RSPO
Roundtable on Sustainable Palm Oil



ACOP Digest

A Snapshot of RSPO Members' Annual Communications of Progress

October 2012

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Opening Address

This is the first year that the RSPO has published a draft set of figures based on members' Annual Communications of Progress reports (ACOPs) ahead of the RT. It is an annual requirement of the RSPO Members Code of Conduct that all Ordinary Members who joined before July 1st 2011 are obliged to submit an ACOP. All stakeholders, except for Environmental NGOs and Social NGOs, are required to provide their Time-Bound Plans (TBPs) to achieve 100% RSPO certification. This is a critical component of meeting the RSPO's vision to transform the market to make sustainable palm oil the norm.

Darrel Webber
RSPO Secretary General

The ACOP and the members' own Time-Bound Plans clearly indicate the specific plans and actions that organizations across all the stakeholder groups are taking to ensure RSPO-certified sustainable palm oil is promoted, supported, produced and used across the supply chain. The ACOP also allows the RSPO not only to assess member progress but also to respond to issues and trends that are emerging, some of which are detailed and commented on in this Digest. The ACOP process also allows each and every stakeholder group to understand and acknowledge their distinctive roles within the RSPO.

"This year has seen a marked increase in the total number of responses..."

All seven sectors were required to submit the ACOP in 2012. The questions for each sector are outlined to reflect the distinctive contributions from each towards promoting sustainable palm oil.

This year has seen a marked increase in the total number of responses: the membership has increased and the rate of submissions has increased from 2011. We have also seen an increase in the number of voluntary submissions (there were none in 2011). The richness of responses and feedback in this year's ACOP has increased thanks to the new reporting template and active engagement with members throughout the submission process.

1 This year's Digest

The reporting period for the ACOP follows the RSPO's financial year which runs from July 2011 to end June 2012. Despite the reporting deadline on September 27th, some companies were still submitting beyond the data collected for this report. However, the RSPO recognises the challenge companies face given that the RSPO reporting periods are often not aligned with their own corporate reporting, financial year-ends or calendar years.

Time-Bound Plans (TBPs) form an integral part of the ACOP. The ACOP is the overall master report submitted as answers to a list of questions which is different for every stakeholder group. The TBP is one very critical part of the ACOP, insofar as it requires members to indicate their internal deadlines and milestones towards RSPO Certified Sustainable Palm Oil (CSPO).

This year's questionnaire template was refined to include critical new information such as actions within emerging markets, i.e. India and China, and plans for using the trademark, amongst others. The template was modified to include information on member organizations that operate along the supply chain to report on the full range of commitments and activities that they are undertaking.

The ACOP is an important document as the information in the report (to be published on the RSPO website: http://www.rrspo.org/en/acop_2011-2012_reports) will be used to review the year-on-year commitment by member companies; to gauge the commitment of new member companies coming into the fold of the RSPO as more of an active participation rather than passive support; to analyse and publish the pledges and commitments made across sectors towards sustainable palm oil. It will also be used to gather feedback from members on the challenges and opportunities that they would like the RSPO to address.

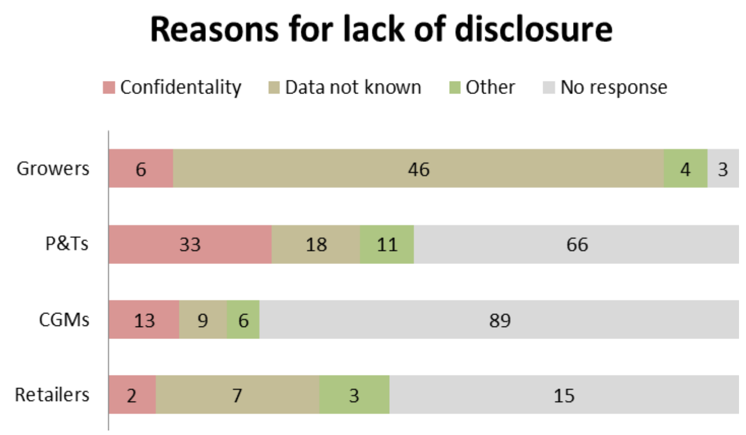
How does the RAD compare with other scorecards? Scorecards, such as the WWF Palm Oil Buyers' Scorecard (editions 2009 and 2011) were independently published to provide an indication of progress of both RSPO members and non-member companies against WWF's own indicators. They were further used to score and rank the performance of companies. This Digest only represents members' responses in the ACOP and is not seeking to rank, rate or score individual companies. However, in making the information public, the RSPO encourages interested parties to make their own judgments on the aspirations and progress of RSPO members.

Who is required to report? Ordinary Members (OMs) who joined before July 1st, 2011 were required to report this year. New members that have joined since July 2011 are not expected to submit the ACOP 2012 (and TBP) as it is recognised that as new members they will need time to familiarize themselves with the expectations of the RSPO. New members are given a year before they are expected to adhere to this requirement of submitting the ACOP. However, new members who joined the RSPO after July 1st, Affiliate Members and Supply Chain Associates are encouraged to submit, though it is not compulsory to do so. A number of voluntary submissions were received this year.

Submission deadline The deadline for ACOP submission was on September 27th, 2012. Some submissions were received after the deadline and, where possible, these were incorporated into the analysis. A number of submissions that were received are not included in the analysis, however they are published on the RSPO website as submitters and have their reports published in the individual membership pages. The RSPO required adequate time to review each and every submission to ensure the questionnaire was completed within expectations. **This was not in itself a verification and validation exercise on the information submitted and members were expected to report a complete and full picture**. This analysis is based on the information submitted. The RSPO invited all submitters to confirm their details of submissions and edits, if any, during 2-9 October 2012.

Follow up Initial analysis of the data submitted shows that there are some discrepancies and the RSPO will have to contact member companies to clarify these, or any inadequacy of information, to ensure that the members are given a fair opportunity to be published as having fully submitted their reports.

1.1 A note on Disclosure and Data Reported



Important note on reported volume data related to own brands
In the submission template, the RSPO asked for volume used in own brands rather than reports on total palm oil use. For some categories, the total figure of palm oil handled is likely to be much higher than actually disclosed in the ACOP (i.e. own brands plus other third party products). A number of submissions picked up on this, which could explain why certified volumes reported exceed the total for own brand use.

Important note on disclosure
The RSPO asked for all information that could not be shared or responded to be clearly indicated in the submission (marked with “it is a company policy not to share this information”). The chart highlights the reasons offered for lack of disclosure by membership category. For Growers, the main reason given was down to a lack of data (78% of cases) whereas for Processors & Traders the main reason was confidentiality over the data (26% of cases).

2 Key figures from the 2012 Digest

+29%

The number of members required to report this year increased by 29% (501 compared with 387 in 2011). This is roughly half the active membership of 1,033.

72%

72% of members required to have reported, up from 61% in 2011.

51%

51% of Growers expect to have their estates 100% certified by 2015 (if not sooner).

By 2015, 38% of Processors & Traders expect to achieve 100% Supply chain certification and 31% expect to achieve 100% CSPO use. For Consumer Goods Manufacturers the expectation is higher, with 75% planning to achieve the goal by 2015 – and higher still for retailers with 89% of those reporting a 2015 target.

12.9 Mt

↑

6.72 Mt

The projected volume of CSPO production in 2015 is estimated at 12.9m Mt (up from current reported certified production of 6.72m Mt). Similarly, the projected volume of CSPO aggregate demand is shown to increase over the period to 2015.

However it is not possible to provide an accurate figure for the total demand given a high likelihood of double-counting between reported category volumes on the supply-side as well as the fact that some categories only reported own-brand use of palm oil. Reported volumes do indicate that demand among members could rise to almost 6 Mt by 2015.

As a consequence, the current pattern of only about half of available CSPO being consumed may persist unless more manufacturer and retailer members of the RSPO make commitments to use it on the supply-side.

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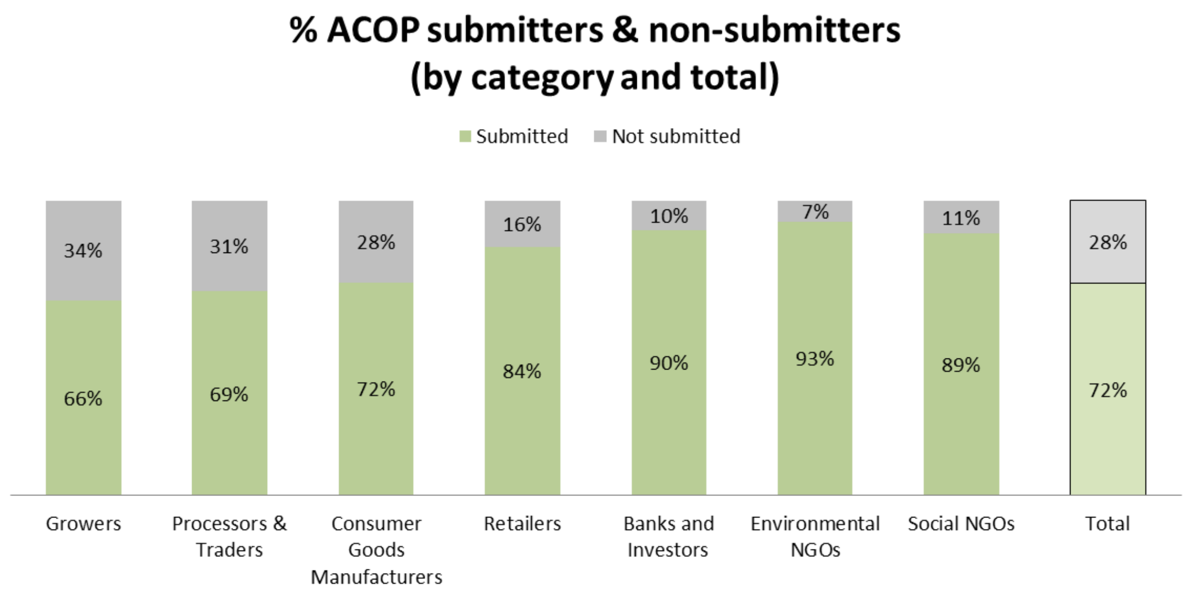
3 Summary of Submissions

3.1 Overall submissions by category

The table below summarises the submission responses by member category (including voluntary submissions). The list of submitters and non-submitters is available on the RSPO website: http://www.rspo.org/en/ACOP_Announcement.

