

## Delivering Deforestation-Free Sustainable Palm Oil: A response to the European Commission communication, 'Stepping up EU Action to Protect and Restore the World's Forests'

Position of the Roundtable on Sustainable Palm Oil

To minimise the risk of further global deforestation, the [Roundtable on Sustainable Palm Oil \(RSPO\)](#) believes that collaboration across agricultural-commodity industries, supply chains, and with governments and NGOs, is fundamental to halting deforestation and protecting forests, wildlife habitats and areas of biodiversity. Voluntary initiatives such as the RSPO can only go so far, the backing of governments is urgently needed to tip the scale for deforestation-free supply chains and for sustainable palm oil to become the norm. RSPO welcomes the communication from the European Union (EU) Commission on 'Stepping up EU Action to Protect and Restore the World's Forests' and offers support in addressing the challenges identified by both the Commission and the European Parliament. The RSPO calls on these bodies to implement binding rules to ensure companies follow high standards to act responsibly and address social and environmental issues and can support this initiative. Specifically:

- The RSPO Principles & Criteria is the best way for companies and governments to meet their No Deforestation, No Peat, No Exploitation (NDPE) commitments as it applies to palm oil sourcing policies;
- Certification standards, such as RSPO, offer a real opportunity to take responsibility and become part of the solution;
- To scale the efforts of RSPO members, we welcome legislative action from governments to include our standards in their policies, from national interpretations of the RSPO's standards for growers, to public procurement policies encouraging the purchase of RSPO Certified Sustainable Palm Oil;
- The RSPO's Annual Communication on Progress provides the EU Commission the ability to benchmark progress of European companies and industries; and
- By advocating for certified sustainable palm oil, governments can encourage deforestation-free supply chains and determine the future of our forests.

### Introduction

RSPO unites more than 4,600 stakeholders, in 94 countries, from all sectors of the palm oil sector – oil palm growers, processors, traders, consumer goods manufacturers, retailers, banks, investors, environmental and social non-governmental organisations, and civil society organisations. By convening stakeholders 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. RSPO membership has more than doubled in the last five years and today, approximately [19% of all palm oil produced globally is certified](#) to RSPO standards. RSPO's standards work to protect primary and secondary forests, ensure the habitats of wildlife are not harmed, and also safeguard workers, communities, and indigenous people in oil palm producing regions. Yet we recognise that alone we cannot solve the challenges of the palm

oil sector. To amplify the progress made, RSPO is calling on governments to build on the voluntary initiatives from the private sector by implementing binding rules to ensure companies follow high standards to act responsibly and address social and environmental issues. The progress achieved by RSPO and its membership is underpinned by a multi-stakeholder approach, commitment to transparency, mutual accountability, strict no deforestation criteria, and the collective vision for inclusive sustainable supply chains.

## Transparency and Deforestation Free Palm Oil

Credibility of sustainable production rests on transparent and verifiable supply chains. It is RSPO's mission to develop, implement, verify, assure, and periodically review credible global standards for the entire sustainable palm oil supply chain.

One of the most urgent issues facing oil palm producing countries is halting deforestation and protecting peatlands, as well as the associated destruction of biodiversity. In the latest revision of our certification standards, the [RSPO Principles and Criteria \(P&C\)](#), robust and strict new requirements were adopted that aim to transform the standard for sustainable palm oil across all three key pillars of sustainability - people, planet, and prosperity. The 2018 RSPO P&C incorporates enhanced criteria relating to human, labour, and child rights, as well as no exploitation, no new planting on peat, and a framework that helps our members meet and measure against their no deforestation policies or NDPE policies. The Accountability Framework Initiative (AFI), which is supported by leading NGOs and Civil Society Organisations, has released a definition of the deforestation that closely aligns with the RSPO P&C's criteria to produce deforestation-free palm oil. The RSPO P&C is considered to be the strictest criteria regarding deforestation for any standard on soft commodities, as evidenced by a 2018 benchmarking by IUCN Netherlands entitled "[Setting the Bar for Palm Oil Certification](#)."

