVRN to set up near real-time alerts for tree cover loss and other trends such as incidences of fire. With the HCV areas mapped, we can more readily evaluate whether such areas are remaining intact over time and identify year-to-year trends in deforestation. We can also proactively monitor overall trends in certified areas versus non-certified areas.

While we acknowledge the significant progress made in desktop monitoring, it is also important that RSP0 internalises the results from tracking spatial data trends and adjusts its strategies based on what is found. One of the next

big challenges will be to find a way to translate the collected spatial information into follow-up actions to create a direct link to improvements made on the ground.

While it is not yet certain whether the solution will involve guidance procedures or protocols linked with consequences, it is clear that RSP0 cannot undertake this challenge alone. This work should be combined with efforts to engage members on using the tools and spatial information to develop specific follow-up activities that are rooted in their own processes.

Overall, it is extremely positive that RSP0 is stepping up and recognising the role of spatial information management in strengthening accountability. Spatial information is more than simply a mechanism for identifying whether members are living up to their commitments, it is an opportunity to demonstrate that RSP0 members are taking appropriate measures, and to communicate this in a clear and evidence-based way.



Photo Credit: RSP0 & Jonathan Perugia



“Impacts of RSPO certification on deforestation and fire”

RESEARCH BACKGROUND

2017

Indonesia Malaysia

Two new studies assessing the impact of RSPO certification on deforestation and fire were published in 2017. The studies, published in *PNAS* and *Earth System Dynamics* respectively, utilised remote sensing data to evaluate the impacts of RSPO certification on deforestation, peatland development and fire use.

The first study, which was conducted by the University of Hawaii, looked at annual remotely sensed metrics of tree cover loss and fire occurrence to investigate the effect of oil palm sustainability certification on deforestation and fire in Indonesia between 2001 and 2015.

The second study, conducted by the University of Maryland and NASA’s Goddard Space Flight Center used time series satellite data to evaluate the influence of certification and El Niño on fire-driven forest conversion for oil palm in Malaysia and Indonesia.

The full reports are available at: rspo.org/about/impacts/research-library

KEY FINDINGS

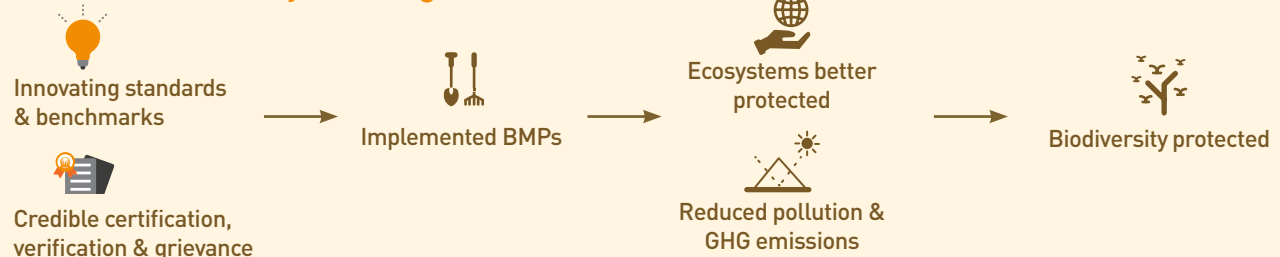
Impact of RSPO certification on reducing deforestation

- **RSPO certification reduced deforestation by 33% from a counterfactual of 9.8 to 6.6% per year.** Nevertheless, most plantations contained little residual forest when they received certification.
- Certification had no causal impact on forest loss in peatlands or active fire detection rates.
- It was concluded that a broader adoption of certification in forested regions, strict requirements on avoiding peat, and routine monitoring of clearly defined forest cover loss in certified and RSPO member plantations would be required for greater impacts on reducing deforestation.

Influence of certification and El Niño on fire-driven forest conversion

- Interannual variability in fire detections was strongly influenced by El Niño.
- **The rate of satellite fire detections or hotspots was 75% and 66% lower in certified plantations as compared to non-certified plantations during the 2009 and 2015 El Niño events, respectively.**
- The decline of fire activity on certified plantations, including during drought periods, highlights the potential for RSPO certification to safeguard carbon stocks in peatlands and remaining forests, and to support legislation on banning fires.

Link to RSPO Theory of Change:



LINKING BACK TO OUR THEORY OF CHANGE

STRATEGIES



Innovating standards & benchmarks

When implemented, the P&C are designed to drive the following positive environmental outcomes: a reduction in GHG emissions, the protection and enhancement of ecosystems and biodiversity, the minimisation of resource use, the neutralisation of land degradation, and the broad use of sustainable land use planning. Through the P&C review, we are working to further strengthen our environmental requirements.

Our Contribution to the SDGs

RSPO

RSPO supports the SDGs



- Principles 5 and 7 of the RSPO P&C 2013 is dedicated to environmental responsibility and conservation of natural resources and biodiversity. It includes requirements on identification or mitigation of negative environmental impacts, enhancement of positive impacts, the preservation of rare, threatened or endangered species, and the conservation of primary forests and HCV areas.
- As of January 2017, the RSPO PalmGHG Calculator and New Development GHG Calculator were required for calculating and projecting GHG emissions for RSPO certified producer member operations. These tools were developed to ensure compliance with the RSPO P&C 2013 related to identifying, monitoring, minimising and reporting GHG emissions in existing operations and new developments.
- Long-term conservation and reduction in carbon emissions can only be achieved in partnership with governments, growers and communities. RSPO continues working with all actors to ensure HCS and HCV areas are identified and mutually recognised, and that alternative approaches that decouple socio-economic development from deforestation and environmental degradation are developed.
- Principles 4, 5, 6 and 7 in the P&C 2013 contribute to various targets set out under SDG 6 for clean water and sanitation. For example, a water management plan is required by growers under Principle 4, which covers: water use efficiency; wastewater minimisation; safeguarding surface and groundwater from contamination; providing access to adequate and clean water for workers and local communities; and ensuring that the use and management of water by the operation does not result in adverse impacts.

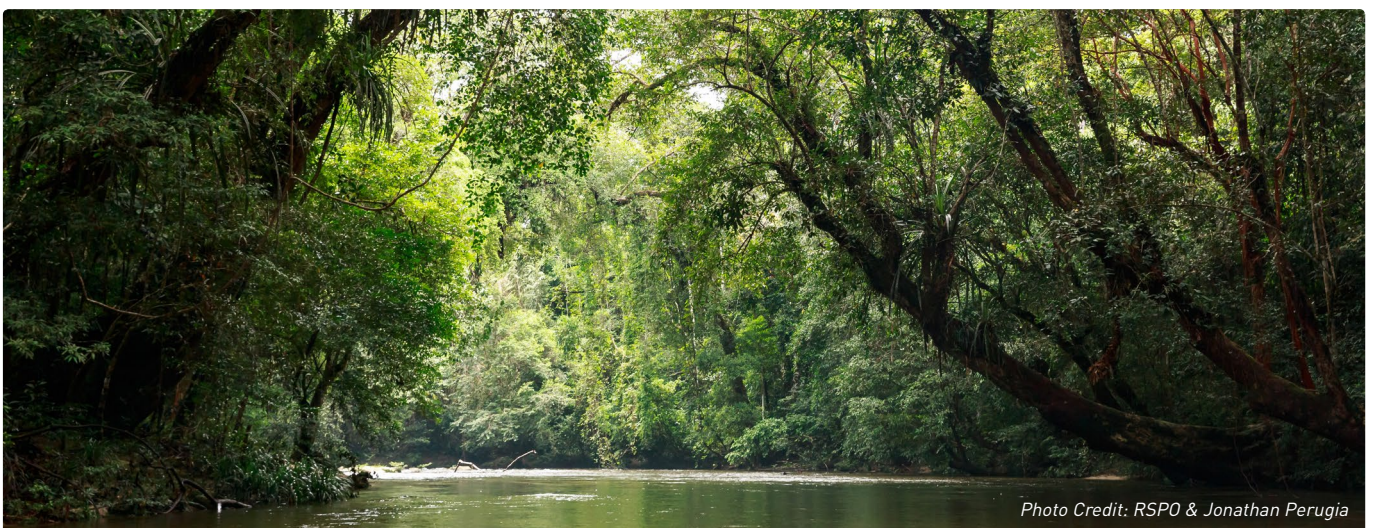


Photo Credit: RSPO & Jonathan Perugia



“Competitive, resilient and sustainable sector”

SMALLHOLDER INCLUSIVITY AND PARTICIPATION

For sustainable palm oil to become the norm, our solutions must be workable and profitable for operators at every link and level of the supply chain. Smallholders produce approximately 40% of the global palm oil supply, which is why supporting these farmers to transition towards sustainable production remains a top priority for RSPO. When certification and the implementation of responsible practices are made accessible and workable for smallholders, they have the potential to significantly reduce the negative impacts of palm oil cultivation on ecosystems. They can also improve their livelihoods through increased yields, income and access to international markets.