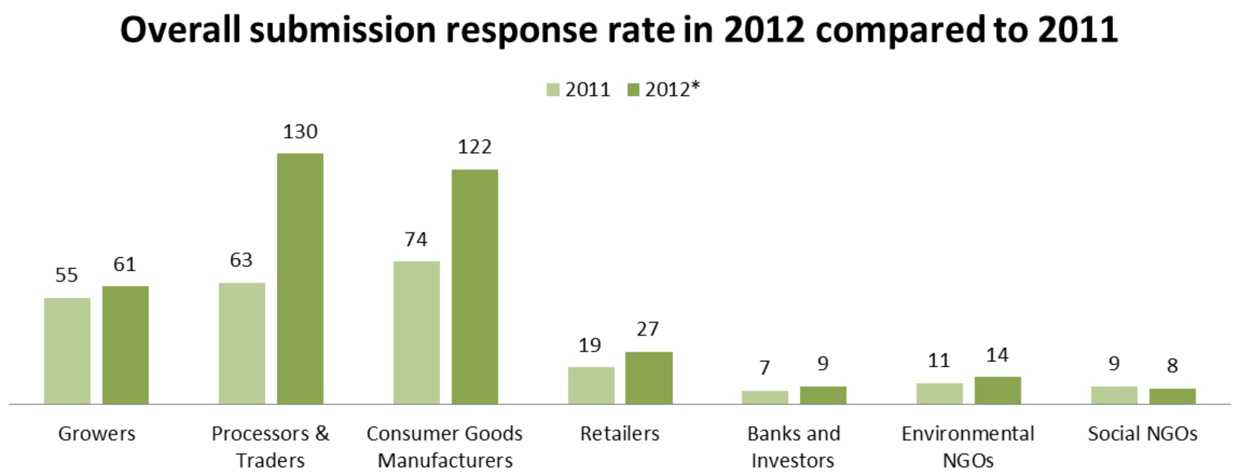
Out of an active membership of 1,033, approximately half (501 members) were required to submit an ACOP in 2012 and to provide details on their TBP commitments. A further 21 members voluntarily submitted an ACOP, increasing the total number of submission this year to 522. As of October 16th, a total of 361 (or 72% of those required to submit) had reported, with a further 140 having yet to report (note the formal submission deadline was September 27th).

ACOP Submissions (Status) Member category	Active members	ACOP Submissions (Status)					
		Required	No	Yes	Voluntary	Submitted	Total
Growers	115	89	30	59	2	61	91
Processors & Traders	276	185	57	128	2	130	187
CGMs	275	162	45	117	5	122	168
Retailers	45	32	5	27		27	32
Banks & Investors	10	10	1	9		9	10
Environmental NGOs	19	14	1	13	1	14	15
Social NGOs	9	9	1	8		8	9
Organisations	98				7	7	7
Individuals	5						0
Supply Chain Associates	181						4
TOTAL	1033	**501**	140	361	21	382	522



3.2 Comparisons with 2011

Overall the response rate has improved by 52% over 2011 with a total of 371 submissions (including 10 voluntary disclosures among the main categories). Processors and Traders more than doubled their responses to 130 (up from 63) and Consumer Goods Manufacturers (CGMs) increased theirs by 63% to 122 (up from 74). The total number of members required to complete the ACOP also increased by 29% this year to 501 (up from 387 in 2011).



These figures are summarised in the following table:

Overall submission response rate in 2012 compared to 2011						
	Submitted			Not submitted		
	2011	2012	Incr. %	2011	2012	Incr.%
Growers	55	61	11%	28	30	7%
Processors & traders	63	130	106%	83	57	-31%
CGMs	74	122	65%	31	45	45%
Retailers	19	27	42%	6	5	-17%
Banks & investors	7	9	29%		1	
Environmental NGOs	11	14	27%	1	1	0%
Social NGOs	9	8	-11%		1	
Total	**238**	**371**	56%	**149**	**140**	-6%

* Submissions in 2012 include voluntary submissions

However, these figures are distorted by the growth in membership of the RSPO and therefore the increase in the overall number of members reporting over the same period. The table below compares the percentage of members that reported in the two years and shows that compliance is improving (figures calculated on the basis of compulsory reports only, excluding voluntary submissions):

Category	2011 ACOP rate%	2012 ACOP rate%
Growers	66%	66%
Processors & traders	43%	69%
CGMs	70%	72%
Retailers	76%	84%
Banks & investors	100%	90%
Environmental NGOs	92%	93%
Social NGOs	100%	89%
Total	**61%**	**72%**

ACOP submissions have improved but are still low at only 72%. The RSPO will be exploring measures to address this.

4 Reporting on Time-bound plans and Interim Milestones

The table below shows all TBPs as reported in each member category, with details of the percentage of ACOP submitters with TBPs (including voluntary disclosures):

Member Status Category	Active total	ACOP Total	Submitted Yes	Submitted No	Of those submitted (Time-bound plans)		%TBP
Growers	115	91	30	59(2)	Estate	48(1)	81%
					Smallholders	28	47%
					Outside	20	34%
Processors & traders	276	189	57	130(2)	SCC	72	55%
					CSPO	66	51%
CGMs	275	167	45	117(5)	CSPO	93(4)	79%
Retailers	45	32	5	27	CSPO	24	89%
Banks & investors	10	10	1	9	Clients	1	11%
Total	**721**	**489**	**138**	**342(9)**	**Total**	**243**	

*Numbers in brackets indicate voluntary disclosures

In total, 243 members submitted TBPs with their ACOPs. Approximately 69% of members who submitted an ACOP included TBPs but only about 50% of the total membership that is required to report and submit a TBP has done so.

All Ordinary Members in the supply chain are expected to submit TBPs relevant to their sectors. As a result of a resolution passed at the 8th General Assembly (GA8) in 2012, the RSPO is currently developing guidance on what form these TBPs should take for different membership categories, and will be seeking to ensure that all members develop and publish appropriate plans over the coming year.

4.1 Timebound plans and Interim Milestones

Overall, there is a marked contrast in terms of the nature of the interim milestones presented. Some were elaborate but lacked any time-bound commitment period. For many, the TBP depends on the availability of Crude Palm Oil (CPO), Crude Palm Kernel Oil (CPKO) and its derivatives, and the integration of small volume suppliers and products into their processes. We have discussed the interim milestones in more depth under each category section in this Digest.

4.2 Actions taken in the coming year to promote CSPO

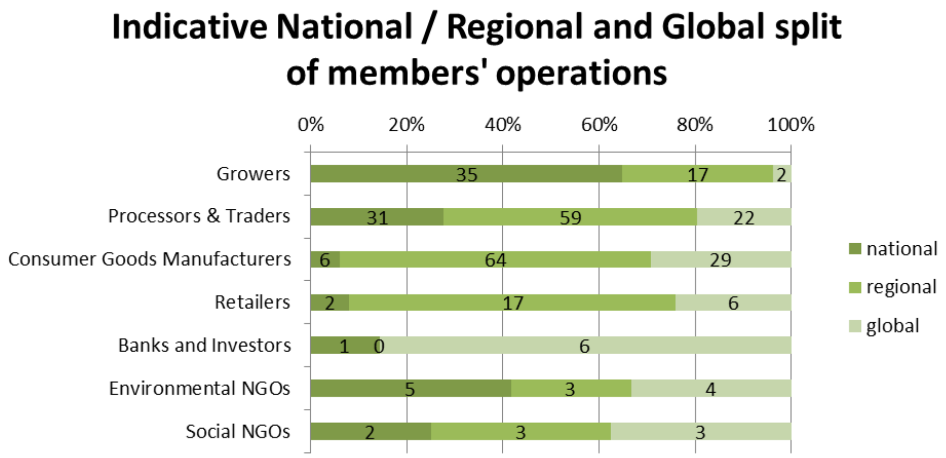
The table below highlights some of the key actions to be taken in the coming year by members to promote CSPO:

Category	**Key Actions** (NB. this not an exhaustive list)
Growers	• Deploying a scorecard system to optimise efforts towards certification • Partnerships and initiatives in smallholder projects such as Smallholder and REDD Plan (SHARP) and participation in pilot projects • Aggressive approach towards implementation of the RSPO Principles & Criteria (P&C) in all aspects of plantation operations • Engaging with all internal and external stakeholders through regular communication • Surveillance audits for operations that are currently certified and preparations for certification audits for mills under construction • Submission of New Planting Procedures (NPP) for new developments
Processors & Traders	• Educating/guiding customers and suppliers on RSPO • Increasing the procurement, use and delivery of CSPO and derivatives • Taking an active role within RSPO working groups and attending RT10 • Promoting supply chain options to customer base • Promoting Greenpalm and Mass Balance as a step towards Segregated palm oil • Lobbying for eligibility of CSPO in the energy industry • Developing marketing materials to promote RSPO to customers • Educating sales staff on RSPO, and plant staff on handling of RSPO material • Urging crushing mills to be more involved in RSPO • Investigation of plant adaptation to move to Segregated palm oil • Encouraging customers to become RSPO members
Consumer Goods Manufacturers	• Promoting acceptance of RSPO as a voluntary procurement system in the European Union • Pushing for distinction between supply chains and traceable sources • Mentioning RSPO status in product name of palm-based products • Engagement with clients to source RSPO-certified palm oil • Undertaking internal palm oil sourcing policy review, issuing responsible sourcing guiding principles and standards for suppliers • Producing supplier guide; ongoing education • Engaging with regional and national food & drinks associations • Forming internal sustainable palm oil committees • Encouraging refineries to offer segregated stearin (and surfactants) • Encouraging customers to put the RSPO trademark on their packaging
Retailers	• Increasing the amount of products which contain fully traceable CSPO • Applying for a trademark licence to promote RSPO products • Writing to suppliers to remind them of their plans to adopt CSPO • Delivering technical training both internally and to suppliers • Moving supplier base across from Greenpalm and Mass Balance to fully Segregated • Quarterly supplier scorecards to monitor progress towards 2015 target and encouraging suppliers to make the switch • Online promotion of sustainable palm oil to customers • On-pack labelling for sustainable palm oil • Engaging with upstream suppliers / processors / refiners

5 Additional Facts and Figures from this years's submissions

5.1 Regional Membership: global vs national presence

The following chart gives an approximation of members' global, regional or national presence based on the countries/region in which they operate. As one might expect, Growers are predominently national players whereas Banks and Investors take a more global perspective on the market.



