



# FACTSHEET ON LIVESTOCK SECTOR

Advancing the sustainability of the palm oil industry

With growing concerns about climate change and biodiversity loss, there is an urgent need for all agricultural products to be produced sustainably. Every actor involved in agricultural supply chains has a role to play by stimulating the demand of sustainable products.

The use of palm oil and their derivatives or co-products is no exception.

In the past, oil palm cultivation has caused deforestation and land rights disputes. However, a growing number of players in the palm oil industry have committed to adopting more sustainable practices. The result of this gradual transition is an increasing amount of palm oil in our products that has been produced and sourced in a sustainable manner.



## THE SUSTAINABLE SOLUTION

In 2004, the **Roundtable on Sustainable Palm Oil (RSPO)** was established to promote the production and use of sustainable palm oil. RSPO standards for the production of palm oil guarantee that oil palms are grown sustainably, ensuring no deforestation, no new planting on peat, no use of fires, the protection of labour and human rights as well as a decent living wage.

At the heart of RSPO Certification is the RSPO Principles and Criteria (P&C), serving as the global guidelines for the production of sustainable palm oil. In addition, a separate standard for Independent Smallholders — the RSPO Independent Smallholder (ISH) Standard — has been developed and endorsed by RSPO, answering a call to strike a balance between promoting greater inclusion of smallholders and ensuring that core sustainability requirements are upheld.

For downstream actors, the RSPO Supply Chain Certification Standard (SCCS) ensures the integrity of the trade in sustainable palm oil, i.e., that palm oil sold as Certified Sustainable Palm Oil (CSPO) has indeed been produced by certified plantations.

These systems involve audits by independent third-party certification bodies. Such rigorous certification standards considerably reduce the risk of using unsustainable palm oil.

## DIFFERENT SECTORS, DIFFERENT CHALLENGES

Unfortunately, the growing commitment to embrace sustainability principles in the use and production of palm oil has not gained momentum in all sectors of the palm oil industry.

Whilst the food sector leads the way in the uptake of sustainable palm oil, and others such as the home and personal care sector are advancing as well, the animal feed sector on the other hand still needs to step up its commitment to sourcing sustainable palm oil.

Animal feed producers and traders, meat and dairy producers, as well as retailers have the opportunity to create change by asking their suppliers whether the feed, feed additives or milk replacements are sourced sustainably and if not, how they plan to address this. Choosing to source RSPO certified sustainable material shows that your company is taking concrete actions to benefit people and the planet.



## WHY IS PALM OIL IMPORTANT FOR THE LIVESTOCK SECTOR?

### PALM OIL (PO) AND ITS DERIVATIVES

- Can be used in animal feed and is classified as an energy source for animals
- Can be used in the diets of ruminants and poultry with a special formulation
- Can be used as a supplement for dairy cattle

### PALM KERNEL EXPELLER (PKE) / PALM KERNEL CAKE (PKC)

- Produced by the mechanical expeller extraction of palm kernel oil or through the solvent extraction of palm kernel
- It is highly fibrous, medium grade protein feed, safe as feed (30-40%) for most classes of livestock and ruminants, suitable for dairy and beef cattle feeding, swine, and fisheries.
- Used as a filler to increase the bulkiness of the feed for non-ruminants, while providing some protein, energy, minerals and vitamins.
- PKC is commonly used as an energy source for both beef and dairy cattle

### PALM FATTY ACID DISTILLATE (PFAD) AND PALM STEARIN

- Used as a supplement for dairy cattle due to the high energy levels provided by palmitic acid.

## WHAT CAN BE CERTIFIED AS SUSTAINABLE?

According to the definition provided in the RSPO Supply Chain Certification Standard, every output which has been grown according to the RSPO Principles & Criteria (P&C) [or the Independent Smallholder (ISH) Standard] can enter the physical supply chain of certified material.