RSPO Smallholder Strategy

Our work with smallholders to date has focused on facilitating certification through the development of the Guidance for Group Certification of FFB Production,

as well as through the provision of other tools and resources designed to support small farmers throughout the process. These efforts have provided value, but have yet to catalyse the large-scale inclusion of smallholders needed in the supply chain to drive real change. Certification is still a significant challenge for smallholders, who often have limited access to expertise, training and infrastructure.

The RSPO Smallholder Strategy was developed to disrupt this status quo, prompted by the passing of Resolution 6f at the RSPO 12th General Assembly in November 2015. The final Smallholder Strategy was launched in June 2017 following a comprehensive stakeholder engagement process, and the document incorporates guiding principles, intermediate outcomes, outputs and assumptions, as well as an implementation plan. Underpinned by the broader philosophy of smallholder inclusivity, the overall goal of the strategy is to create a supportive environment that empowers smallholders to achieve sustainable livelihoods.

Smallholder Strategy Objectives



GUIDING PRINCIPLES





Photo Credit: RSP0 & Jonathan Perugia

Progress on Smallholder Strategy Implementation

A Strategy Workplan outlining RSP0’s next steps relating to Smallholder Strategy implementation was endorsed during the reporting period. Plans and activities include:

 <p>Expansion of the Smallholder Unit within the RSP0 Secretariat:</p> <p>Increasing staff numbers to ensure sufficient capacity for our proposed smallholder activities.</p>	 <p>Completion of the Smallholder Academy¹³ curriculum and associated training materials:</p> <p>Completion of curriculum contents is targeted for December 2018, and the launch of the Smallholder Academy for June/ July 2019. Between July and October 2018, the materials are being tested in partnership with Solidaridad West Africa, Universiti Malaysia Sabah and PACOS Trust.</p>	 <p>Socialisation of simplified tools and guidance documents for smallholders:</p> <p>Endorsed by the Board of Governors in June 2018, and covering HCV, Social and Environmental Impact Assessments (SEIAs) and GHG assessments, as well as guidance on LUCA submission, these documents will be introduced to targeted groups (including Smallholder Group Managers) in the second half of 2018.</p>
 <p>Establishment of baseline information on certified independent smallholder groups:</p> <p>Compiling information (e.g. productivity per hectare, non-compliance trends) to understand the current capabilities and needs of independent smallholder groups.</p>		

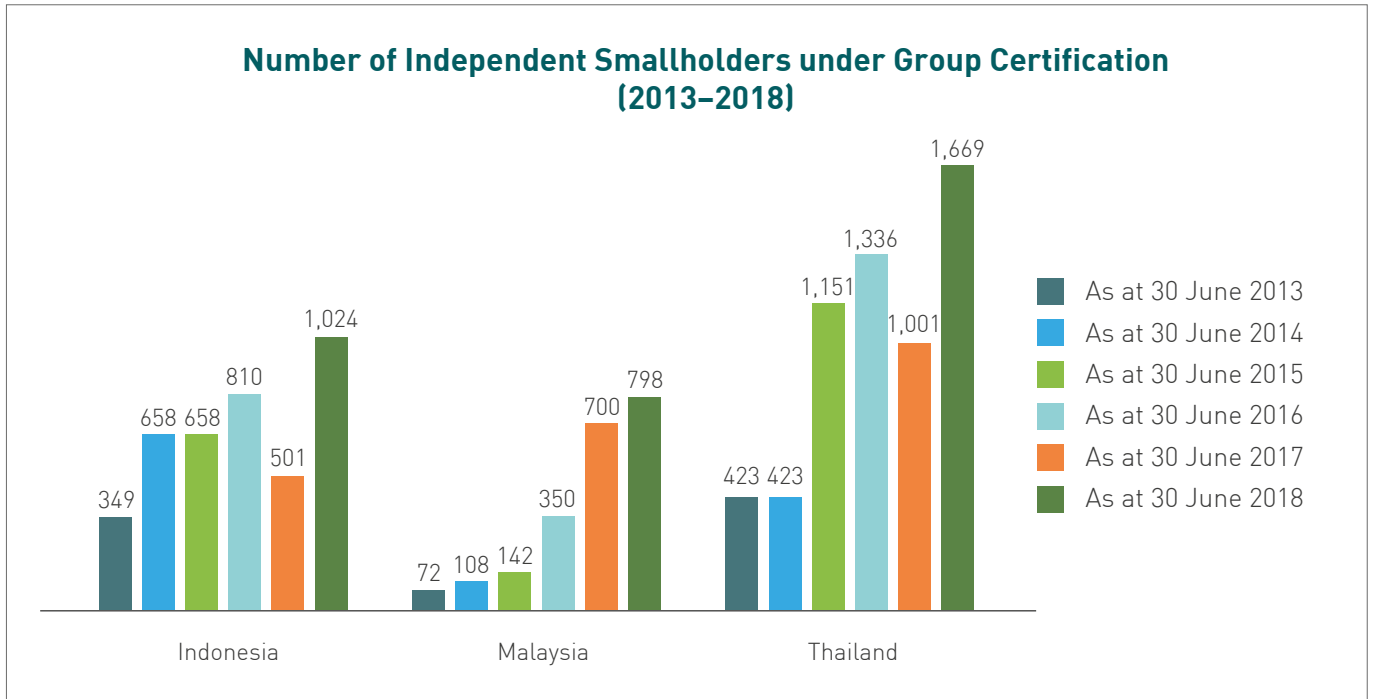
P&C Review: Development of the RSP0 Smallholder Standard

The RSP0 Smallholder Strategy mandates RSP0 to increase the number of certified smallholders “through the simplification of the certification approach”. In accordance with this mandate and in line with the RSP0 ToC, the Smallholder Interim Group (SHIG), formed by the RSP0 P&C Review Task Force, has developed recommendations for a revised approach. These recommendations led to the development of a separate standard that is exclusively applicable to independent smallholders. A draft of the RSP0 Smallholder Standard was released for a 60-day public consultation between June and August 2018. This Smallholder Standard is expected to be completed by mid-2019, and is targeted for adoption by the General Assembly in November 2019.

13 The Smallholder Academy is an envisioned online platform that provides smallholders with comprehensive training materials on sustainable oil palm practices. The Training for Trainers approach is applied through this platform as a method for cascading knowledge to a wider base of smallholders that may not have direct access to the curriculum and materials.

Smallholder Certification 2017–2018

As at 30 June 2018, the total certified area cultivated by independent smallholders under group certification is 21,237 hectares, an increase of 83% since the last reporting period. Fifteen independent smallholder groups are currently certified, representing 3,491 independent smallholders across Thailand, Malaysia and Indonesia. In contrast to the trends reported in the RSPO Impact Update 2017, Indonesia and Thailand saw the most dramatic growth in independent smallholders’ certified area.



	30 June 2018	30 June 2017
Number of RSPO smallholders (schemed and independent)	55,099	139,123
Total smallholders’ RSPO certified area (schemed and independent)	284,320 ha	333,345 ha
Volume of RSPO CSPO produced by smallholders (schemed and independent)	856,546 MT	1,091,749 MT

When combining figures for schemed and independent smallholders, we see that the total number of RSPO certified smallholders decreased by 60% between 30 June 2017 and 30 June 2018. In addition, the total volume of CSPO produced by smallholders has also decreased by 21%. These trends can partly be explained by the certification expiry of some of RSPO’s producer members with schemed smallholders. The number of smallholders and CSPO volume are expected to increase again with the renewal of the certificates in our system.

More positively, specific regions have shown significant progress. In Latin America, the certified area of RSPO smallholders doubled in Guatemala and tripled in Colombia in the first eight months of 2017. And in a promising sign of independent smallholder certification in the region, Latin America’s first group of independent smallholders (ASOCOFOR) achieved certification in Ecuador in July 2017.¹⁴ ASOCOFOR supplies fruit to Organic Supply, which sells cooking oil nation-wide in Ecuador and was the first company to use the RSPO Trademark on a business-to-consumer palm oil product.