This chart is based on responses from 317 members.

6 Preliminary Stakeholder Sector Analysis

The following analyses are based on the data *as submitted*. There is some ambiguity in the data that will be verified by the RSPO. In the meantime, these are some of the headline conclusions that have been drawn from the ACOPs:

6.1 How much of the global palm oil industry is part of the RSPO and certified?

The table below gives a summary of total production and demand figures as reported by member categories in the ACOP.

Category	Production (Mt)	Certified (Mt)	Notes
Growers	16,192,235	6,724,287	Combined volume of CPO and PKO (not including PK)
CPO volumes	14,584,647	5,556,999	CPO and CSPO volumes
PKO volumes	1,607,588	1,167,288	PKO and certified PKO volumes
Processors & Traders	24,853,375	1,911,353	Total handled and total certified (CPO, PKO, PK and Derivatives)
Consumer Goods Manufacturers	5,754,200	2,330,830	Total volume PO and derived products sold in own brands
Retailers	254,616	185,201	Total volume PO and derived products sold in own brands
Total certified		**4,427,384**	

From this data is it worth noting:

- RSPO Growers who reported make up about 28% of global palm oil production – and 42% of that is already certified.
- RSPO Processors & Traders account for 48% of global trade but only 8% of that palm oil is certified. So although RSPO member Processors & Traders are influential, they are not yet taking action proportionate to other membership categories within the RSPO.
- RSPO member CGMs report using about 11% of global palm oil in their own brand products – and 40% of that is currently certified. In effect, RSPO CGMs are using proportionately only slightly less CSPO as RSPO Growers are producing (40% of their own-brand use compared to 42% of Growers' total production is certified). However, what the figures also show is that the overall palm oil consumption by RSPO member CGMs is more or less equivalent to current available certified palm oil, showing that their stated aspirations to use 100% CSPO could be met now using all available supply chain options.
- RSPO retailer members report that 73% of the palm oil they are selling in their own brands is already certified. However, their total volume of palm oil use is less than 0.5% of global consumption.

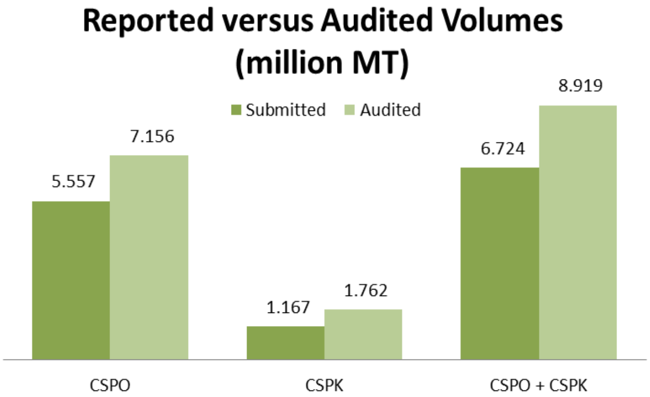
6.2 Growers

Table: Once we have received the full data-set and verified the data we will provide an updated table with details on grower category: (a) have they reported? (b) have they set a TBP for 100% certification (and if so which year)? (c) Total area of plantations vs. area certified, (d) the total number of management units/estates vs. number certified, and (e) indicative share of volumes by supply chain method.

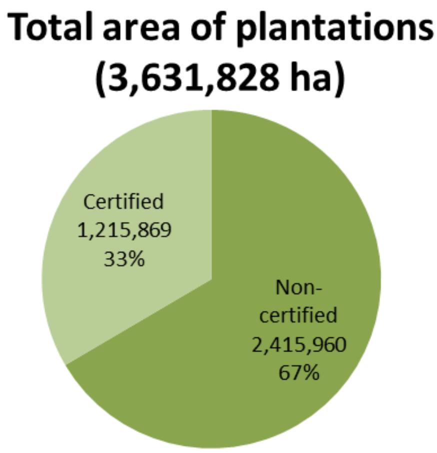
Responses: In total, 69% of the Growers submitted (61 out of a total of 89 that were required to report) and two submitted voluntarily (PT Unggul Lestari and PT Mentari Pratama, although the latter provided no volumes).

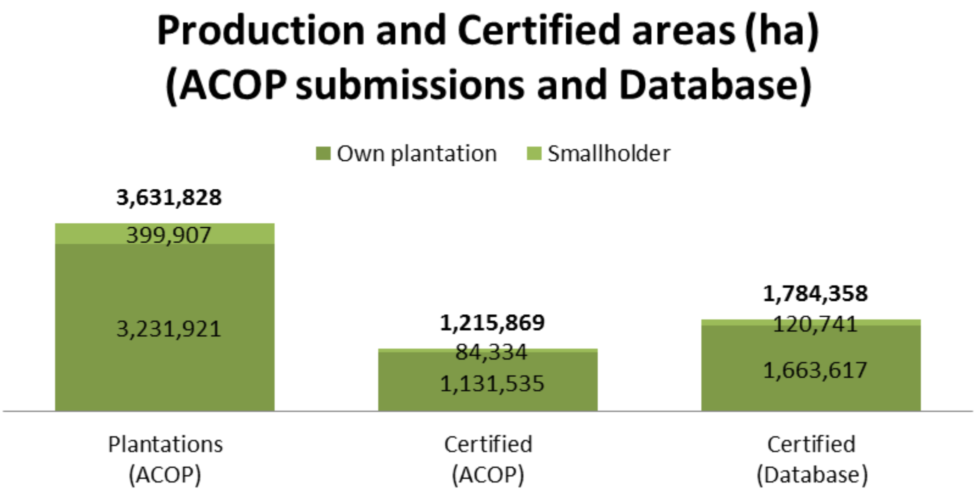
Time-bound plans: Whilst 48/59 (81%) of growers who submitted had stated TBPs, only eight provided statements and three provided links to plans. There is some focus by a number of Growers on external/outside Fresh Fruit Bunch (FBB) and steps towards certification (but some also admitted they have not yet formulated plans). Of the 59 growers who submitted, 28 said they planned to expand into new mills over the next five years (but 20 had no plans). Implementation of P&Cs is also a key interim milestone.

Reporting volumes: The current reported total certified production of CSPO and CSPKCS is 6.724m Mt (some 42% of total production capacity of 16.192m Mt). This compares with a certified supply base—as audited—of 8.919m Mt (7.156m Mt of CSPO and 1.762m Mt of CSPK)—see chart below.

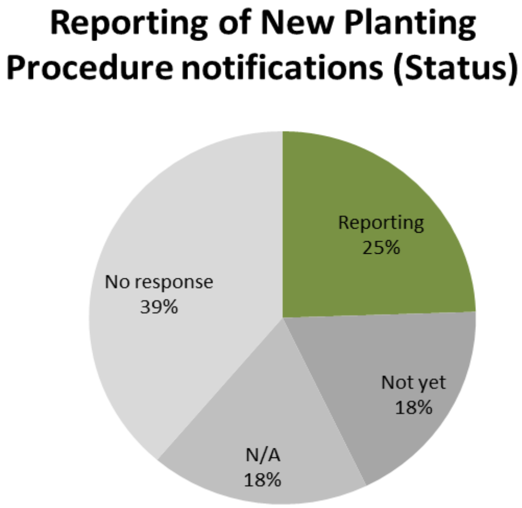


The chart below summarises the total area of plantations versus area certified based on the submissions received. A total of 1.216 million hectares (own production and smallholders) has been reported RSPO-certified compared with the RSPO database of 1.784m ha, suggesting the ACOP has only reported on 68% of the certified area. This total includes 3.232 million hectares of own plantations, of which 35% or 1.132 million hectares have been certified.

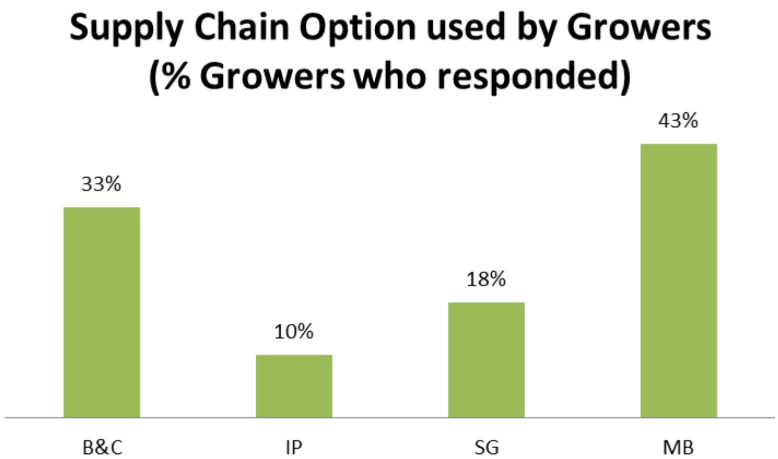




New Planting Procedures: The chart below gives preliminary feedback on the NPP notifications submitted to the RSPO, and seems to indicate that RSPO members are still not fully complying with the provisions of the NPP.



Use of supply chain options: The chart below illustrates the supply chain methods used by Growers, based on submissions received. In total, 43% of Growers who submitted were using Mass Balance, followed by Book & Claim (33%), Segregated (18%) and Identity Preserved (10%).



6.3 Processors & Traders

Tables: Once we have received the full data-set and verified the data we will provide an updated table with details on Processors & Traders: (a) have they reported? (b) have they set a TBP for 100% certification (and if so which year)? (c) the breakdown by key activity areas, (d) the total volume of palm oil including Palm Kernel Oil (PKO) and derivatives handled, and how much is certified (Mt), (e) the total number of facilities handling palm oil and/or derivatives vs. those certified, and (f) the indicative use of CSPO according to the various supply chains.

