

## THE PALM OIL SUPPLY CHAIN: ARE RETAILERS AT THE FOREFRONT OF SUSTAINABILITY?

Retailers play an important role in addressing consumer demand for quality and convenient products. In particular, the market share (volumes) of private label products in Europe account for 20% to 40% in all major countries (source *Private Label Manufacturers Association Inc (PLMA)*). Retailers can positively influence the market and should implement sourcing policies that meet their environmental and social commitments. But are they?

Within the palm oil supply chain there is still a lot to be done.

Like many agricultural commodities, when grown unsustainably, oil palm can have damaging effects on the environment potentially destroying forests and the habitats of wildlife, while also negatively impacting local communities.

### THE SUSTAINABLE SOLUTION

In 2004, the Roundtable on Sustainable Palm Oil (RSPO) was established to develop and implement global standards for sustainable palm oil. RSPO has two certification systems; one to ensure that palm oil is produced sustainably called RSPO Principles and Criteria (P&C) certification and another to ensure the integrity and chain of custody in the trade of sustainable palm oil, i.e. that palm oil sold as 'RSPO sustainable palm oil' has indeed been produced by certified plantations, called Supply Chain Certification (SCC). Additionally, in order to promote greater inclusion of small farmers into the sustainable palm oil supply chain, whose production makes up roughly 40% in Malaysia and Indonesia alone, members recently voted to adopt a third standard; the RSPO Independent Smallholder (ISH) Standard. All of these systems involve third-party certification bodies and are reviewed on a periodic basis so that RSPO standards remain relevant and credible for those involved in the palm oil industry, and for the consumer.

**Despite the engagement of many important retailers who have joined RSPO, the number of those who have actually made a commitment to sustainable palm oil is still low, compared to the number of retailers in the market. In Europe, British, Dutch and German retailers are leading the way while others are still ignoring or not properly addressing the issue.**

Consumers are becoming more and more aware of their impact on the environment. We can expect consumer spending to be increasingly driven by the views of a company's social, ethical, and environmental values and private label brands are not excluded from these trends.



### WHY BOYCOTTING PALM OIL IS NOT AN OPTION

Deforestation, labour rights, and negative effects on nature and the environment are not uncommon in the agricultural sector, including palm oil. Replacing one commodity with another does not eliminate the issues. Palm oil is the most consumed vegetable oil globally and also the highest-yielding vegetable oil crop, which makes it very efficient. It needs less than half the land required by other crops to produce the same amount of vegetable oil. A recent report by the International Union for Conservation of Nature (IUCN) stated that switching to other vegetable oils may very well result in more primary forests being converted into agricultural land, not less. This was also confirmed by a report from the World Wide Fund For Nature (WWF) Germany titled *Searching for Alternatives*. While increasing awareness is important, not engaging for lasting change in a supply chain is shortsighted. Deforestation is not a marketing gimmick, it is an urgent issue that producers and consumers can address by working together to improve supply chains and help make sustainable commodities, including palm oil, the norm. Retailers who follow the boycotting approach potentially contribute to more deforestation, not less.

## FIVE STEPS TO MORE SUSTAINABLE RETAILING

### 1. Identify where palm oil is present as an ingredient in private label products



From small volumes of derivatives to large quantities of palm oil, it all counts towards ensuring a sustainable supply chain. Palm oil, palm kernel oil and derivatives are widely used in food products, cosmetics and detergents, animal feed, and pet food.

### 2. Map any suppliers or co-packers and check if they handle products that already contain certified sustainable palm oil



This can only be guaranteed if they are an RSPO member and RSPO Supply Chain Certified. All RSPO Supply Chain certificate holders can be found online at <https://rspo.org/certification/search-for-supply-chain-certificate-holders>.

Once you have clarity on your supply base, draft your sustainable palm oil sourcing policy, including supply chain models and timelines to achieve these. You may want to achieve 100% sustainably sourced palm oil first or concentrate where bigger volumes are. We at RSPO are ready to explain the options you have and guide you in your sustainability journey.

### 3. Apply for RSPO membership



RSPO membership is a way to demonstrate commitment and actions. Retailers are eligible as Ordinary Member or Supply Chain Associate depending if their annual consumption is above or below the threshold of 500 mt per year. Applying for membership can be done online and it usually takes between 4-6 weeks for approval.

### 4. Apply to carry the RSPO Trademark on pack



RSPO members can apply for a RSPO Trademark Licence for free. Either apply directly, or ask your co-packer to apply on your behalf. RSPO members that receive an RSPO Trademark License are provided with additional opportunities for communications online, business-to-business, and more

### 5. Communicate your positive contribution to sustainability by supporting the production of sustainable palm oil



When choosing sustainable palm oil, your company demonstrates its commitment towards a bigger cause: ending deforestation, child labour, improving 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. Learn more about the positive impact of Certified Sustainable Palm Oil (CSPO) in the latest RSPO Impact Report.