Follow the latest smallholder certification trends and data at rspo.org/smallholders/RSPO-certification-by-the-number.

¹⁴ Due to the expiry of ASOCOFOR’s licence in PalmTrace prior to the official data extraction date (30 June 2018), ASOCOFOR has not been included in the smallholder data for this report.

Perspectives: Tapi-Ipun Sustainable Palm Oil Community Enterprise Group

Sukanya Srisubat is an independent smallholder from the Surat Thani Province in Thailand and a member and a Group Manager of the Tapi-Ipun Sustainable Palm Oil Community Enterprise Group. This organised collective of 253 independent smallholders accounts for approximately 1,854 hectares of oil palm cultivation. The group raises awareness about the importance of palm oil quality while addressing the need to conserve the environment and develop a competitive global market for smaller scale oil palm producers. An RSPO member since 2014, the group has been certified since 2015. Sukanya shares her experiences and views with us on RSPO and the group certification process.



Sukanya Srisubat,
Group Manager,
Tapi-Ipun Sustainable
Palm Oil Community
Enterprise Group

Q: Why did you decide to join Tapi-Ipun Sustainable Palm Oil Community Enterprise Group?

A: I have been a member of the Tapi-Ipun Sustainable Palm Oil Community Enterprise Group since June 2013. I decided to join the group because I could see that certification would help to improve my livelihood. Prior to the group’s formation, our members did not fully understand what RSPO certification was, or what the benefits would be. But we said, “If we do not know, we should try to do”. This was the starting point.

Since joining the group, I have gained a lot of experience from working with the other members. I have learned that supporting each other is very important, and I have developed my skills in oil palm plantation management.

Q: What has your experience been with the RSPO group certification process? Have there been any specific benefits?

A: At the beginning we thought the certification process would be very difficult. But after the first year, we saw things differently. I have experienced a lot of benefits from following the RSPO certification process. I now keep records of all activities relating to palm oil production and plan every activity, both in my plantation and for my work with our group, in order to become more efficient. In addition, I have learned that the certification process can help me to reduce my production costs.

Overall, I am very proud to produce oil palm in a sustainable way – which for me means having no conflict with the community and taking the environment into consideration in the plantation.

Q: What are some of the challenges of the RSPO certification process, and is RSPO helping you to overcome these challenges?

A: I think the technical processes are the most challenging aspect of RSPO certification, particularly HCV assessments, mapping in shape file format, the SEIA process and the GHG assessments. Many smallholders still lack the skills to carry out these tasks. However, RSPO is working to simplify these processes, and I hope that this will make it easier for smallholders to achieve certification.

Language is another big challenge for smallholders. Most communications are in English, and it has been difficult to understand them. Now, RSPO is supporting us by translating important documents, especially the RSPO P&C.

In general, RSPO has provided us with a lot of assistance, and in many different ways. In the first year, when we underwent the RSPO certification audit, we were provided with financial support that really helped us to achieve certification. We have also received a lot of support from the local RSPO representative, who has helped to simplify, translate and explain RSPO processes. He organises monthly meetings for group managers where we receive updates about RSPO and on the certification procedures, as well as news about the sector and the latest RSPO tools. I see real value in these meetings, and I hope that they will continue.

Q: Have you participated in any smallholder trainings or other activities organised by RSPO?

A: I always try to participate in training and workshops organised by RSPO. I have attended events both here and in Malaysia, including the Smallholders' Strategy Workshop, a brainstorming session that explored how to support smallholders within the certification system. I could see very positive things emerging from this event, and that RSPO is working very hard to be inclusive towards smallholders.

RSPO also sponsored our group to attend the Annual Roundtable Conference on Sustainable Palm Oil. This was a good opportunity to understand the world of sustainable palm oil and receive updates on RSPO and market trends. RSPO was very supportive towards smallholders at the meeting, ensuring that we could understand and participate. It also gave me a chance to see how big the RSPO family is and meet many people in the sector.

Q: Are there any achievements you are particularly proud of that you would like to share?

A: As a group manager, I am proud that we have maintained certification over the past five years, and that our membership continues to grow. It is extremely positive that we can maintain the good relationships formed within the group and the community. I can also see that our members are improving their production practices, and FFB prices are rising. It is very rewarding to see our members increase both their yields and their incomes. We are proud to be producing sustainable palm oil and to be part of the RSPO family.

Q: Moving forward, what do you hope to see from RSPO in relation to their work with smallholders?

A: In the future, I would like to see more tools and processes that are designed with our needs in mind as we work to achieve and maintain certification. I also encourage more support from other areas of the supply chain. This would help to increase the number of smallholders in the RSPO system.

RSPO Smallholder Support Fund

The RSPO Smallholder Support Fund (RSSF) is funded from 10% of the revenue generated from the trade of CSPO. Since 2013, this funding has been used to help smallholders cover the costs of training, project management, certification and audit costs, as well as the tools and techniques needed to support smallholder development.

To date, the RSSF has provided financial support for 32 smallholder projects in 12 countries (equivalent to RM 12.4 million or USD 3 million). Nearly 26,000 individual smallholders covering about 156,000 hectares of farmland have been impacted. During the current reporting period, five projects have been granted funding through the RSSF. This includes the first ever RSSF project in Mexico, where funding will be shared with over 157 smallholders seeking RSPO certification.

Moving forward, we plan to reallocate some of the funding distributed through the RSSF to support the implementation of the RSPO Smallholder Strategy. Using this redistributed funding, RSPO will continue to support smallholders through the lens of the strategy's main focus areas: helping smallholders to improve their livelihoods, simplifying the certification approach for smallholders, and increasing smallholder access to the global market. Consequently, only one-off Audit Cost¹⁵ projects will continue to be funded by the RSSF, as this aligns with the Smallholder Strategy's second key objective—to increase the number of smallholders in the RSPO system.

UN Environment Project and RSPO Small-scale Funding Agreement

In 2017, a small-scale funding agreement (SSFA) was signed between the United Nations Environment Project (UN Environment) and RSPO to improve smallholder livelihoods and encourage the sustainable production of oil palm products. This agreement makes provision for a fund totalling USD 203,294 (USD 199,611 from the 10YFP Trust Fund administered by UN Environment; USD 83,683 from RSPO) to be distributed between smallholder farmers in the regions of Sabah in East Malaysia, and Seruyan in Central Kalimantan, over a period of two years.

The fund will target essential capacity building activities to support smallholders in both regions. These include the trialling of four intervention activities in 20 villages in Sabah, and the development of an agricultural facility in Seruyan that will provide direct support and training for more than 1,000 smallholders.

The project is anticipated to improve the livelihoods of more than 50,000 schemed and independent smallholders in Sabah, and over 5,300 independent smallholders in Seruyan.

RSPO Smallholder Engagement Platform

Launched in November 2017, the RSPO Smallholder Engagement Platform (RSEP) was developed to bridge the gap between palm oil smallholders and potential project partners, to enable more smallholders to engage in sustainable supply chains and provide smallholders all over the world access to additional resources and support. The platform is accessible at www.rsep.rsपो.org.

¹⁵ There are three types of projects where RSSF funding currently applies: Smallholder Certification Projects, Smallholder Certification Audit Costs (one-off only) and Smallholder Impact Projects. For more information on the criteria for each type, please see rsपो.org/smallholders/rsपो-smallholders-support-fund.

“On the profitability of sustainability certification: An analysis among Indonesian palm oil smallholders”



RESEARCH BACKGROUND

2016

Indonesia

The research was carried out by Maastricht University and Bogor Agricultural University. Published in the *Journal of Economics and Sustainable Development* in 2016, the study used qualitative and quantitative collection and analysis methods to find out:

- If certification can still be profitable for Indonesian palm oil smallholders when covering their own certification costs.
- The amount of premium fees needed to make certification profitable.

The full report is available at: rspo.org/about/impacts/research-library



KEY FINDINGS

Certification was found to be profitable for different types of Indonesian palm oil smallholders, depending on the smallholders' pre-conditions:

- In the self-funded scenario, certification is not profitable for schemed smallholders and only remains profitable for independent smallholders when they continue to receive premium prices (incentives for better quality FFB). If premium prices are removed, independent smallholders may need unrealistically high premium fees (price from selling RSPO certified produce) to generate profits.
- The organisation of farmers around mill companies contributes positively to profit.