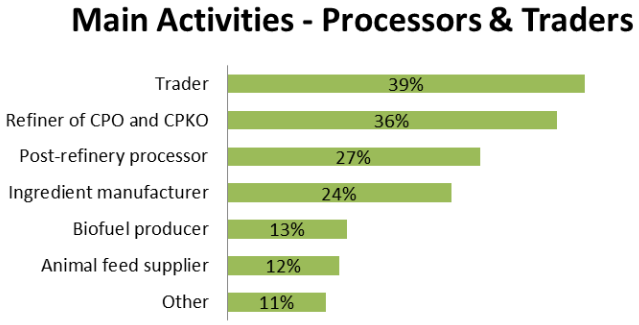
Responses: Overall, 130 Processors & Traders submitted from a total of 185 companies that were required to report this year (out of an active category membership of 276). There were two voluntary submissions (Agro Supply A/S and Tristar Global), bringing the total number of submissions to 132. Three growers also contributed processing volume figures in their ACOP.

Timebound plans: 55% of the submissions disclosed TBPs (72 out of 130) with a commitment year for achieving 100% supply chain certification (SCC), and 51% with a TBP and year to supply 100% CSPO.

Interim Milestones: Quite a few members commented that they are assessing customer demand before making detailed plans. Only 14 respondents had detailed plans (but some stated that the lack of interim milestones was backed by the 2015 objective to achieve 100% CSPO). Some products were excluded from TBPs, typically PKO products and derivatives, or where certain raw materials were not available as RSPO-certified in certain markets. Some interim steps also restricted TBPs to local or regional markets before full commitment was made for all products. Last, a number of TBPs were caveated with 'subject to demand and availability'. There was only one mention of price premium as a key barrier, while some members were limited by action plans of Joint Venture partners.

Reporting volumes: A total of 24.865m MT of palm oil and derived products was handled, of which 8% or 1.905m Mt was certified.

Use of supply chain options: In total, 43 Processors & Traders that submitted ACOPs reported that they were using some CSPO. Of these, only 13 reported using Book & Claim, 26 Mass Balance, 26 Segregated and 11 reported using Identity Preserved. Only two companies reported only using Book & Claim certificates and no physical supply chain options. The chart below gives a breakdown of Processors & Traders' main activities as a percentage of category submissions (according to: Refiner of CPO and CPKO, Post-refinery processor, Trader, Ingredient manufacturer, Biofuel producer, Animal feed supplier, and 'Other').



Note that we have included processing and trading figures provided by the following growers: United Plantations, Louis Dreyfus and Olam Int.

6.4 Consumer Goods Manufacturers

Table: Once we have received the full data-set and verified the data we will provide an updated table with details on: (a) have they reported? (b) have they set a TBP for 100% certification (and if so which year)? (c) the breakdown by activity, (d) the total volume of palm oil including derivatives sold in own-brand products per year vs. total palm oil volume which is RSPO certified (Mt) and (e) indicative share of volumes by supply chain method.

Responses: A total of 162 CGMs were required to report this year out of 275 active category members. Of the 162 companies, some 117 (72%) had submitted by the deadline. A further five members voluntary disclosed, including Kraft Foods, Agrarfrost GmbH, Beltek (Huizhou) Food, Fresh Foods Industries Pty and Vaasan Oy, bringing the total submissions to 122. Only one company (Twincraft Soap) requested that their submission details be withheld. The full list of reporters and non-reporters will be provided (http://www.rrspo.org/en/acop_2011-2012_reports). Some members who responded to the 2011 ACOP have not submitted this year (e.g. SAS Devineau, Goteborgs, Iglo Group).

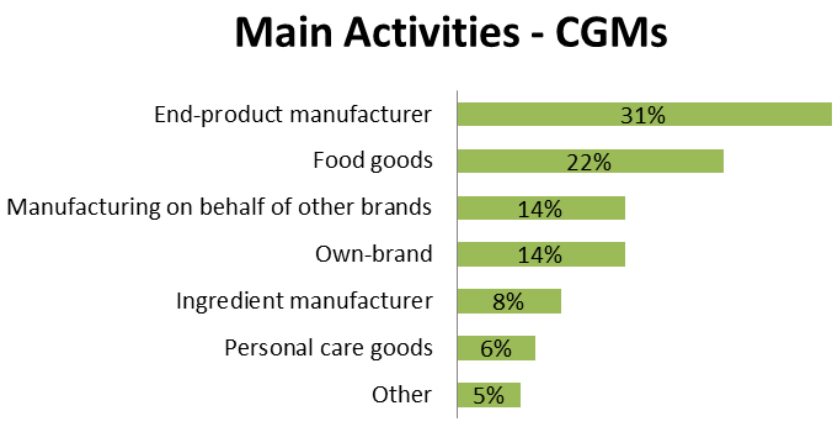
Time-bound plans: The rate of disclosure of TBPs is high, with 79% providing TBPs for 100% CSPO certification. Some members that had set firm TBPs in 2011 have revised them – either extending them (e.g. DSM Nutritional Product from 2013 to now only 60% by 2013, Nutrition et Santé from 2011 to 2013) or bettering them e.g. Saraya (bringing forward their 2015 TBP to 2013).

Interim Milestones: Overall, there is a good coverage of TBPs (at least 21 members had reasonable yearly milestones). For those that have no stated interim milestones, a strategic plan is often in development with the objective to map a transition plan by year. The market for sustainable palm stearin and fractions is still problematic, especially in the US, hindering some members from setting specific dates and targets due to a lack of reliable supply. A number of CGMs have flagged confidentiality as key reason for not providing further details (in particular volumes) but confirm their purchasing policy to only purchase RSPO-certified material. However, a number of members are satisfied with claiming they have met their targets simply through achieving 100% sustainable palm oil with Book & Claim (GreenPalm) certificates. Some offer the highest level commercially available, but typically the switch from Book & Claim to Mass Balance is made upon customer request. A handful of companies have also selected to complement their plans with pilot schemes (such as Yves Rocher with PanEco Foundation).

Reporting volumes: A total of 7.062m Mt of own brand volumes have been reported, of which 2.330m Mt (33%) is RSPO-certified (these figures include CPO, PKO and Derivatives).

Use of supply chain options: In total, 85 CGMs that submitted ACOPs reported that they were using some CSPO. Of these, 48 companies reported using Book & Claim, 36 Mass Balance, 32 Segregated and only 3 reported using Identity Preserved. Twenty-seven companies reported only using Book & Claim certificates and no physical supply chain options.

Main activities: The chart below gives a breakdown of CGMs main activities as a percentage of category submissions according to: End-product manufacturer, Ingredient manufacturer, Food goods, Personal care goods, Own-brand, Manufacturing on behalf of other brands, and other.



6.5 Retailers

Table: Once we have received the full data-set and verified the data we will provide an updated table with details on Retailers: (a) have they reported? (b) have they set a TBP for 100% certification (and if so which year)? (c) the breakdown by key activity areas, (d) the total volume of palm oil including derivatives sold in own-brand products per year vs. total CPO volume which is RSPO-certified (Mt) and, (e) indicative share of volumes by supply chain method.

Responses: Overall, 27 retailers reported this year, representing 84% of the membership that was required to report (32) and 60% of active category members (45). There were no voluntary submissions. Only one company (Carrefour) asked for their details not to be disclosed.

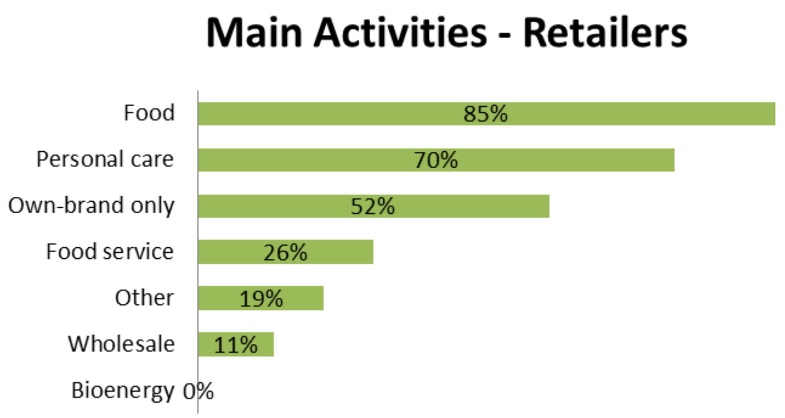
Timebound plans: All but three retailers, or 89% of those who submitted, provided TBPs and stated the year they expected to achieve 100% CSPO in their own brand products. All reported TBPs were for 2015 or earlier. Around 31% of those who submitted provided detailed interim milestones (in terms of year and progressive CSPO percentage) towards achieving their CSPO commitment.

Interim Milestones: At least 10 of the retailers provided detailed time-bound interim milestones – often detailing staging between product types, palm oil use and different supply chain methods. Similarly, the use of the RSPO trademark is occasionally featured in these milestones. The majority of the supply chain methods is still Book & Claim (GreenPalm) and little distinction is made in the interim plans on progress towards segregated supply as an end-goal. That said, some retailers have very clear objectives to move toward Mass Balance/Segregated, expressly excluding the purchase of GreenPalm certificates. Some members were unwilling to provide interim percentage targets "due to the dynamic and extensive range of products" or because the organisational model was still being configured. Only occasionally was product supply offered as a key limitation – for example in Australia where there has been a lack of availability of certified sustainable PKO and derivatives.

Reporting volumes: A total of 0.255m Mt of own brand volumes was reported, of which 0.185m Mt (73%) is RSPO certified.

Use of different supply chain options: In total, 23 Retailers that submitted ACOPs reported that they were using some CSPO. Of these, 20 companies reported using Book & Claim, 11 Mass Balance, 12 Segregated and only four reported using Identity Preserved. This included five companies reporting only using Book & Claim certificates and no physical supply chain option.

Main activities: The chart below gives a breakdown of retailers' main activities as a percentage of category submissions according to: Own-brand only; Food; Personal care; Bioenergy; Wholesale; Food service and 'Other').



