AN INTERNATIONAL MULTI-STAKEHOLDER INITIATIVE TRANSFORMING MARKETS TO MAKE SUSTAINABLE PALM OIL THE NORM
OUTLINE

- What is Palm Oil?
- The need for certified sustainable Palm Oil
- The Roundtable on Sustainable Palm Oil (RSPO)
- Where we are today?
- Where do we go from here?
WHAT IS PALM OIL?

“It has the scent of violets, the taste of olive oil and a colour which tinges food like saffron, but is more attractive!”

- Ca’da Mosto,
15th century explorer on discovering palm oil
WHY PALM OIL?
PALM OIL IS...

- a highly versatile vegetable oil
- used in many food and non-food products
- produced in tropical countries
- rapidly growing in market share
- the world’s top selling vegetable oil
- highly versatile, being used in more than half of packaged supermarket products today
GROWTH OF THE WORLD’S PALM OIL PRODUCTION

x 1 million metric tonnes
PALM OIL – THE WORLD’S NO. 1 VEGETABLE OIL
THE TOP PALM OIL PRODUCING COUNTRIES

Indonesia: 47%
Malaysia: 39%
Rest of the World: 14%
ASIA & EUROPE ARE THE WORLD’S MAJOR IMPORTERS OF PALM OIL (2012/13 July)
THE ADVANTAGES OF PALM OIL

- Highly efficient producers of oil
- Requires less land than other oil crops

(Images courtesy www.mongabay.com)
AVERAGE YIELD PER YEAR
(tonnes of oil per hectare)

- **Soybean**: 0.36
- **Sunflower**: 0.42
- **Rapeseed**: 0.59
- **Oil Palm**: 3.68

Roundtable on Sustainable Palm Oil
WHY SUSTAINABLE PALM OIL?
SOCIAL ISSUES IN OIL PALM CULTIVATION

Land ownership conflicts

Workers' rights and conditions

Treatment of smallholders
ENVIRONMENTAL ISSUES IN OIL PALM CULTIVATION

- Forest, peat land conversion
- Climate change
- Biodiversity loss
WHAT IS THE RSPO
The RSPO was formed in 2004 with the objective of promoting the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

The seat of the association is in Zurich, Switzerland, while the secretariat is currently based in Kuala Lumpur, with a satellite office in Jakarta.

RSPO is a not-for-profit association that unites stakeholders from seven sectors of the palm oil industry - oil palm producers, palm oil processors or traders, consumer goods manufacturers, retailers, banks and investors, environmental or nature conservation NGOs and social or developmental NGOs - to develop and implement global standards for sustainable palm oil.
VISION

To transform markets to make sustainable Palm Oil the norm.
MISSION

To advance the production, procurement, finance and use of sustainable palm oil products.

To develop, implement, verify, assure and periodically review credible global standards for the entire supply chain of sustainable palm oil.

To engage and commit all stakeholders throughout the supply chain, including governments and consumers.

To monitor and evaluate the economic, environmental and social impacts of the uptake of sustainable palm oil in the market.
Commenced in 2003 with 7 members
Formally established in April 2004
Multi-stakeholder association
International non-for-profit association
Palm oil supply chain
Promotes growth & use of sustainable Oil Palm products through global standards
RSPO Principles and Criteria (P&C)
ORGANIZATION STRUCTURE

Ordinary Members

Affiliate Members

Supply Chain Associates

General Assembly

Executive Board

Secretary General

Standing Committee - Trade & Traceability

Standing Committee - Communication & Claims

Standing Committee - Standards & Certifications

Standing Committee - Finance

Working Groups

Working Groups

Working Groups
8 PRINCIPLES

1. Commitment to transparency
2. Compliance with applicable laws and regulations
3. Commitment to long-term economic and financial viability
4. Use of appropriate best practices by growers and millers
5. Environmental responsibility and conservation of natural resources and biodiversity
6. Responsible consideration of employees and of individuals and communities affected by growers and mills.
7. Responsible development of new plantings
8. Commitment to continuous improvement in key areas of activity
OVER 800 MEMBERS FROM 50 COUNTRIES

MEMBERSHIP

• As the RSPO gains recognition and momentum, membership of the Roundtable is growing, and the volume of sustainably produced palm oil on world markets is expected to grow exponentially.

• As of May 2012, RSPO comprises 842 member companies from over 50 countries around the world.

• RSPO has three categories of membership:

  1. **Ordinary Membership (OM)** consists of the main players in the palm oil supply chain - oil palm growers, processors & traders, manufacturers of consumer goods, retailers, banks & investors, environmental NGOs and social /developmental NGOs.