Certified Schemed Smallholders

Certified Independent Smallholders

34% higher profitability than non-certified schemed smallholders as a result of:

- higher productivity (+32%)
- lower productivity costs (-9%)

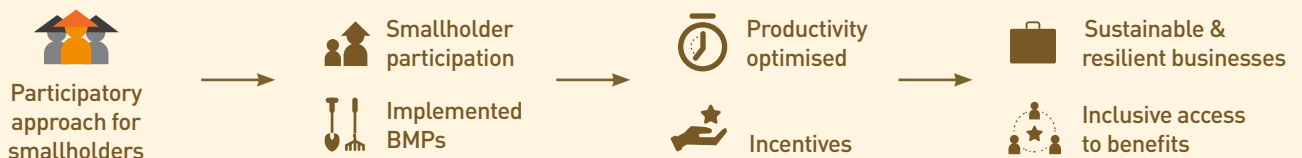


89% higher profitability than non-certified independent smallholders as a result of:

- higher productivity (+42%)
- higher selling price (bypass middlemen)
- premium price
- premium fee



Link to RSPO Theory of Change:



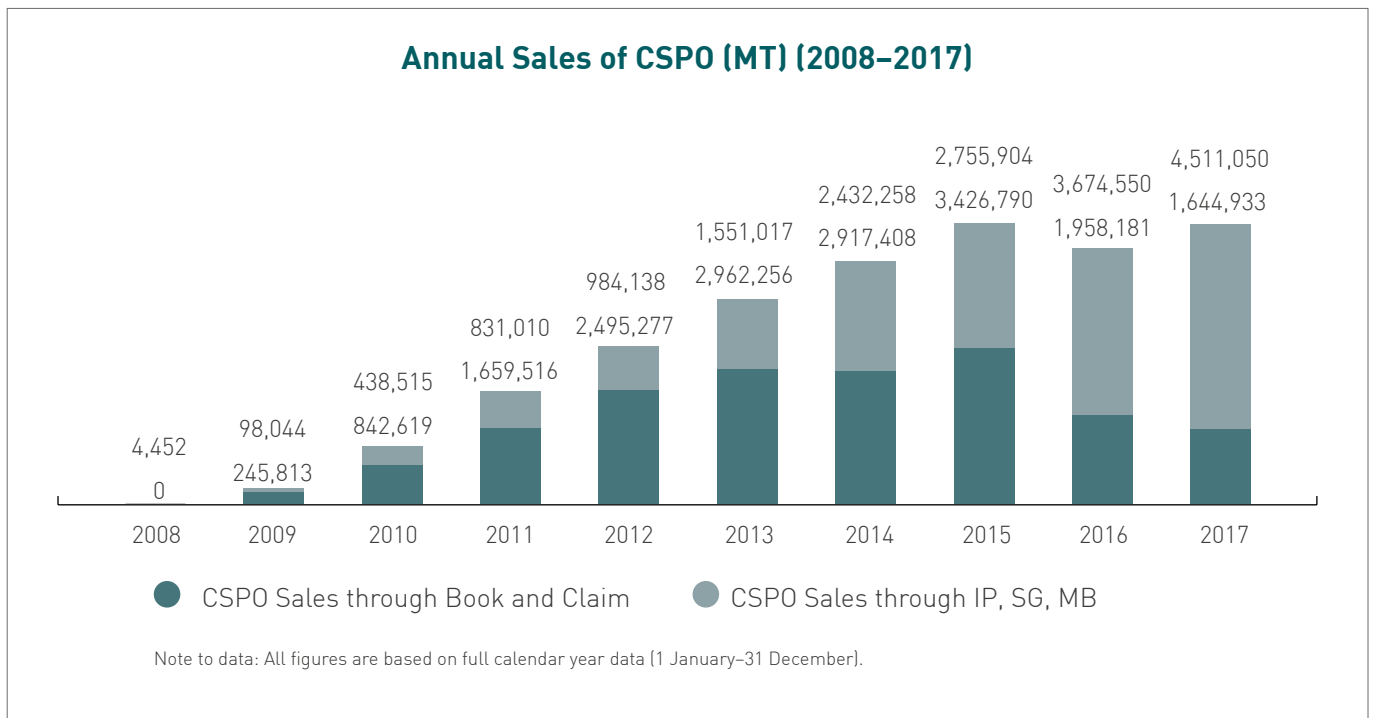
ENGAGING MARKETS & GENERATING DEMAND

There are clear and demonstrable benefits for RSPO certified growers and for buyers that source sustainably produced palm oil. However, market commitment and uptake of CSPO will remain the defining factor when it comes to incentivising the adoption of the RSPO P&C in the near to medium term. This is critical in the case of emerging markets where most of the world’s palm oil is consumed.

Annual Growth in CSPO Sales

Demand and uptake of CSPO continued to grow between 2016 and 2017 (calendar years), with overall sales increasing by 9% to 6,155,983 tonnes as at December 2017.

Following the trends identified in the RSPO Impact Update 2017 [see page 21], physical CSPO sales also increased by 23%, while sales of palm oil covered by the Book and Claim system decreased by 16%. These continuing trends indicate an increasing interest in sourcing physical CSPO.



RSPO PalmTrace Webpage



PalmTrace is RSPO’s traceability system for certified oil palm products. Certified members use PalmTrace to register their physical sales and processing activities – from mill level to refineries – under the Identity Preserved, Segregated and Mass Balance supply chain models. PalmTrace also supports RSPO’s Book and Claim model by enabling the trade of RSPO Credits.

In 2018, RSPO launched an enhanced PalmTrace webpage on the RSPO website. The page has been improved to provide market information on all types of RSPO Credits, market trends, and Credits that have been claimed by members.

OUTREACH IN MARKETS AROUND THE GLOBE

RSP0 continues to engage in regionally focused market outreach efforts with the goal of ensuring all major consumption markets source significant volumes of CSPO.

NORTH AMERICA

COMMITMENT

North American Sustainable Palm Oil Network (NASPON): 100% CSPO uptake in markets in North America

PROGRESS

- **RSP0 members:** 506
- **Products with RSP0 Trademark:** 2

LATIN AMERICA

PROGRESS

- **RSP0 members:** 113
- **Products with RSP0 Trademark:** 1



IMPACT ON PROSPERITY

CHINA

COMMITMENT

10% CSPO uptake by 2020

PROGRESS

- Physical uptake of CSPO: 1.5% as at 30 June 2018
- RSP0 members: 87
- Products with RSP0 Trademark: 2