*[...] "Products produced from the oil palm, including its fruit and kernels. Depending on the context, the phrase 'oil palm products' [...] can also refer to products such as (crude) palm oil, shells, palm kernels, palm kernel expeller, palm kernel oil (PKO), or products derived thereof, palm fatty acids (PFAD), palm kernel fatty acids (PKFAD), olein, stearin, or other products that are derived from fractionation of palm oil and palm kernel oil."*



When it comes to trade of Certified Sustainable Palm Oil (CSPO) and other outputs, there are three physical Supply Chain Models that ensure certified palm oil or palm kernels enter the supply chain:



**The Identity Preserved (IP) supply chain model assures that the RSPO certified sustainable oil palm product delivered to the end user is uniquely identifiable to a single RSPO certified IP mill with its supply base.**



**The Segregated (SG) supply chain model assures that RSPO certified sustainable oil palm products delivered to the end user come only from RSPO certified sources (a mixture of IP products).**



**The Mass Balance (MB) supply chain model allows for mixing of RSPO and non-RSPO certified sustainable oil palm products at any stage in the supply chain provided that overall site quantities are controlled.**



The MB model allows farmers to place certified sustainable fresh fruit bunches on the market (the quantities of which are monitored from an administrative point of view to avoid overselling) even when the facilities are unable to keep the oils (conventional vs. certified sustainable) separate in mills, during storage and transportation, and when the minimum quantities necessary for the operation of the plants are not reached by certified material only.

### **MB AND CREDITS: THE BEST TO WAY TO “MOVE AND SHAKE” A HIDDEN SUPPLY CHAIN**

In some sectors it can be hard to find SG or IP material due to either a lack of demand or the composition of co-products. However, MB products are largely available and can represent a good way to stimulate a sector.

If some products are not available as MB, RSPO Credits are an excellent model for ensuring positive support for sustainable production while the products are still entering the market as conventional ones. It is a way to remunerate the farmers directly for their efforts towards sustainability.

## HOW RSPO CREDITS WORK

RSPO Credits are a great way to start your sustainable palm oil journey. Buyers of RSPO Credits support the farmers that have certified their plantations as sustainable by paying a premium directly to the certified farmers through the purchase of RSPO Credits.

Sellers of RSPO Credits can be mills or growers for Certified Sustainable Palm Oil (CSPO), crushers for Certified Sustainable Palm Kernel Oil and Expeller (CSPKO, CSPKE). A crusher builds up volume by purchasing RSPO Certified Palm Kernels.

An RSPO certified Independent Smallholder group can sell RSPO Independent Smallholder Credits of Certified Sustainable Palm Oil (IS-CSPO), Independent Smallholder Certified Sustainable Palm Kernel Oil and Expeller (IS-CSPKO, IS-CSPKE).

The amount of IS-CSPO, IS-CSPKO, and IS-CSPKE Credits that the independent smallholder group can sell is controlled by the annual forecast output of Fresh Fruit Bunches (certified volume FFB), historical production, age of the oil palms, and the applicable standard for that country or region.

To make credit trading fast, user-friendly and uncomplicated, RSPO developed the online trading platform PalmTrace. Credits can be purchased on the PalmTrace trading platform in order to cover a company's annual palm (kernel) oil or derivatives usage entirely or partially. In order to access PalmTrace, a company needs to become an RSPO member first and register as an RSPO credit buyer in the system.



Find out more at [rspo.org](https://rspo.org)

## READY TO COMMIT TO A BIGGER CAUSE?

When choosing sustainable palm oil products, your company demonstrates its commitment towards a bigger cause: ending deforestation and child labour, improving the livelihood of thousands of farmers worldwide, and ensuring labour and communities' rights are upheld. These results are all aligned with the United Nations' Sustainable Development Goals (SDGs) and they can be part of your narrative once RSPO standards are applied to your sourcing policies and implemented.

Before applying online for RSPO membership, make sure you have assessed your company's total annual palm (kernel) oil use and/or ingredients that contain palm oil — this will help determine which membership category (Ordinary or Associate) is the best fit for your company.