6.6 Bankers & Investors

Tables: Once we have received the full data-set and verified the data we will provide an updated table with details on Bankers & Investors: (a) have they reported? (b) do they have a policy on sustainable palm oil? (c) Do they require customers to be RSPO members? (d) have they set a TBP for 100% certification (if so what year is the TBP)? (e) a breakdown according to lending activities and services offered, (f) by type of financial services offered to the sector, (g) the total investment/ financial interest in the palm oil sector, and (h) geographic regions covering the palm oil business

Responses: Overall, nine out of the 10 members that were required to report in this category submitted their ACOP. Only BNP Paribas (who submitted in 2011) had not reported by the time this analysis was done.

Policies and Time Bound Plans: 7 out of 9 (78%) of the firms that reported have a policy on palm oil that makes specific reference to RSPO-certified sustainable palm oil, but only three actually require their customers to be RSPO members. Similarly, only three (33% of those reporting) require that their customers have a public TBP for 100% RSPO certification, although no specific target has been set. It was commented that some lending engagements were refused due to non-compliance with the firm's palm oil policy. Typically, clients of the firms who reported are either RSPO members already or are moving towards CSPO production.

Commitments & activities undertaken to promote CSPO: The B&I category has been active in engaging with its investees and clients. Some examples:

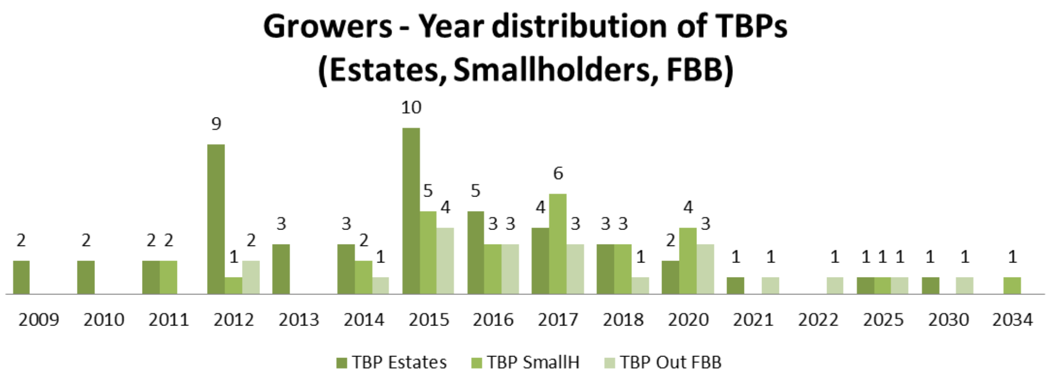
- Generation IM has been instrumental in founding and chairing the Investor Working Group on Sustainable Palm Oil, with over 20 major investors proactively engaging with sector laggards to request RSPO membership, disclosure of palm oil volumes or commitment to TBPs.
- Standard Chartered Bank has customised their Environmental and Social Risk Assessment Tool for SME clients to use when operating within the palm sector.
- IFC has been conducting a diagnostic study to understand better the issues and challenges faced by oil palm smallholders in Indonesia.
- Credit Suisse is planning research on sustainable soft commodities markets in Asia, to include the business case for sustainable oil palm.

7 Summary Time Bound Plans by Category

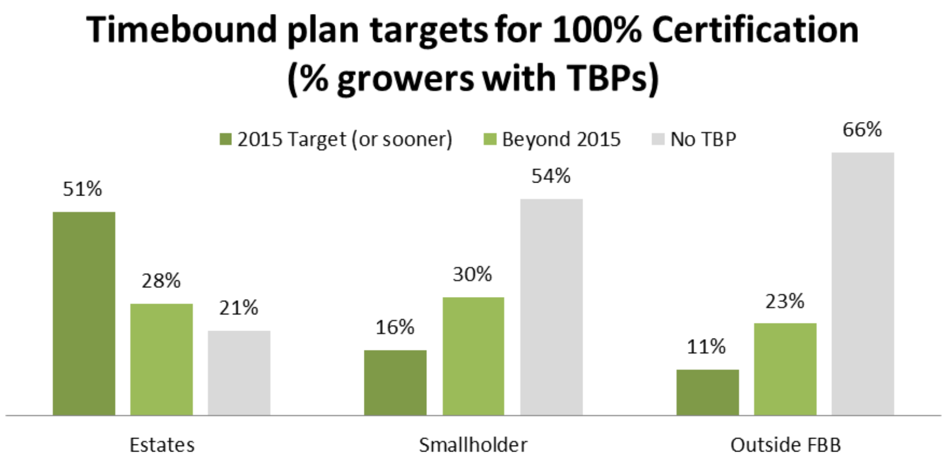
The TBP distribution profile by RSPO category is presented below. The reporting rate of TBPs has been improving, with 81% of Growers; 55%/51% of Processors and Traders (for SCC/CSPO); 79% of CGMs and 89% of retailers.

7.1 Growers TBPs

The following chart illustrates the year distribution of Grower TBPs to achieve RSPO 100% certification of mills and supply base/estates; to achieve 100% RSPO certification of smallholders; and to achieve 100% RSPO certification of outside FFB.

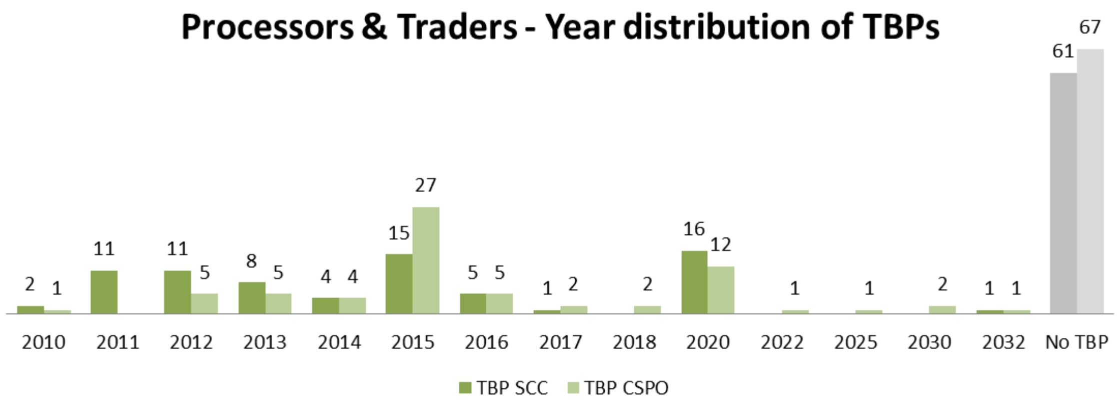


Overall, 51% of Growers expect to have their estates certified by 2015 (if not sooner), with a further 28% with TBPs extending beyond 2015 (leaving 21% without TBPs altogether). For TBPs of associated smallholder plantations and for RSPO certification of outside FBB the figures are down to 16% and 11% respectively.



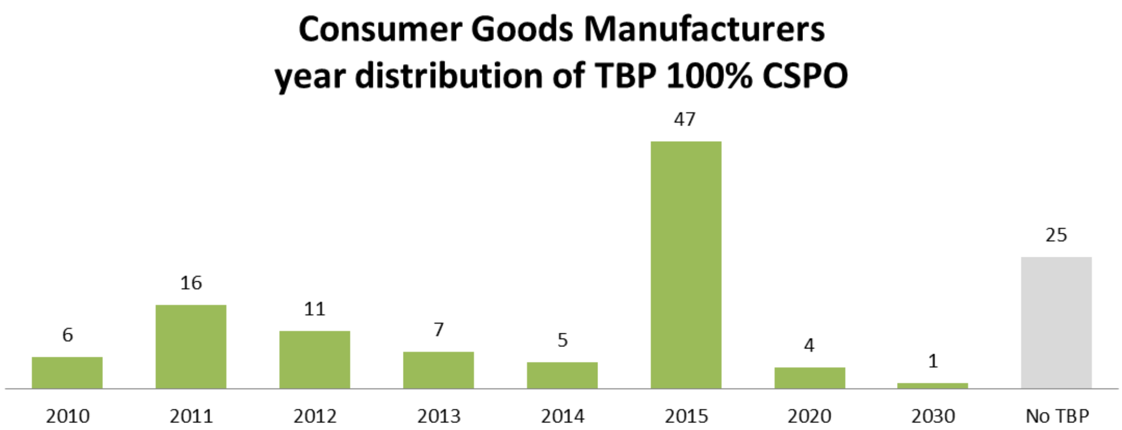
7.2 Processors & Traders TBPs

The chart below illustrates the year distribution of TBPs for Processors & Traders to achieve 100% supply chain certification (SCC) and supply 100% CSPO. Overall, 38% have TBPs to achieve 100% SCC by 2015 (if not sooner) and 31% expect to achieve 100% CSPO certification over the same period. However, just under half of all Processors & Traders had no TBPs.



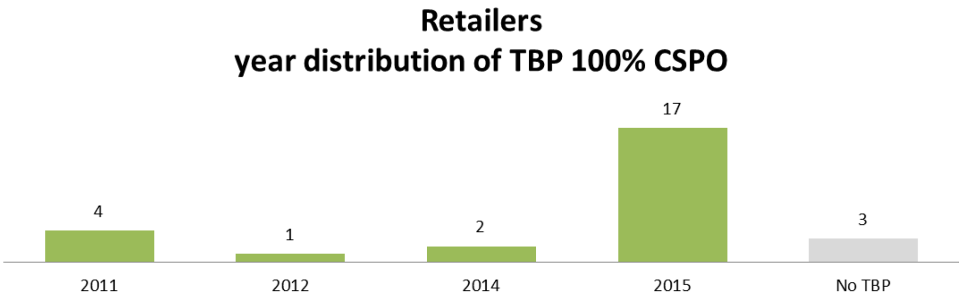
7.3 Consumer Goods Manufacturers TBPs

The chart below gives the year distribution of CGMs that are expected to achieve 100% RSPO CSPO used in all manufactured brands. In total, 75% of those who responded expect to achieve the goal by 2015 (if not sooner). Only five CGMs had plans extending beyond 2015.