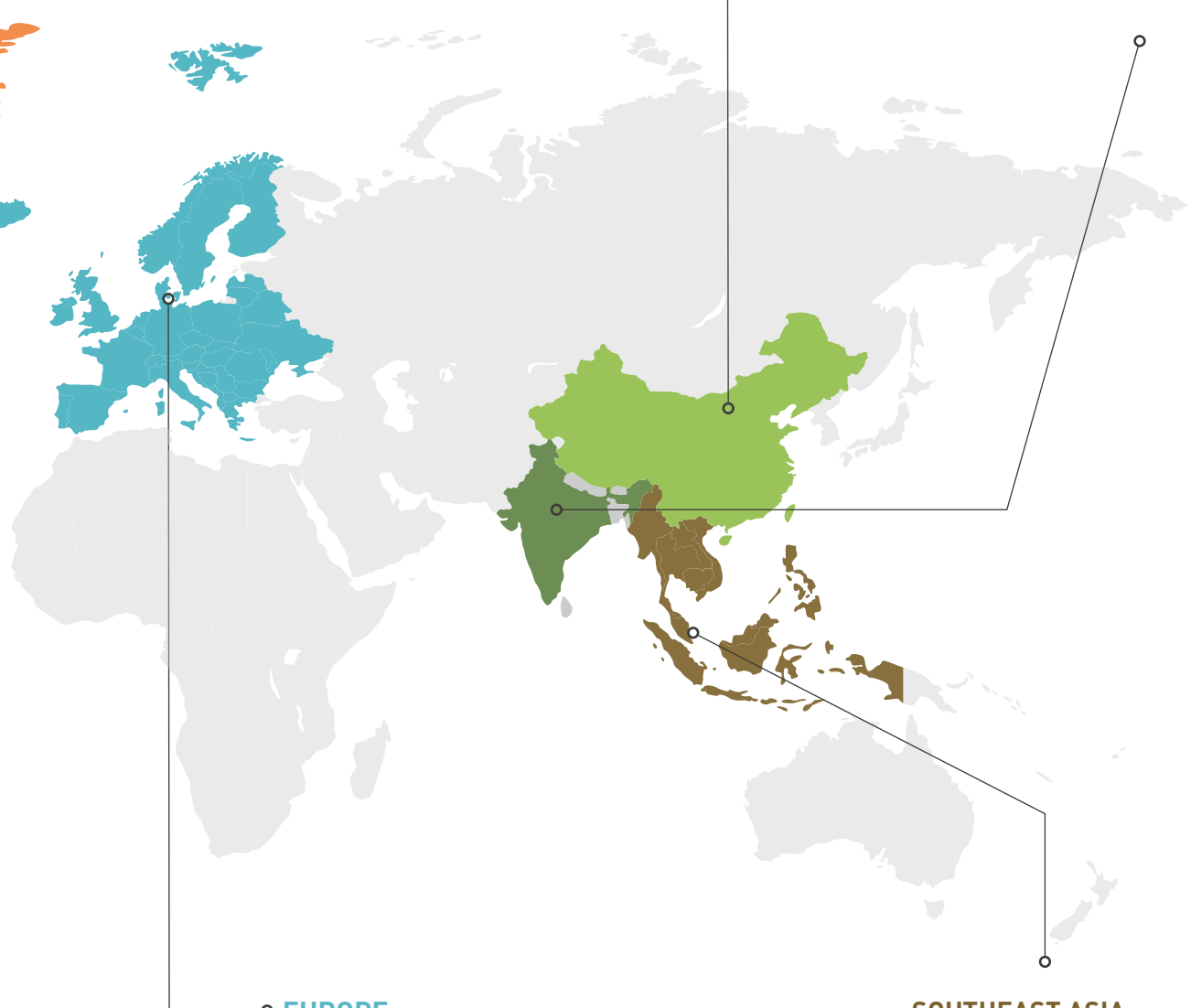
INDIA

COMMITMENT

30% CSPO uptake by 2020

PROGRESS

- Physical uptake of CSPO: 1% as at 30 June 2018
- RSP0 members: 49



EUROPE

COMMITMENT

Individually, and together under the European Palm Oil Alliance and Amsterdam Declaration, national alliances have a commitment to use 100% CSPO.

PROGRESS

- Physical uptake of CSPO: 3,000,381 MT (79% of EU food consumption) in 2017
- RSP0 Credits: 371,384 MT in 2017
- RSP0 members: 2,355
- Products with RSP0 Trademark: 23

SOUTHEAST ASIA

COMMITMENT

- Indonesia: RSP0 targets 50% of CPO consumed in Indonesia to be RSP0 certified by 2020
- Southeast Asia Sustainable Palm Oil (SASPO): 100% physical CSPO by members

PROGRESS

- RSP0 members: 403
- Products with RSP0 Trademark: 12

EUROPE



GERMANY

Forum Nachhaltiges Palmöl

NETHERLANDS

The Dutch Task Force for Sustainable Palm Oil

UNITED KINGDOM

UK Roundtable for Sourcing Sustainable Palm Oil

BELGIUM

Belgische Alliantie voor Duurzame Palmolie

FRANCE

L'Alliance Française pour une Huile de Palme Durable

SPAIN

La Fundación Española del Aceite de Palma Sostenible

NORWAY

Norwegian Initiative for Sustainable Palm Oil

SWEDEN

Livsmedelsföretagen - Swedish Food Federation

DENMARK

Erhvervsinitiativ for bæredygtig palmeolie

POLAND

2019 Goal for Polish Industry Commitment

ITALY

Unione Italiana per l'Olio di Palma Sostenibile

RSPO Regional Outreach Highlights

JUNE 2018

- RSPO presented at the UK Sustainable Palm Oil Summit at the Palace of Westminster on 13 June which was aimed at the UK foodservice and animal feed industries.
- On 24–25 June 2018, the European team hosted the sixth European Roundtable in Paris, France, with over 400 delegates in attendance.

MAY 2018

With ambassadors from the European Palm Oil Alliance (EPOA) and BASF, RSPO hosted its first Outreach & Engagement Roadshow in Poland.

OCTOBER 2017

RSPO hosted a booth at the SEPAWA Congress in Berlin, Germany. The SEPAWA Congress is focused on the detergent/cleanser, cosmetics and perfumery industry in Europe.

SEPTEMBER 2017

For the first time, RSPO held a workshop event in Barcelona, Spain, where we provided guidance to companies on the sustainable sourcing of palm (kernel) oil products.

CHINA & INDIA



CHINA

China Sustainable Palm Oil Alliance (CSPOA)

RSPO Regional Outreach Highlights

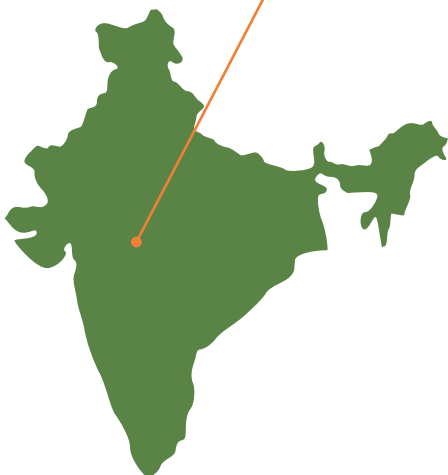
MARCH 2018

RSPO and CFNA signed a Memorandum of Understanding (MoU) in Beijing. The MoU established a five-year strategic partnership to promote various programmes in the sustainable palm oil field.

JULY 2017

- “Say Yes to Sustainable Palm Oil” campaign was held in Beijing. The event brought together 156 supermarkets, department and appliance stores.
- The 2017 Sustainable Consumption Week was held by RSPO in conjunction with several other partners.

INDIA



RSPO Regional Outreach Highlights

JUNE 2018

3F Industries Limited, one of India’s prominent multinational corporations in the edible oils import and production sector, announced their commitment towards the sustainable palm oil movement.

FEBRUARY 2018

RSPO received an award for “Excellence for Promoting Sustainability in the Palm Oil Sector” in New Delhi, India.

SOUTHEAST ASIA



RSPO Regional Outreach Highlights

FEBRUARY 2018

RSPO co-hosted a roadshow event with SASPO.

DECEMBER 2017

RSPO and Landscape Indonesia released a report titled *Managing Palm Oil Risks: A brief for financiers*, highlighting the increasing reputational, regulatory, and financial risks Indonesian financial institutions are facing by funding unsustainable palm oil producers.

OCTOBER 2017

RSPO sponsored the Youth Leadership in SDGs forum held in conjunction with the 10th Kuala Lumpur Eco Film Festival (KLEFF).

AUGUST 2017

Thailand’s first roadshow event was held in Surat Thani.

NORTH & LATIN AMERICA



NORTH AMERICA

North American Sustainable Palm Oil Network (NASPON)

RSPO Regional Outreach Highlights

DECEMBER 2017

Following RT15, RSPO’s members in North America formed NASPON, to work collaboratively in finding industrywide solutions to secure CSPO in their products and to ensure respect for human and labour rights, local communities and biodiversity throughout the palm oil supply chain. NASPON brings together associations, civil society organisations, consumer goods manufacturers, retailers and palm oil traders and producers committed to increasing use of CSPO and CSPK in the region.



COLOMBIA

Zero Deforestation Commitment for Colombian Palm Oil

ECUADOR

Steering Committee for Sustainable Palm Oil in Ecuador (CISPS)

RSPO Regional Outreach Highlights

JUNE 2018

RSPO held the 7th Latin American Conference in Cali, Colombia, which received over 400 participants from 20+ countries.

JANUARY–JUNE 2018

RSPO has hosted 16 workshops and training sessions in the region covering various topics, including RaCP, PalmGHG, HCV, the jurisdictional approach to certification, FPIC, P&C review and training for certification bodies.

Launching our five-year collaboration with WAZA

Increasing market uptake of sustainable palm oil was a key objective in a Memorandum of Understanding (MoU) signed by RSPo and the World Association of Zoos and Aquariums (WAZA) in October 2017. The MoU outlines a joint commitment to work together towards the shared objective of making sustainable palm oil the norm.

Attracting over 700 million nature-loving visitors each year, zoos and aquariums provide an effective platform to educate consumers about the devastating effects of unsustainable palm oil production. In this context, WAZA members can be a powerful voice for raising awareness about the benefits of sustainable palm oil production and influencing consumer decisions.

Through the MoU, WAZA has committed to encouraging its members to promote awareness on CSPO production and consumption among the general public. The association has also agreed to participate in the RSPo Biodiversity and High Conservation Value Working Group (BHCV WG), where it will advise on potential conservation projects and provide specialised knowledge.