There are many contributors to deforestation (e.g. soy, beef/cattle, pulp and paper), but when grown sustainably, oil palm has an opportunity to actually reduce deforestation. The 2018 RSPO P&C are some of the strictest agricultural standards worldwide<sup>1</sup>. By incorporating the [High Carbon Stock Approach \(HCSA\)](#), RSPO standards require the identification, maintenance, and enhancement of [High Conservation Value \(HCV\)](#) areas and High Carbon Stock (HCS) forests. These continued efforts by RSPO members mean that in a single year (June 2018 – July 2019), by avoiding land clearance and any new planting on peat, and through sequestration from increased forested conservation areas in new development, 1.4 million tonnes of CO<sub>2</sub> have been saved. This is the equivalent to removing almost 300,000 passenger vehicles from the road for one year. Additionally, a Life Cycle Assessment (LCA) study compared RSPO certified and non-certified palm oil production and found that RSPO certified sustainable palm oil has 35% lower global warming impact and a 20% lower biodiversity impact than conventional production<sup>2</sup>.

<sup>1</sup> A recent report by the IUCN National Committee of the Netherlands assessed the rigor of six oil palm sustainability standards and stated that the 2018 RSPO P&C provides the best standards to protect biodiversity. <https://www.iucn.nl/en/updates/iucn-nl-compares-sustainability-certification-for-palm-oil>

<sup>2</sup> Life Cycle Assessment (LCA) Study; <https://rspo.org/news-and-events/news/comprehensive-study-suggests-rspo-cspo-poses-lower-environmental-impact>

We must continue to monitor and evaluate the economic, environmental and social impacts of the sustainable palm oil industry at every stage of the supply chain. All RSPO members are required to submit an Annual Communication of Progress (ACOP) report that contains several mandatory questions on certified and non-certified palm oil volumes produced or consumed. Time-Bound Plans are a critical part of the ACOP report, setting out a member's internal deadline and their milestones towards achieving 100% RSPO Certified Sustainable Palm Oil (CSPO). This reporting initiative enables members throughout the supply chain to demonstrate measurable contributions to global sustainability goals and CSR targets, while also communicating their due diligence to relevant stakeholders. At the same time, this would enable the EU Commission an existing reporting platform to benchmark progress of key European companies and industries.

### **RSPO as tool to halt forest fires**

The RSPO continues to boost the transparency of the palm oil sector- above that of other industries and commodities - through tools like [GeoRSPO](#); an interactive mapping platform displaying the concession maps of all RSPO grower members, globally. This platform provides powerful analytical tools for statistical and geospatial analyses, giving public access to monitor RSPO members' accountability, together with identifying any instance of deforestation or fires. The RSPO takes the issue of fire - whether intentionally set for land clearing or accidental - very seriously and prohibits its use under its standard and requires members to actively prevent fires within their concessions. We continuously monitor detected fire hotspots within both RSPO certified and non-certified concessions in Malaysia and Indonesia, and the scope of this will be expanded to include all producer countries from May 2020.

Since January 2018, RSPO has made this satellite information, along with the location of member concession areas, publicly available on our website. As of March 2020, the shapefiles for all RSPO member concessions (with the exception of Indonesia) are now downloadable on the GeoRSPO site. RSPO monitoring continues to be improved, with dedicated resources on research and innovation, however, we believe much more is achieved by working in collaboration and partnership with research institutions and governments. RSPO continues to be informed by scores of credible research organisations who conduct independent research on the impacts of RSPO.

### **Sustainable Land for Sustainable Livelihoods**

Sustainable landscapes cannot be achieved without inclusive and sustainable economies. Palm oil development is an opportunity for employment, income generation, and socio-economic development. Yet the challenge remains that smallholders find certification too costly and may continue to suffer from low yields due to poor quality of planting material and poor management practices. In Indonesia and Malaysia alone, smallholder production represents approximately 40% of the total oil palm plantation area. While in African oil palm producing countries, it is estimated that smallholder production accounts for as much as 70% of palm oil output. RSPO is working to support more smallholders to become certified in order to improve productivity, raise the income levels among poor farmers and reduce the risk of land conversion, which threatens forests and biodiversity. Sustainable palm oil cannot become the norm without an increased effort to include more smallholders in the certification system.