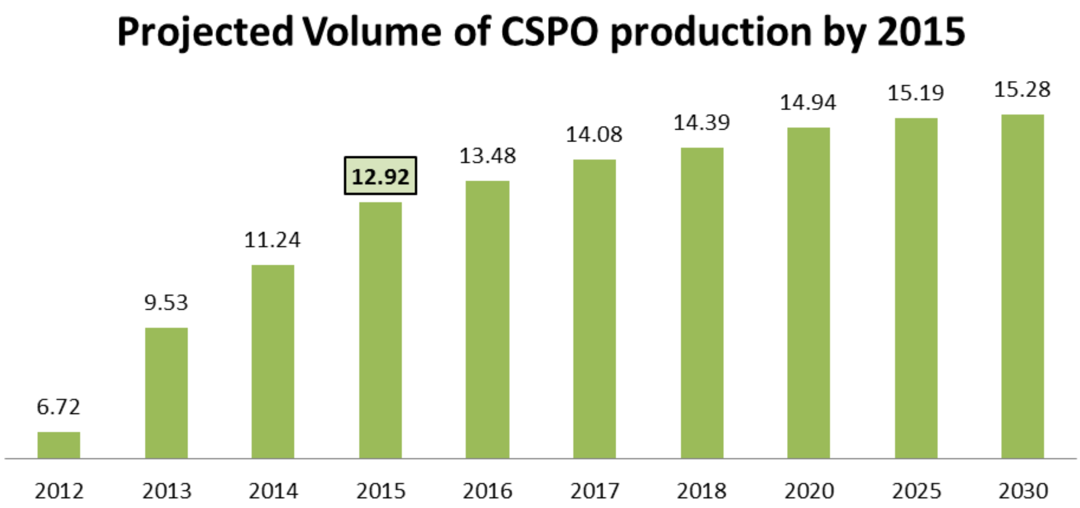
7.4 Retailers TBPs

The majority of retailers submitted TBPs expecting to achieve 100% RSPO CSPO in their own brand products by 2015 or sooner. Only three had no TBPs.



8 Projected volume of CSPO production by 2015

We have used the volumes submitted to make a projection of likely CSPO production capacity by 2015 based on members meeting their stated time-bound commitments. This takes into account the TBPs associated with the certification of own estates, smallholders and of outside FBB. The calculation assumes a linear interpolation based on TBPs rather than analysing detailed submissions or interim targets. It is also based on those submitting data only. The calculation suggests that based on today's current certified production of 6.72m Mt, growers could achieve a certified target production level of 12.9m Mt in 2015.

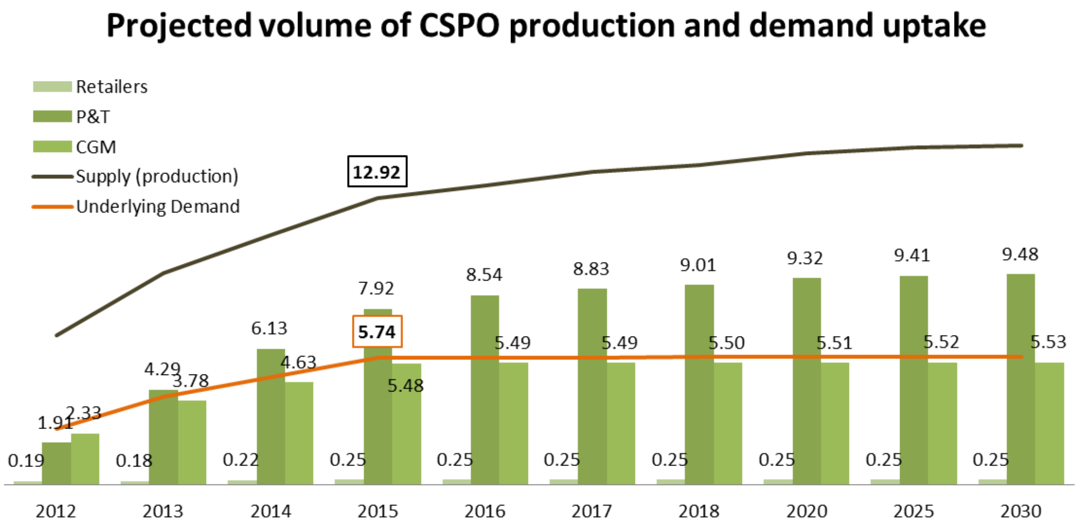


9 Projected volume of CPSO uptake by 2015

What is the future outlook for the market uptake of RSPO-certified sustainable palm oil in 2015?

A projected volume of CSPO demand uptake has been estimated based on members meeting their stated time-bound commitments in the ACOP. This takes into account the stated TBP year expected to achieve 100% CSPO for Processors & Traders, CGMs and Retailer categories based on reported figures. The calculation assumes a linear interpolation based on stated TBPs rather than analysing detailed submissions or interim targets. It is an extrapolation of current production levels. Care must be taken in interpreting these figure-- category totals cannot be combined as this is likely to result in double counting of volumes (e.g. product being reported by Processors & Traders sold on to CGMs and ultimately to retailers). Similarly, the reported volumes are almost all for own-branded products and not third-party goods either produced or sold by members, resulting in a lower than actual reported figure. At the same time these projections are based only on those companies that have reported both total volumes of palm oil used and the TBP for that use to be certified.

The table below provides an indication of pledged demand and supply for CSPO by year together with future outlook for member categories.



The 'underlying' demand is represented by combined CGM and Retailer figures. Two things are worth noting. The first is that the demand for CSPO looks like it may well persist at, or even below, the current 50% of supply. The second is that there is a significant difference between 'demand' volumes and those projected by the processor/traders who feel more optimistic that they will be handling a larger proportion of CSPO in the future. Both factors combine to show that the RSPO needs to work harder to increase the number of CGMs, including as yet non-members who are committing to use CSPO as well as far harder at promoting CSPO amongst companies that are not yet members. In particular, markets outside of Europe and the US need to start demanding CSPO if the projected supply is going to be matched by demand.

10 Supply Base: Summary of Existing and Supplemental Data

The chart below provides a summary of the total number of Growers certified, SCC certified and facilities.

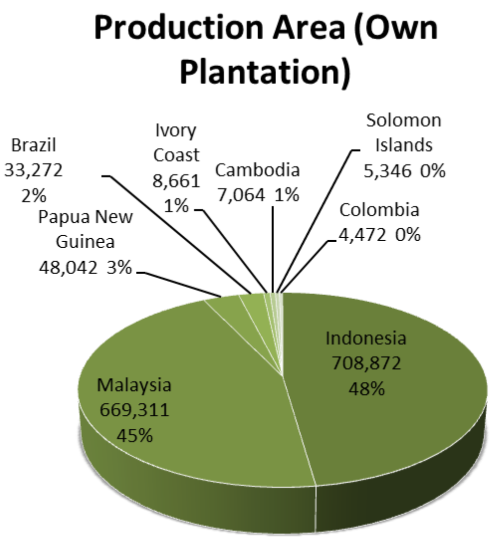
Supply chain certification (No.)		Grower certification (No.)	
Companies	214	Growers	37
Facilities	547	Palm oil mills	175
		Volume CSPO	7,156,267 MT
		Volume CSPK	1,762,324 MT
		Production Area	1,485,040 Ha
		Certified Area*	1,784,358 Ha

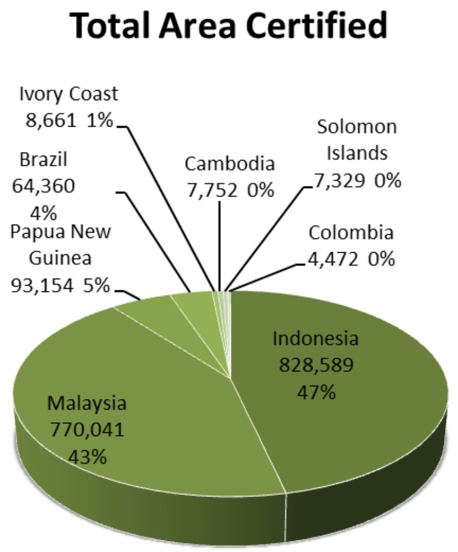
* Own plantation 1,664 ha + Scheme Smallholders 121k ha

source: http://www.rspo.org/en/certified_grower and database

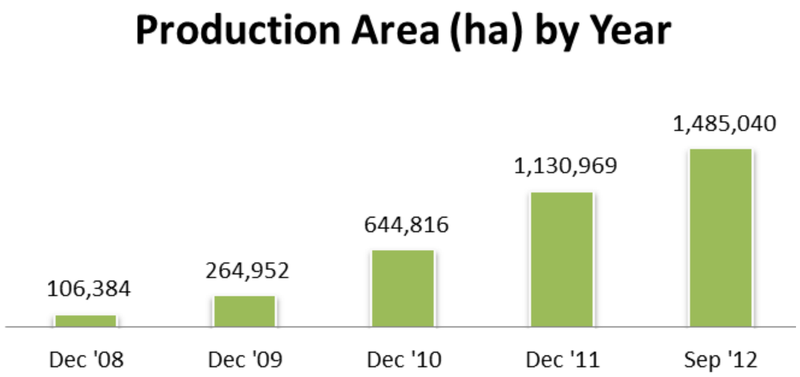
The area and CSPO & CSPK production volume by market is summarised in the table below.