WAZA aims to have at least 50% of its members committed to sustainable palm oil practices and RSPo certified by 2023. RSPo members will meanwhile be encouraged to increase their consumption of CSPO.

RSPo Trademark

The RSPo Trademark is a globally recognised ecolabel that signals the use of RSPo certified sustainable palm oil in a product. Its purpose is to empower consumers to make ethical decisions.

As at 30 June 2018, RSPo Trademark licences are held by 707 supply chain certified members across 55 countries. This represents a 27% increase in licence holders since the last reporting period. During the reporting period, five new countries have been added to the Trademark licence list: Côte d'Ivoire, Croatia, Ecuador, Jordan and South Africa.



Europe is the largest market for RSPo certified products and over 70% of all RSPo Trademark licences are held in European countries. Germany leads the world in terms of total number of licences held by a significant amount. Outside Europe, the countries with the most RSPo Trademark licences are the United States (US) and Malaysia.

IMPACT ON PROSPERITY



707
supply chain certified members hold RSP0 Trademark licences in 55 countries globally, representing a growth of 27%.

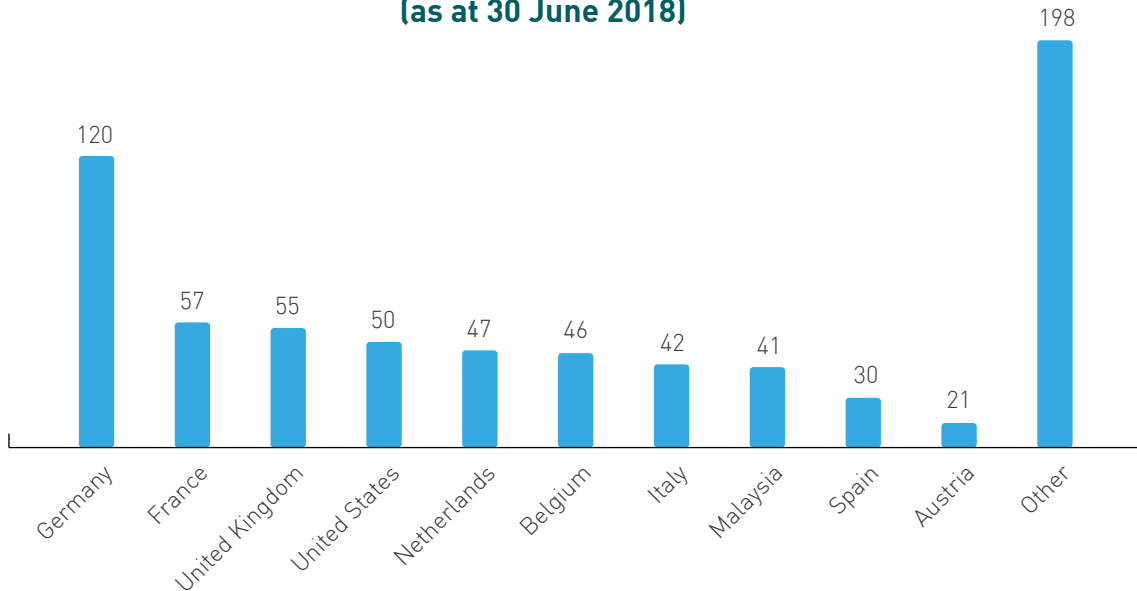
+70%
of total RSP0 Trademark licences are held in European countries. Europe remains the largest market for RSP0 certified products.

151
new RSP0 Trademark licences were issued in this reporting period. (144 issued in the last reporting period)

120
RSP0 Trademark licences are held in Germany. (17% of the global market for CSP0)

5
new markets where RSP0 Trademark licenced products are being sold.

**Trademark Licences by Country
(as at 30 June 2018)**



- Notes to data:
- Trademark licence data reflects data from supply chain certified members only.
 - Number of licences is equivalent to number of companies using the RSP0 Trademark.

RSP0 engages in activities and campaigns to strengthen awareness of the RSP0 Trademark, both along the palm oil supply chain and among consumers worldwide. Understanding the potential for growth in markets outside of Europe, we have focused much of our effort in North America and in Asia. Collectively, Asian countries achieved a 28% growth in Trademark licences over the course of the reporting period, while the number of licences in the US increased by 52%.

RSP0 Trademark App

Launched in 2016, the RSP0 Trademark App is a free crowdsourcing application that enables consumers to find, shop and upload RSP0 certified products bearing the RSP0 Trademark. More than 2,000 consumers used the application during the reporting period.

The free RSP0 Trademark App is available for iOS and Android. See how it works at: www.youtube.com/watch?v=MXoQeyEDn44.

Available on iOS and Android



LINKING BACK TO OUR THEORY OF CHANGE

STRATEGIES



Participatory approach for smallholders

We aim to create a supportive environment and model that is inclusive of smallholders, and which empowers them to achieve sustainable livelihoods. By supporting smallholders to become RSPO certified, and to engage in sustainable production practices, there is a potential to significantly reduce the negative impacts of palm oil cultivation on ecosystems.



Generating demand, commitments & uptake

Our market outreach activities support the progress of national and regional commitments on sourcing and consuming sustainable palm oil, which leads to an increase in the overall uptake of CSPO. By generating demand, we are helping to create incentives for sustainable palm oil production. Through increased promotion and awareness about the benefits of CSPO, as well as on the RSPO Trademark, we are also enabling consumers and markets to distinguish between products that are sustainable and products that are not.

Our Contribution to the SDGs

RSPO

RSPO supports the SDGs



- RSPO supports smallholders by providing a framework and tools through which they can engage in sustainability practices and obtain RSPO certification. The implementation of sustainable farming practices creates an opportunity to gain access to markets, improve farm management and increase yields, thereby raising household incomes.
- By engaging in regional outreach activities, campaigns and initiatives and utilising our global networks, RSPO is helping to drive consumer, government and industry awareness and demand for sustainably produced palm oil.
- We also support national initiatives and commitments by acting as a platform for knowledge sharing. Through our regional offices, we engage with policymakers and industry leaders on regional targets for CSPO uptake.
- RSPO has strengthened engagement with consumer groups through a number of partnerships and activities. For example, the MoU between RSPO and WAZA, which focuses on cooperation and understanding to further the shared goals and objectives towards the transformation of markets to make sustainable palm oil the norm.

Unless otherwise stated, all figures and results presented in the body of this report are based on data taken as at 30 June 2018 or extracted from the RSPO's official reporting period: 1 July 2017–30 June 2018. This timeframe does not necessarily apply to data from other sources (e.g. independent research studies commissioned by the RSPO), which may have a calendar year basis (e.g. 1 January 2016–31 December 2017).

Indicator	Breakdown	Unit	2018	2017	2016	2015	2014	2013
Membership								
Total	Number of Members		3,920	3,422	2,941	2,282	1,631	1,178
By country	Germany	Number of Members	451	403	372	279	208	147
	United States		446	324	200	138	89	70
	United Kingdom		432	412	378	330	200	131
	Netherlands		228	212	191	146	119	92
	Italy		200	179	158	113	52	29
	France		161	146	143	127	106	86
	Belgium		149	131	106	89	62	44
	Malaysia		139	137	128	109	117	95
	Spain		138	114	NA	NA	NA	NA
	Australia		132	124	114	80	53	0
	Indonesia		123	115	115	103	109	88
Other	1,444	1,239	1,036	768	516	396		
By membership type	Ordinary	Number of Members	1,693	1,551	1,373	1,151	991	829
	Associate		2,129	1,776	1,458	1,032	540	309
	Affiliate		98	95	110	99	100	103
Certified, production, uptake								
Area	Production Area	ha	2,350,753	2,451,573	2,187,784	2,768,149	2,509,853	NA
	Certified Area	ha	3,137,397	3,236,429	2,830,355	3,300,653	2,973,902	NA
	HCV Area	ha	262,974	189,777	157,115	144,164	NA	NA
Annual certified production volume	CSPO	MT	13,619,600	11,710,919	10,850,196	12,623,139	11,125,902	NA
	CSPK	MT	3,135,973	2,683,835	2,444,103	2,883,200	2,556,432	NA
Supply	CSPO	MT	5,997,272	11,860,079*	12,062,293	12,130,775	10,998,913	8,735,843
	CSPK	MT	1,229,023	2,713,154*	2,765,223	2,780,291	2,531,369	2,030,746
Sales	CSPO Sales through IP, SG, MB	MT	2,230,452	4,511,050*	3,674,550	2,755,904	2,432,258	1,551,017
	CSPO Sales through Book and Claim	MT	844,194	1,644,933*	1,958,181	3,426,790	2,917,408	2,962,256
	Total CSPO Sales	MT	3,074,646	6,155,983*	5,632,731	6,182,694	5,349,666	4,513,273
Uptake	CSPO Sales/ Supply	%	51.3%	51.9%*	46.7%	51%	48.6%	51.7%

Notes to data:

- Membership, Area and Annual Certified Production Volume data for 2013–2018 is taken as at 30 June for each respective year.
- Final data for Supply, Sales and Uptake can only be calculated at year-end (31 December). Therefore, data for 2013–2017 is inclusive until 31 December, and data presented for 2018 is only inclusive until 30 June 2018.
- All figures presented under "Certified, production, uptake" are inclusive of schemed and independent smallholders certified under group certification schemes.
- Figures marked with an asterisk have been updated for the 2018 Impact Report to be inclusive up to 31 December of each respective year, and may therefore differ from corresponding figures presented in the RSPO Impact Update 2017.

