

GUIDELINES FOR THE SET-UP OF NATIONAL ENDEAVOURS FOR CERTIFIED SUSTAINABLE PALM OIL

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INTRODUCTION: WHY THIS DOCUMENT?

This document intends to present the lessons learned by the Dutch Task Force for Sustainable Palm Oil in setting up a voluntary industry commitment to only source certified sustainable palm oil (CSPO) by 2015. Convincing all players in one market to choose for sustainable palm oil is a complex process where a 'one size fits all' format does not apply. Nevertheless, we believe that the players, who consider starting a similar collective process in other markets, can draw on

the lessons learned in the Netherlands by the Product Board for Margarine, Fats and Oils (MVO) and the other industry associations which have joined forces in the Task Force. It also contains some examples and lessons learned from similar initiatives taken in Belgium, the UK and Germany. We hope you will find the recommendations and the steps explained below useful.

OUR VISION

Sustainable palm oil, produced and certified in accordance with the RSPO principles and criteria has been available on the market since 2008, but the actual use of it has been lagging behind. Currently only 51% of the CSPO available on the market is bought by the downstream supply chain players. The rest of it is sold as conventional palm oil. This has been obstructing the way forward to a fully-sustainable palm oil supply chain. Taking a national approach to engage industries in a specific market has proven to be an effective way to overcome this challenge.

The Dutch Task Force for Sustainable Palm Oil, created in 2010, invited all Netherlands-based players in the palm oil chain to jointly promote production and use of sustainably produced palm oil. All food sectors committed to solely use sustainable palm oil by the end of 2015. A similar

initiative was launched in Belgium in February 2011, in the UK in October 2012 and stakeholders in France and Germany are currently discussing the potential to form a national commitment in these respective countries. These national commitments will contribute to the global uptake of CSPO. While market transformation is at a different stage in every country, there is a clear trend moving towards a fully sustainable palm oil market in Europe over the next few years.

The RSPO calls on all European players to follow the best practice examples of the Dutch Task Force and the Belgian Alliance for Sustainable Palm Oil and strengthen Europe's leadership in responsible supply chain practices. The lessons learned could function as a support to other countries in setting up similar initiatives.

SIX STEPS TO SET-UP A NATIONAL COMMITMENT



1 Inventory

This step is about mapping out who is using palm oil in your country so that you know who to contact. You should be able to find out how much palm oil is traded, in which sectors, etc. Palm oil supply chains are quite complicated, so do not underestimate what might be involved here.



UK: Defra commissioned a study to map the UK palm oil supply chain structure, the estimated number of businesses operating at each stage, estimated volumes of palm oil (including future trends) and its derivatives traded at each stage, company commitments to sourcing sustainable palm oil and the implications for the sustainability of palm oil supplied to the UK. The study is available here: http://randd.defra.gov.uk/Document.aspx?Document=EV0459_10154_FRA.pdf

2 Find the believers

This step is about finding out who could be the drivers of commitment and engage those to create enthusiasm for a first meeting; convincing the parties by stressing the importance of working together, the impact a joint effort could have (versus individual or no efforts); speaking about the reputational risk of inaction.

Actions:

- Find a committed party willing to start the process. This organisation should convince participants to step in, guide the process and provide knowledge on sustainable palm oil.



The Netherlands: Product Board for Margarine, Fats and Oils (MVO)



Belgium: Belgian Association of the Margarine Industry (APIM)



Germany: Gesellschaft für Internationale Zusammenarbeit (GIZ)/REWE/ Unilever/ Henkel/WWF



UK: Department for Environment Food and Rural Affairs (Defra)