  2. **Affiliate Membership** is open to any individual or organizations that are not included in the 7 Ordinary Membership sectors and are interested in supporting the objectives and activities of RSPO.

  3. The third category which was introduced more recently enables the organizations that are active in the supply chain for certified sustainable palm oil, but do not purchase more than 500 MT palm oil products per year to be **Supply Chain Associates**.

Among the consuming countries, UK has the largest number of Ordinary Members at 16.6%; followed by Germany 14%; France at 10%; and the Netherlands at 9.8%.

MULTI STAKEHOLDER MEMBERSHIP

MEMBERSHIP BY COUNTRY

- UK: 105
- Malaysia: 101
- Indonesia: 93
- Germany: 80
- France: 61
- Netherlands: 64
- USA: 41
- Singapore: 26
- Switzerland: 26
- Australia: 24

MEMBERS BY COUNTRY

YEARS JOINED

Data as of May 2012.
Latest data at
http://www.rspo.org/en/membership_key_statistics
WHERE IS THE RSPO TODAY?
Code of Conduct for members

Independent certification bodies

Principles, specific criteria and indicators for sustainable Palm Oil production

Supply chain certification systems

Guidelines on communication and claims
CODE OF CONDUCT

“All members will publicly commit to production, procurement and use of sustainable palm oil.”

- Annual Communications of Progress

(Grievance panel supervises compliance)
SUSTAINABILITY PRINCIPLES

1. Transparency
2. Use best practices
3. Care for environment, natural resources, and biodiversity
4. Consider rights of workers, smallholders
5. Develop new plantings responsibly
1. Rights to the land are not legitimately contested
2. Workers’ are paid reasonably and living conditions are decent
3. The right to form trade unions is respected
4. Health and safety plans are implemented
5. Smallholders are treated fairly by mills
SPECIFIC ENVIRONMENTAL CRITERIA AND INDICATORS

1. Since November 2005, new plantings did not replace primary forests or high conservation value areas
2. Erosion and degradation of soils are minimized
3. Pollution and waste is reduced
4. Use of fires is avoided
RESPECTING DIVERSITY: NATIONAL INTERPRETATIONS OF GUIDELINES

- Papua New Guinea (2008)
- Malaysia (2008)
- Indonesia (2008)
- Colombia / L. America (2010)
- Ghana (2011)
- Thailand (2012)
PLANT / MILL CERTIFICATION PROCEDURE

- Approved certification bodies listed on RSPO website
- Audit by certification body (1 month notice)
- Unit of certification: oil mill and suppliers
- Compliance with Principles, Criteria and Indicators
- Phase I: Document review
- Phase II: Field checks, stakeholder interviews
- Audit Report, summary published online
SUPPLY CHAIN MODELS
THE PALM OIL SUPPLY CHAIN

Many links
Potential for mixing

SMALLHOLDERS

PLANTATIONS

MILL

STORAGE, TRANSPORT & SHIPPING

REFINERS & BLENDERS

INGREDIENT MANUFACTURERS

PRODUCT MANUFACTURERS

RETAILERS
SUPPLY CHAIN MODELS

- **‘Identity preserved’:**
  Sustainable oil kept apart, traceable to plantation

- **‘Segregated’:**
  Mixing of sustainable palm oil batches is allowed

- **‘Mass Balance’:**
  Mixing of sustainable and conventional oil allowed if monitored administratively

- Monitored through RSPO eTrace (www.eTrace.rspo.org)

- **Book & Claim Certificates** - Monitored by GreenPalm
  www.greenpalm.org
SUPPLY CHAIN MODEL

‘Identity Preserved’

MILL

TRANSPORTER

REFINER

END USER

100 ton

100 ton

100 ton

100 ton

RSPO certified

RSPO

Roundtable on Sustainable Palm Oil
SUPPLY CHAIN MODEL

‘Segregated’

MILL

TRANSPORTER

REFINER

END USER

100 ton

200 ton

200 ton

100 ton

100 ton

RSPO certified

RSPO

RSPO

RSPO

Roundtable on Sustainable Palm Oil
SUPPLY CHAIN MODEL

‘Mass Balance’

RSPO certified

100 ton
MILL

RSPO e-TRACE

100 ton
END USER

MILL

TRANSPORTER

REFINER

END USER

RSPO

Roundtable on Sustainable Palm Oil
‘Book and Claim’ by GreenPalm:

- Growers, end-users trade volume credits online

  - Certificates trading have a significant role to play, particularly in these areas:
    - Accessing new and large palm oil demand markets such as China and India;
    - A viable and pragmatic option for complex derivatives of palm oil;
    - A model that caters for the production and provision of CSPO from smallholders.