BASE DATA & NOTES

Indicator	Breakdown	Unit	2018	2017	2016	2015	2014	2013
NPP area (by country)	New Planting Procedure							
	Indonesia	ha	18,858	17,939	34,729*	332,372	464,891	NA
	Liberia	ha	-	-	-	48,470	53,385	NA
	Cameroon	ha	-	-	-	-	-	NA
	Papua New Guinea	ha	275	972	2,591	-	2,928	NA
	Malaysia	ha	-	496	2,823	3,558	-	NA
	Mexico	ha	-	1,019	-	-	-	NA
	Gabon	ha	-	72,930	-	23,780	31,800	NA
	Guatemala	ha	1,730	496	-	-	691	NA
	Cambodia	ha	-	-	-	-	2,432	NA
	Nigeria	ha	14,436	2,368	-	-	-	NA
	Costa Rica	ha	-	-	-	-	2,532	NA
	Togo	ha	-	4,144	-	-	-	NA
	Ghana	ha	-	-	-	2,240	-	NA
	Brazil	ha	-	-	-	7,448	-	NA
	Solomon Islands	ha	2,677	-	-	-	-	NA
	Sierra Leone	ha	10,000	-	-	-	-	NA

Notes to data:

- NPP areas distributed over country and year. Figures are based on RSPO's official reporting period (1 July – 30 June).
- Figures marked with an asterisk have been corrected in this report to include one submission for Indonesia, previously excluded.

Indicator	Breakdown	NCLC area (ha)		FCL area (ha)		
NCLC and FCL area (by country)	Remediation and Compensation Procedure					
			2018	2017	2018	2017
	Brazil		2,751	51	846	39
	Cameroon		8,281	-	4,351	-
	Colombia		39,629	21,386	2,436	2,015
	Costa Rica		173	387	3	3
	Côte d'Ivoire		2,165	1,887	786	0
	Dominican Republic		7,447	773	74	3
	Ecuador		15,542	7,417	2,949	592
	Ghana		6,103	2,432	685	168
	Guatemala		23,086	14,991	927	406
	Honduras		8,437	8,703	308	183
	Indonesia		684,502	581,924	87,585	55,628
	Malaysia		62,551	61,414	11,596	9,048
	Mexico		2,694	-	236	-
	Nigeria		2,048	2,048	8	88
	Papua New Guinea		7,372	-	799	-
	Peru		20,431	-	2,998	-
	São Tomé and Príncipe		1,331	-	483	-
Sierra Leone		14,199	-	331	-	

Notes to data:

- NCLC: Non-compliant land clearance or land clearance without prior HCV assessment since November 2005.
- FCL: Final Conservation Liability.
- All figures in the above table are taken as at 30 June of each respective year.

BASE DATA & NOTES

Indicator	Breakdown	Unit	2018	2017	2016	2015	2014	2013
Complaints								
Complaints success criteria	Total complaints received (cumulative)	Number of Complaints	110	99	79	62	47	45
	Total complaints closed (cumulative)	Number of Complaints	64	60	52	40	30	18
	Total complaints remaining open at year-end (cumulative)	Number of Complaints	46	39	27	22	17	27
	Complaints received by year	Number of Complaints	11	20	17	15	2	19
	Complaints closed by year	Number of Complaints	4	8	12	10	12	13
	Complaints closed	% age	8.7%	20.5%	44.4%	45.5%	70.6%	48.2%
	Average time for resolving complaints (closed cases)	Days	33	73	197	203	0	450.5
	Average time complaints remain open (active cases)	Days	86.8	396.6	626.4	1,008	1,317	0

Notes to data:

- The data collection system for complaints has been reviewed and restructured during the reporting period. Complaints data in this report therefore differs from the data presented in previous Impact Reports and Impact Updates.
- Complaints data for 2013–2017 is representative of calendar year (1 Jan–31 Dec). Figures for 2018 were taken as at 30 June 2018.

Indicator	Breakdown	Unit	2018	2017	2016	2015	2014	2013
Trademark								
Total trademark		Number of licences	707	556	412	300	181	NA
By stakeholder group	Consumer Goods Manufacturers	Number of licences	271	220	175	128	79	NA
	Processors & Traders		142	109	86	77	51	NA
	Supply Chain Associates		259	200	135	77	36	NA
	Supply Chain Group Managers		2	2	NA	NA	NA	NA
	Retailers		7	7	7	9	9	NA
	Growers		26	18	9	7	6	NA
By country	Germany	Number of licences	120	91	68	54	40	NA
	France		57	47	42	27	20	NA
	United Kingdom		55	48	39	24	17	NA
	United States		50	33	20	24	16	NA
	Netherlands		47	44	35	24	15	NA
	Belgium		46	39	32	22	11	NA
	Italy		42	34	27	-	-	NA
	Malaysia		41	32	25	28	21	NA
	Spain		30	27	19	-	-	NA
	Austria		21	15	-	-	-	NA
	Others		198	146	94	58	27	NA
By year		Number of licences	82	139*	163	111	98	51

Notes to data:

- Trademark licence data 'By year' for 2012–2017 is representative of calendar year (1 Jan–31 Dec). Data presented for 2018 represents half-year data (1 Jan–30 June 2018).
- Trademark licence data reflects data from supply chain certified members only.
- Figures marked with an asterisk have been updated for this report to be inclusive up to 31 December 2017.

BASE DATA & NOTES

Indicator	Total Certified Area (ha)	Total Production Area (ha)	Total CSPO (MT)	Total CSPK (MT)	Total FFB Produced (MT)	Monthly CSPO Supply (MT)	Monthly CSPK Supply (MT)
P&C certification							
Mills and Supply Base(s)	3,155,615	2,369,068	13,564,810	3,123,896	50,132,843	917,691	212,169
Group Certification for Smallholders (SHG)	21,237	18,949	54,790	12,077	291,013	4,566	1,006

Note to data: All figures in the above table are taken as at 30 June 2018.

Indicator	Total Certified Area (ha)	Total Production Area (ha)	Total CSPO (MT)	Total CSPK (MT)	Total FFB Produced (MT)	Monthly CSPO Supply (MT)	Monthly CSPK Supply (MT)
Countries with P&C certification							
Brazil	176,502	92,444	162,740	32,549	1,580,294	13,562	2,712
Costa Rica	39,455	37,263	159,804	36,109	728,766	13,317	3,009
Cambodia	20,580	14,718	36,868	10,322	187,146	3,072	624
Colombia	49,389	36,722	185,778	37,731	697,871	12,072	2,332
Ecuador	10,030	6,419	15,000	1,386	94,824	1,250	116
Gabon	55,385	17,699	40,247	7,350	172,399	3,354	612
Ghana	12,680	10,898	52,268	11,808	140,357	2,487	595
Guatemala	30,912	30,333	159,660	27,729	821,285	13,305	2,311
Honduras	20,835	19,925	90,077	20,900	268,278	7,506	1,742
Indonesia	1,550,466	1,170,780	7,482,388	1,703,074	25,364,697	477,380	109,412
Côte d'Ivoire	36,759	35,170	73,512	11,215	217,381	6,049	893
Madagascar	2,234	1,087	999	65	6,336	83	5
Malaysia	950,588	734,828	4,456,110	1,056,295	16,128,774	298,151	71,373
Papua New Guinea	176,801	140,666	568,353	146,397	3,340,406	59,353	14,686
Solomon Islands	9,026	7,475	35,339	8,565	149,743	2,945	714
Thailand	13,973	12,641	45,667	12,400	234,286	3,806	1,033

Note to data: All figures in the above table exclude data for independent smallholders certified under group certification but are inclusive of schemed smallholders certified under group certification. All figures are taken as at 30 June 2018.