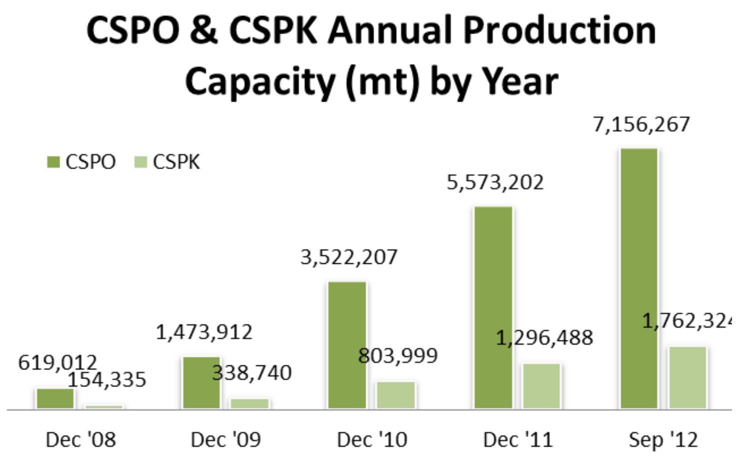
Country	No. Growers	No. Mills	Production **(own plantations)**	Certified area (ha)			Sales (volume)	
				Own plantations	Scheme smallholders	Total	CSPO	CSPK
Indonesia	22	73	708,872	770,051	58,538	828,589	3,367,468	863,161
Malaysia	12	87	669,311	748,113	21,928	770,041	3,167,848	765,761
Papua New Guinea	2	7	48,042	53,890	39,264	93,154	415,319	78,373
Brazil	1	4	33,272	64,360		64,360	125,792	44,216
Ivory Coast	1	1	8,661	8,661		8,661	5,760	1,420
Cambodia	1		7,064	7,752		7,752	20,489	3,995
Solomon Islands		1	5,346	6,318	1,011	7,329	31,592	3,637
Colombia	1	1	4,472	4,472		4,472	22,000	1,760
TOTAL	41(37)	175	1,485,040	1,663,617	120,741	1,784,358	7,156,267	1,762,324



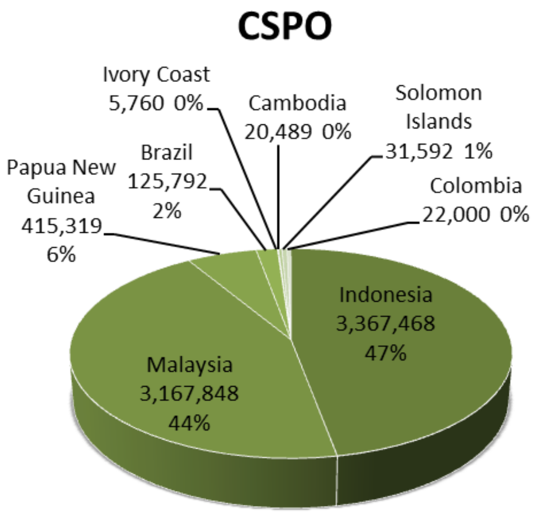


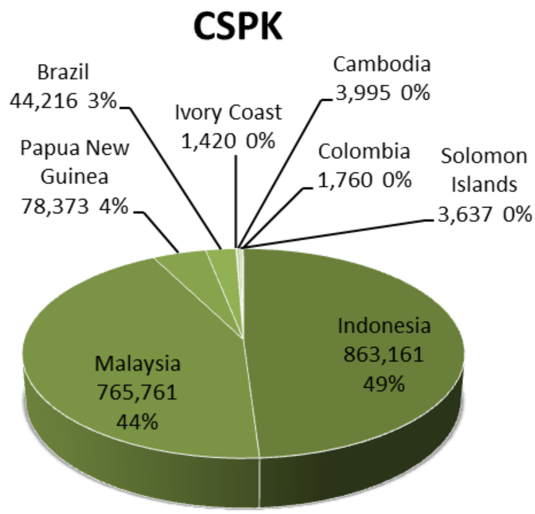
A summary of the production area (ha) and CSPO & CSPK annual production capacity (Mt) by year



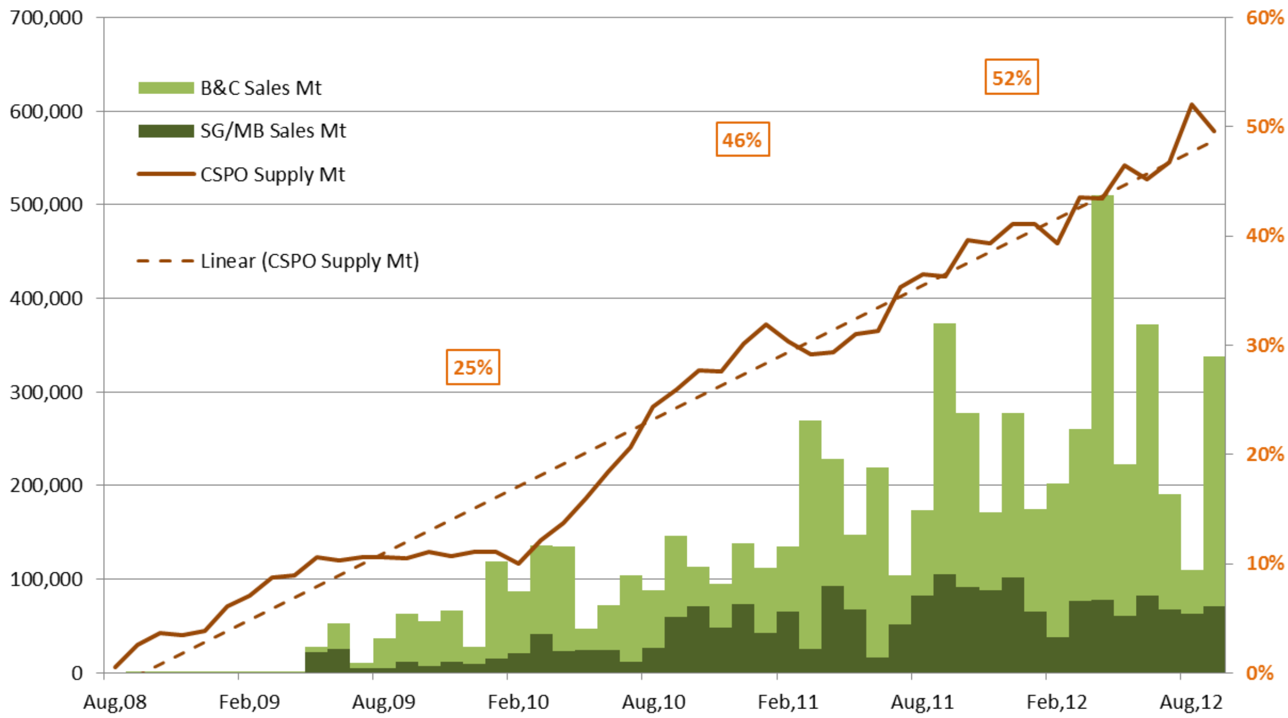


CSPO and CSPK Annual Production Capacity (Mt, %) by country





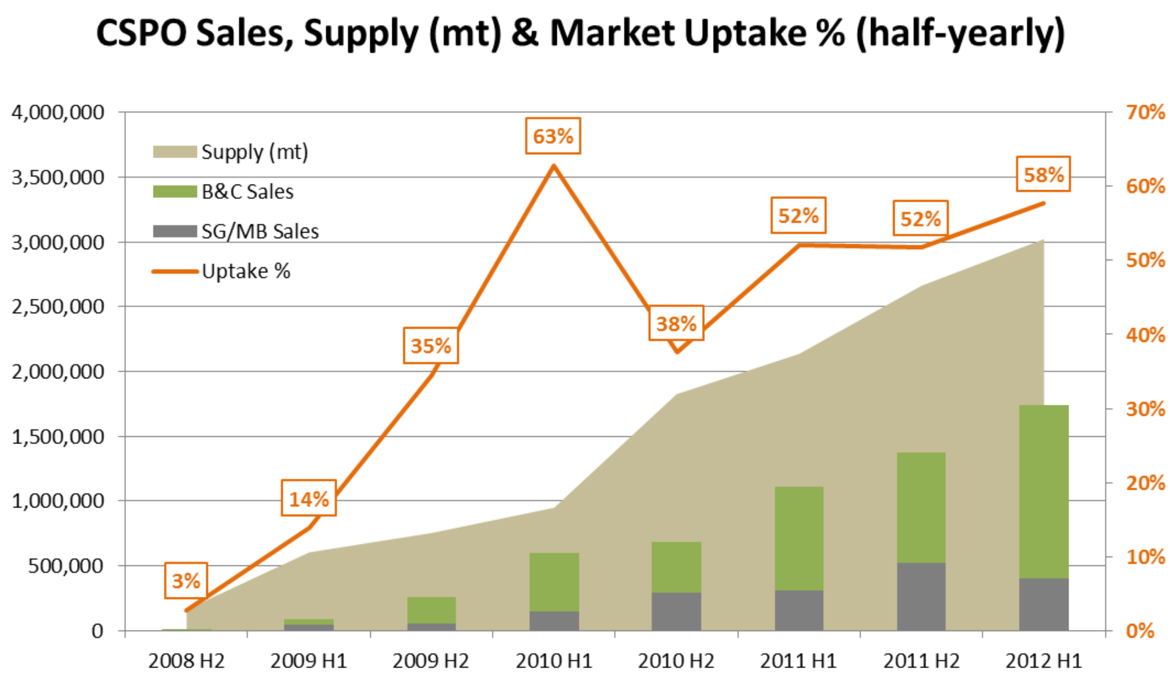
The chart below shows total CSPO supply base, related sales (Mt) and uptake percentage by month. The uptake percentage is shown as a 12-month moving average. The two main supply chain methods (Book & Claim and Segregated/Mass Balance) are shown to illustrate their share of total CSPO sales.