In March 2017, the RSPO Board of Governors (BOG) approved a strategic framework and action plan to empower and include more smallholders; the [RSPO Smallholder Strategy](#). As part of this strategy, the [RSPO Independent Smallholder \(ISH\) Standard](#) was developed and adopted by members in November 2019. The new ISH Standard creates more collective support for smallholder programmes and certification, helps smallholders to connect with the market for CSPO, and establishes a more inclusive business model. Combining incentive mechanisms and training, the RSPO ISH Standard aims to increase smallholder inclusion into the RSPO system by taking into consideration the diversity of challenges and situations faced by smallholders globally, together with their varying needs and concerns, while adhering to the key pillars of sustainability. Furthermore, the new [RSPO Smallholder Trainer Academy \(STA\)](#) delivers on RSPO's Smallholder Strategy objectives by increasing the support available for oil palm smallholders through scalable and replicable sustainability training, with a focus on improving smallholder livelihoods and sustainable farming practices. On a broader scale - the [RSPO Smallholder Support Fund \(RSSF\)](#) has also assisted more than 18,000 smallholders across five major oil palm producing regions: Indonesia, Malaysia, Thailand, Africa and Latin America. With lower production costs and improved yields, smallholders see the benefit of certification. Consequently, an increasing number are joining RSPO with the goal of becoming certified. For example, the number of RSPO certified independent smallholders increased by 52% and the total number of smallholders increased by an impressive 165% during the period of 1 July 2018 to 30 June 2019.

## A Shared Responsibility

'Business as usual' is no longer a viable approach for companies of any size, involved in the import of agricultural and forest commodities. The European Parliament and European Commission recognises they must also act urgently to transform their role in forest destruction to one of protection and restoration. Certification standards, such as RSPO, offer a real opportunity to take responsibility and become part of the solution. We know that the palm oil market needs to become more inclusive, as well as more competitive, innovative, transparent and resilient. To drive these changes, the RSPO, business and governments must proactively work together to respond to emerging challenges as the landscape continually evolves. RSPO members have made a bold commitment to step up their efforts through the implementation of new 'Shared Responsibility' rules. Mutually accountable, members throughout the supply chain are expected to ensure that all available CSPO produced by RSPO grower members is met by demand from the end-users. For example, RSPO consumer goods manufacturers and retailer members who buy certified sustainable palm oil are to increase their uptake by an additional 15% from the previous year's baseline for the first year of Shared Responsibility implementation.

Furthermore, in demonstration of the commitment to protect and support the rights of local and indigenous communities, RSPO is the first certification standard to have a Human Rights Defenders (HRDs) Hotline where, in confidence, HRDs can lodge complaints with the RSPO Complaints Panel (CP) on activities undertaken by, on behalf of, or in connection with, activities of an RSPO member, which may result in risks to the safety and/or security of the said persons.

Not all oil palm companies are members of RSPO and therefore, we need more companies along the palm oil supply chain to commit and adhere to RSPO standards, so we can collectively work to make certified sustainable palm oil the norm. While many brands have changed their policies and are sourcing certified sustainable palm oil, some brands are yet to even start their sustainability journey. More must be done by all to ensure that the growers are incentivised for their efforts to produce

sustainably. To scale the efforts of RSPO members, we welcome legislative action from governments to include our standards in their policies, from national interpretations of the RSPO's standards for growers, to public procurement policies encouraging the purchase of RSPO Certified Sustainable Palm Oil.

We know that oil palms produce four to 10 times more oil per hectare than any other vegetable oil crop and that [there is no sustainable alternative<sup>3</sup>](#), but we must ensure it has been sustainably grown. Increasingly, consumers are demanding deforestation-free and sustainable commodities. To respond with palm oil boycotts could in fact have the unintended consequence of driving more deforestation and negatively impacting the livelihoods of farmers in producing countries. Instead, we must guarantee that only certified sustainable palm oil is produced, and that greater action is taken by brands to use deforestation-free palm oil from RSPO members certified to the 2018 RSPO P&C Standard. Governments have a critical role to play in educating the public, reframing the palm oil narrative, and meeting voluntary industry commitments. By advocating for certified sustainable palm oil, governments can encourage deforestation-free supply chains and determine the future of our forests.

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<sup>3</sup> Oil palm and biodiversity - A situation analysis by the IUCN Oil Palm Task Force'  
<https://portals.iucn.org/library/sites/library/files/documents/2018-027-En.pdf>