Accreditation body

Organisation that undertakes the accreditation of certification bodies (CBs).

Accreditation Services International (ASI)

One of the world's leading accreditation bodies for sustainability standards systems, including RSPO. Founded in 2006, ASI is a full member of the ISEAL Alliance.

Affiliate members

RSPO membership category consisting of organisations that are not directly involved in the palm oil supply chain, but have expressed interest in RSPO's objectives and activities. Membership extends to academia, research and development organisations, donors and sponsors. Affiliate members may attend the annual General Assembly as observers.

Annual Communication of Progress (ACOP)

Reports submitted by RSPO members to gauge their progress towards 100% RSPO certified sustainable palm oil. These reports are mandatory for Ordinary and Affiliate members, and are submitted each year.

Best Management Practices (BMPs)

Practical guidelines to enhance oil palm management.

Certification body (CB)

Organisation that provides third-party auditing and certification services related to a product, process or system, and which can issue a certificate of compliance.

Certified Sustainable Palm Oil (CSPO)

Palm oil that has been grown on a plantation that has been managed and certified in accordance with the RSPO Principles & Criteria.

Compliance assessment

In-field assessment conducted by an accreditation body that serves to evaluate a certificate holder typically a few months after a CB has completed its latest assessment of the certificate holder.

Crude palm oil (CPO)

A type of unrefined vegetable oil obtained from the fruit of the oil palm tree.

Final Conservation Liability (FCL)

Compensation liabilities incurred by RSPO members as a result of clearance without prior HCV assessment since November 2005. FCL is expressed in hectares.

Free, Prior and Informed Consent (FPIC)

A principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.

Fresh Fruit Bunch (FFB)

Bunch harvested from the oil palm tree. Each bunch can weigh from 5 to 50 kilogrammes and can contain 1,500 or more individual fruits.

Greenhouse gas (GHG)

Term for gases that trap heat within the atmosphere. The primary greenhouse gases are water vapour, carbon dioxide, methane, nitrous oxide, and ozone.

Hectares (ha)

A unit of measurement equivalent to 10,000 square metres, or 100m x 100m.

High Conservation Value (HCV)

The concept of HCV forest was first developed by the Forest Stewardship Council (FSC) in 1999 as their 9th Principle. The FSC defined HCV forest as forest of outstanding and critical importance due to its environmental, socio-economic, cultural, biodiversity and landscape value.

High Carbon Stock (HCS) forest

Forests that are important to local communities or that have high carbon or biodiversity values.

Hotspot

A small area with a relatively high temperature in comparison to its surroundings.

Human Rights Defenders (HRDs)

Individuals, groups and associations who promote and protect universally recognised human rights and contribute to the effective elimination of all forms of violations of human rights and fundamental freedoms of individuals and peoples. This includes Environmental Human Rights Defenders, whistleblowers, complainants and community spokespersons. The definition does not include those individuals who commit or propagate violence.

Identity Preserved (IP)

The Identity Preserved supply chain model assures that RSPO certified palm oil is kept separate from oil that is not RSPO certified. This oil can be physically traced back to its plantation of origin.

International Labour Organization (ILO)

United Nations agency dealing with labour issues, particularly international labour standards, social protection, and work opportunities for all.

ISEAL Alliance

Global membership association for credible sustainability standards, which work together to improve the impact and effectiveness of current and potential future members.

Jurisdictional approach to certification

In the context of sustainable palm oil, the jurisdictional approach seeks to align interests and coordinate actions among governments, businesses, local communities, and NGOs toward shared conservation, supply chain sustainability, and green development goals.

Land Use Change Analysis (LUCA)

Assessment determining changes to vegetation cover and land use over a given timeframe.

Mass Balance (MB)

Supply chain model that allows certified claims to be transferred from one oil palm product to another, either through physical blending or administratively under strictly controlled circumstances.

Metric ton (MT)

A unit of mass equivalent to 1,000 kilogrammes.

GLOSSARY

New Planting Procedure (NPP)

Provides guidance on how and under what conditions new oil palm plantings should be carried out.

Oil palm

A species of palm (*Elaeis guineensis*) and the principal source of palm oil. It is native to west and southwest Africa, but is now cultivated in over 26 countries. Ideal growing conditions occur up to 10 degrees either side of the equator.

Ordinary members

RSP0 membership category consisting of organisations that have either direct involvement, or have activities around, the palm oil supply chain. Only ordinary members are allowed to submit resolutions and vote at the annual General Assembly.

PalmGHG

A calculator developed by the RSP0 Greenhouse Gas Working Group (2010–2011) and further refined and improved by the RSP0 Emission Reduction Working Group to estimate and monitor net GHG emissions from current estate and mill operations.

Palm Kernel Oil (PKO)

Oil extracted from the kernel or core of the palm fruit.

Palm oil

Edible oil extracted from the fruit of the oil palm. Palm oil is one of the few highly saturated vegetable fats. It remains semi-solid at room temperature and is suitable for a wide variety of applications. Palm oil is an ingredient in a large number of products, including margarine, baked goods, chocolate, ice cream, soaps and cosmetics. It is also used as fuel for cars and power plants.

Palm Oil Mill Effluent (POME)

A wastewater product generated from palm oil milling activities.

PalmTrace

RSP0's traceability system for certified oil palm products. Certified members use PalmTrace to register their physical sales and processing activities – from mill level to refineries – under the IP, SG and MB supply chain models. PalmTrace also supports RSP0's Book and Claim model by enabling the trade of RSP0 Credits.

Peat

Organic soils with 65% or more organic matter and a depth of 50 cm or more.¹⁵

Remediation and Compensation Procedure (RaCP)

Procedure whereby RSP0 members are required to remediate and compensate for land clearance without prior HCV assessment since November 2005.

RSP0 Board of Governors (BoG)

RSP0 management body comprised of 16 RSP0 members, representing each of the seven RSP0 membership categories and designated by the General Assembly for two years.

RSP0 Complaints and Appeals Procedures (CAP)

RSP0 procedures for dealing with complaints arising from a breach of the RSP0 Key Documents, and appeals against the decision of the Complaints Panel in relation to such Complaints.

RSP0 Complaints Panel

An independent panel comprising RSP0 members constituted to receive and process complaints.

RSP0 Credits / Book and Claim

Model where the supply chain is not monitored for the presence of sustainable palm oil. Manufacturers and retailers support the production of RSP0 certified sustainable oil palm products through the purchase of Credits from RSP0 certified growers, crushers and independent smallholders.

RSP0 Principles & Criteria (P&C)

Guidelines on how palm oil companies and growers should produce palm oil sustainably. It forms the basis of all company assessments for certification and is reviewed every five years.

RSP0 P&C Review Task Force

Task Force designated to deliberate on the structure and content of the revision of the RSP0 Standard. The Task Force is chaired by RSP0's Chief Executive Officer and consists of palm oil growers, supply chain and investor representatives and NGOs.

RSP0 Smallholder Support Fund (RSSF)

A fund established by the RSP0 to help smallholders secure sustainable palm oil certification while minimising costs. The RSSF is funded from 10% of income generated through the trading of CSPO.

Segregated (SG)

The Segregated supply chain model maintains separation between sustainable palm oil from different certified sources and ordinary palm oil throughout supply chain. The model assures that RSP0 certified oil palm products delivered to the end user come only from RSP0 certified sources.

Smallholders

Farmers growing oil palm on a plantation of less than 50 hectares.

Standing Committees

Committees that oversee RSP0's overall operations, consisting of members from the BoG and RSP0 members. Four Standing Committees have been appointed to lead: Standards & Certification, Trade & Traceability, Communications & Claims and Finance.

Supply chain associates

RSP0 membership category consisting of companies that procure, use or trade less than 500 MT of CSPO annually. Supply chain associates may attend the annual General Assembly as observers.

United Nations Sustainable Development Goals (SDGs)

A set of 17 aspirational global goals to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities.

¹⁵ In line with the revision of the current RSP0 P&C 2013, the Peatland Working Group 2 has revised the "RSP0's organic and peat soil classification," which is available at: www.rspo.org/principles-and-criteria-review/revision-of-rspo-organic-and-peat-soil-classification.

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We value the feedback of our stakeholders.
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The RSPO is an international non-profit organisation formed in 2004 with the objective to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

www.rspo.org

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