The following chart presents the same data in half-yearly calendar intervals

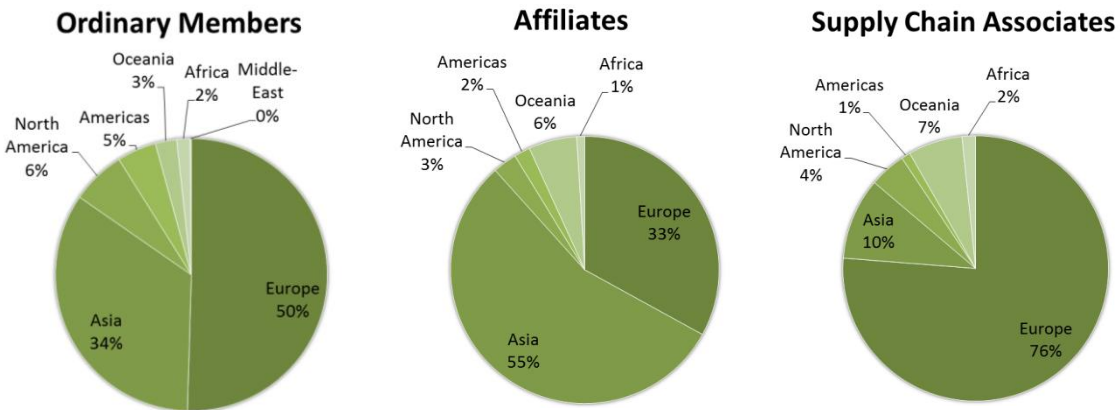
Certified sustainable palm oil (mt)

		Supply (mt)	Sales (mt)			
Period			B&C	SG/MB	Total	Uptake %
2008	H2	163,364	4,452	0	4,452	3%
2009	H1	603,943	36,644	47,224	83,868	14%
	H2	753,568	209,169	50,819	259,988	35%
2010	H1	948,739	447,339	148,443	595,782	63%
	H2	1,824,828	395,280	290,072	685,352	38%
2011	H1	2,136,076	803,654	309,322	1,112,976	52%
	H2	2,662,436	855,862	521,687	1,377,549	52%
2012	H1	3,022,261	1,340,811	402,536	1,743,347	58%
	Q3	1,732,519	437,483	201,793	639,276	37%
Total		13,847,733	4,530,694	1,971,897	6,502,591	47%



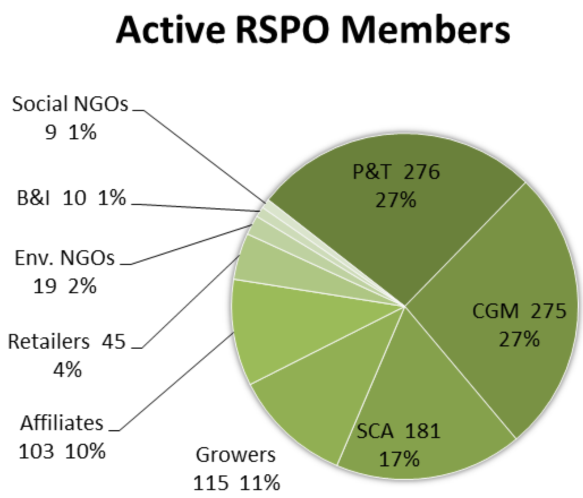
10.1 Current Membership by Market

The charts below provide a breakdown of the active RSPO membership between Ordinary Members (749), Affiliates (103) and Supply Chain Associates (181) – by region.



Row labels	Ordinary members	Supply Chain Associates	Affiliates	Total
Europe	378	138	34	550
Asia	256	18	57	331
North America	48	8	3	59
Americas	35	2	2	39
Oceania	19	12	6	37
Africa	12	3	1	16
Middle East	1			1
Total	**749**	**13,847,733**	**103**	**1,033**

10.2 Current Membership by Category

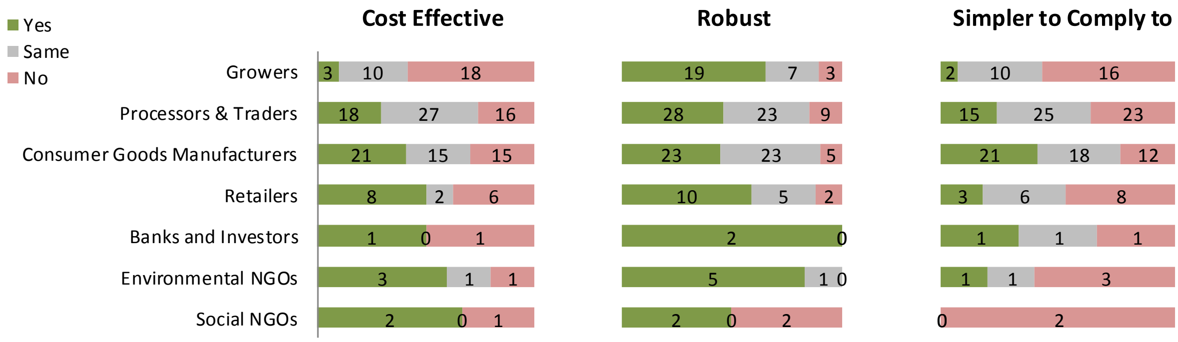


Summary of Active RSPO Members		
Ordinary members	**749**	**73%**
Growers	115	11%
Processors & Traders	276	27%
Consumer Goods Manufacturers	275	27%
Retailers	45	4%
Banks & Investors	10	1%
Environmental NGOs	19	2%
Social NGOs	9	1%
Affiliate members	**103**	**10%**
Organisations	98	9%
Individuals	5	0%
Supply Chain Associates	**181**	**18%**
Total	**749**	**100%**

11 Supplemental: an Analysis of feedback from members' Market Data and Feedback segments

11.1 How Members view RSPO standards compared with other parallel standards

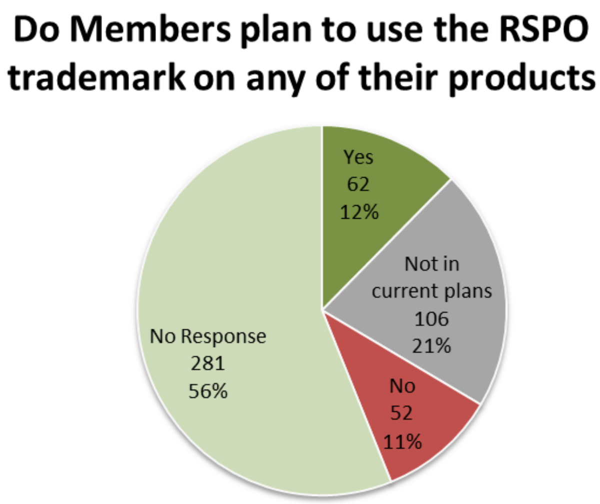
As illustrated in the chart below, the robustness of the RSPO standard over other parallel standards outweighs issues of cost-effectiveness and compliance, but still raises these concerns among certain categories, such as among growers where the cost of compliance is heightened.

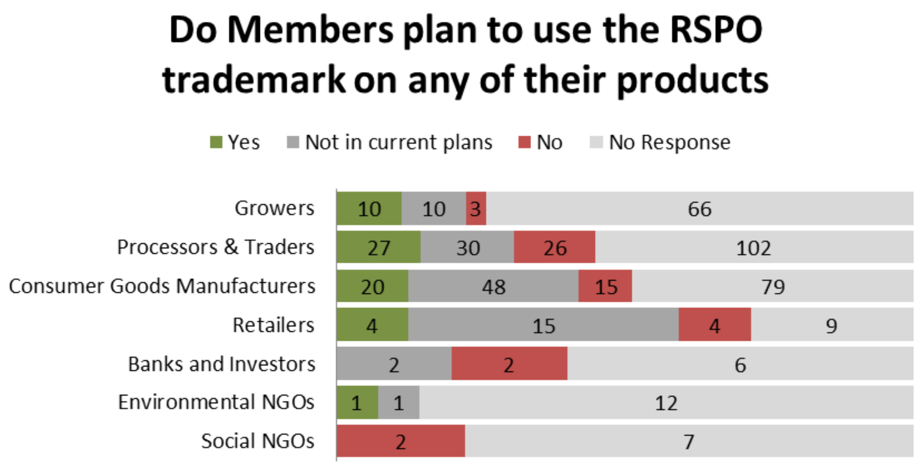


11.2 Trademark licensees by market

The tables and charts below summarise the responses to two questions related to the use and uptake of the RSPO Trademark license.

Asked whether members planned on using the RSPO Trademark on any of their products, only 12% (62 members) had plans to use the license compared with 21% with no current plans and 11% not planning on using the license. Over half of members required to complete the ACOP did not respond.





Response on using RSPO Trademark					
DO YOU PLAN TO USE THE RSPO TRADEMARK ON ANY OF YOUR PRODUCTS?					
Category	**Yes**	**No Plans**	**No**	**No Response**	**Total**
Growers	10	10	3	66	89
Processors & Traders	27	30	26	102	185
Consumer Goods Manufacturers	20	48	15	79	162
Retailers	4	15	4	9	32
Banks and Investors		2	2	6	10
Environmental NGOs	1	1		12	14
Social NGOs			2	7	9
Total	62	106	52	281	501
Total % (based on 220 responses)	*28%*	*48%*	*24%*		

Of those members planning on using the RSPO Trademark, in total 38% were already using it or were planning to use it in 2012. The largest category was CGMs with 13 members (17% of responses).

Responses on using RSPO Trademark										
WHEN DO YOU PLAN TO APPLY FOR THE TRADEMARK LICENSE?										
Category	**using**	**2012**	**Soon**	**2013**	**2014**	**2015**	**2020**	**TBD**	**ND**	**Total**
Growers	1	1	4	1	1	3		1	77	89
Processors & Traders	7	4	2	6		1	1	7	157	185
Consumer Goods Manufacturers	13		1			2		12	134	162
Retailers	2	1						5	24	32
Banks and Investors									10	10
Environmental NGOs								1	13	14
Social NGOs									9	9
Total	23	6	7	7	1	6	1	26	424	501
Total (% of respondents)	38%		9%	9%	1%	8%	1%	34%		

12 Promoting RSPO Certified Sustainable Palm Oil in India and China

Members were asked how they might ensure that their operations in India, China and Indonesia would promote CSPO. The table below provides an analysis of the statements made by category based on a number of key result areas including (a) the supply of CSPO (certification, support for CSPO and establishing P&Cs), (b) supply and demand, (c) Policies and (d) focus on communications and broader education efforts.

Category	Supply CSPO	Supply/ Demand	Policy	Comms	Total	%	NR	Total
Growers	11	2		3	16	17%	45	61
Processors & Traders	9	12	3	8	32	34%	99	131
Consumer Goods Manufacturers	14	9	3	4	30	32%	92	122
Retailers	2	5	3	1	11	12%	16	27
Banks & Investors			5		5	5%	4	9
Total	**36**	**28**	**14**	**16**	**94**	**100%**	**256**	**350**
% Responses	**38%**	**30%**	**15%**	**17%**	**100%**			

In total, 94 members had statements to make based on their operations in India, China and Indonesia, representing 27% of all those who submitted. Statements reinforcing the supply of CSPO, certification and P&Cs accounted for 38% of the responses – together with broader supplier and demand side efforts (30%). Focus on policies and marketing interventions were less prevalent, accounting for 15% and 17% of all statements respectively.

The RSPO is an international non-profit organization 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.

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RSPO
Roundtable on Sustainable Palm Oil

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