  - www.greenpalm.org
Supply chain system: 'Book & Claim'

RSPO-certified

MILL

100 ton

TRANSPORTER

REFINER

END USER

Green Palm Sustainability

100 certificates

RSPO

100 ton
SUPPLY CHAIN CERTIFICATION PROCEDURE

- Verifies movement of oil through the supply chain
- Step-by-step documentation
- Performed by 3rd-party certification bodies
- More info: [www.rspo.org](http://www.rspo.org)
MILESTONES
CONSUMER COMMUNICATIONS

- **RSPO trademark** developed for/on/about – product communication
- Rules for use, communication and licensing under development
- **Trademark registration** procedures begun in more than 60 countries
- Launched: June 2011
HIGHLIGHTS

- **8 April 2004**: RSPO formerly established under Article 60 of the Swiss Civil Code
- **2008**: National Interpretations (NIs) of the generic Principles & Criteria for Indonesia, Malaysia and PNG approved
- **21 August 2008**: 1st P&C certification for United Plantations.
- **27 November 2008**: Inaugural shipment of CSPO arrived in Rotterdam in November
- **November 2009**: Adoption of the RSPO Supply Chain Certification Systems
- **October 2010**: RSPO global membership reached 500 Ordinary Members
- **2010**: First RSPO certificate to Latin America, Daabon Group, Colombia
- **June 2011**: Launch of the RSPO Trademark
- **August 2011**: First 1 million hectares of certified production area around the world
- **August 2011**: First RSPO certificate to Brazil, Latin America by Agropalma
- **August 2011**: Global production of CSPO reaches 5 million tonnes, 10% of global palm oil production
- **April 2012**: Achievement of 6 million metric tonnes of CSPO in annual production capacity (marked by public listed New Britain Palm Oil Limited’s latest mill in Papua New Guinea)
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<th>2009</th>
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<th>2011</th>
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<td>• FFB (mt)</td>
<td>2,151,916</td>
<td>5,709,784</td>
<td>16,066,742</td>
<td>26,680,440</td>
<td>26,888,256</td>
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<td>1,473,912</td>
<td>3,522,207</td>
<td>5,573,202</td>
<td>5,704,342</td>
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<td>154,335</td>
<td>338,740</td>
<td>803,999</td>
<td>1,296,488</td>
<td>1,324,981</td>
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<td>• CSPO (mt)</td>
<td>163,364</td>
<td>1,357,511</td>
<td>2,773,567</td>
<td>4,798,512</td>
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<td>640,316</td>
<td>1,111,998</td>
<td>218,002</td>
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<td>438,515</td>
<td>831,010</td>
<td>103,904</td>
<td>38,398</td>
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<td>• CSPO sales</td>
<td>4,452</td>
<td>245,813</td>
<td>842,619</td>
<td>1,659,516</td>
<td>273,301</td>
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<td>3,520</td>
<td>6,636</td>
<td>82,464</td>
<td>269,665</td>
<td>58,696</td>
<td>35,640</td>
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<td>• Total CSPO Sales</td>
<td>4,452</td>
<td>343,857</td>
<td>1,281,134</td>
<td>2,490,526</td>
<td>377,205</td>
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<td>• CSPO Uptake /</td>
<td>2.7%</td>
<td>25.3%</td>
<td>46.2%</td>
<td>52.0%</td>
<td>40.2%</td>
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</table>

CSPO & CSPK Annual Production Capacity (mt) by Year

CSPO Sales
(mt) via SG/MB, B&C

TM LICENSES ISSUED BY COUNTRY

TM LICENSES ISSUED BY STAKEHOLDER CATEGORY

RSPO’s ASPIRATIONS

- Grow supply of certified palm oil
- Grow demand for certified palm oil including in India & China
- Grow RSPO membership
- Engage governments
- Engage and educate smallholders
ENGAGING MORE THAN 3 MILLION SMALLHOLDERS

- They maintain 20% of acreage
- RSPO Task Force on smallholders
- Promote smallholder interests within RSPO
- Raise awareness among smallholders
- Adapt RSPO standards and procedures
- Develop group certification protocol
IN CONCLUSION
KEY DOCUMENTS AT
www.rspo.org

- Statutes
- Principles & Criteria
- Criteria: National Interpretations
- Code of Conduct
- Supply Chain Certification Systems
- Guidelines on Communication & Claims
- 2011 RSPO CSPO Growth Interpretation Narrative

http://www.rspo.org/en/key_documents