- Find a critical mass of stakeholders willing to engage. Preferably all the links in the palm oil chain should participate (either individual companies and/or associations representing them): palm oil refiners, processors and retailers. The Dutch and German initiatives include the retail sector. Retailers can be important drivers in the chain as they can affect the behaviour of their suppliers via their purchasing policies (particularly for own-label products) and they deal with consumers directly. Some national initiatives are also involving other stakeholders such as NGOs and government institutions, which can bring additional weight and credibility to the initiative (particularly via public endorsement).
- Start a constructive dialogue or partnership with NGOs like WWF to understand their expectations.
- The stakeholders which are willing to engage will found and join a Task Force/Alliance to promote the commitment to CSPO.
- The Dutch, Belgian and UK initiatives decided to engage with industry associations to raise the bar for a whole sector, thereby including all companies represented by their industry associations, large and small. The German Forum has invited individual companies to participate. This approach puts greater emphasis on the involvement of individual companies and their pledge, and can avoid risks of all companies moving at the pace of the slowest. Yet, reaching out to individual companies might present some operational and resource challenges due to the number of potential targets and the need to tailor the outreach to each of them.
- Invite all industry associations where palm oil is used in relatively substantial volumes. The UK initiative includes a wider range of sectors (not just oil processors, food and feed manufacturers and retailers but also hospitality, chemicals, fuels and cleaning product sectors). There are significant differences in the degree of action already taken on sustainable palm oil by the different organisations creating some challenges, but bringing everyone together helps enable sectors to learn from each other.

3

Get together and ensure commitment

This step is about gathering all links in the palm oil supply chain and creating a consensus around common objectives to produce a manifesto.

- Start dialogue on sense of urgency: why should we act now?
 - *Proactive approach:* Sustainable palm oil available since 2008, but uptake is lagging behind. Certified growers are already making a substantial contribution to address the issue of palm oil sustainability. Yet, the responsibility for uptake lies with all links in the supply chain. Hence there is a clear need to act together.
 - *Defensive approach:* Companies choosing not to use sustainable palm oil will face reputational risk.

- Develop Terms of Reference for the Task Force, including a clear goal, scope, key requirements and principles for those who join it.
- Find consensus on the missions, responsibilities and activities of the Task Force.
- Secure sufficient funding and/or the commitment of partners and members to provide the necessary personnel and resources.
- When drafting the manifesto of the Task Force make sure to take into account national competition law when defining certified sustainable palm oil. It is recommended to use the general description “certified sustainable palm oil” and indicate the Manifesto supports RSPO and other recognised certification schemes to avoid issues with competition law at a later stage.



Main elements of the Dutch Manifesto:

Goal:

‘By the end of 2015 all palm oil destined for the Dutch market has to be sustainable.’

Mission:

Participants jointly promote the production and the use of sustainably produced palm oil. Together, they express the intention to ensure that all palm oil destined for the Dutch market has to be sustainable by the end of 2015. This means that the palm oil has been produced and certified in accordance with the RSPO principles and criteria and that the palm oil is obtained in conformity with one of the four RSPO-approved supply chain certification systems: ‘identity preserved’, ‘segregation’, ‘mass balance’ or ‘book & claim’.

Starting principles & preconditions:

- Partnership: The Task Force Sustainable Palm Oil is a partnership. The chain partners united in the Task Force are working together to make the palm oil chain more sustainable.
- Phased approach: The Task Force Sustainable Palm Oil pledges a strong commitment to the specific aim of making all palm oil destined for the Dutch market sustainable. The Task Force Sustainable Palm Oil will work towards achieving this aim step by step.
- Sector-specific approach: The Task Force leaves room for a sector specific approach. Thus, there is room for a tailored contribution by each sector and every participant.
- Choice for sustainable palm oil: In order to make the palm oil chain more sustainable and to set in motion a transition toward a mainstream sustainable palm oil market, the Task Force Sustainable Palm Oil opts for an approach that does not promote or discourage the use of palm oil in general but that rather stimulates the use of sustainably produced palm oil in cases when palm oil is used.
- Transparency: Annually, the Task Force will publish a report and thus will allow inspection of the progress that has been made.
- Scope: The Task Force Sustainable Palm Oil aims at the Dutch market. This means that the palm oil that is imported and subsequently re-exported, is not taken into consideration. Palm oil products that are manufactured in the Netherlands and subsequently exported are included. Imported manufactured products that contain palm oil are not included in the monitoring.

Preconditions:

- Availability: In order to reach the ambition, the availability of sufficient sustainable palm oil is a necessity.
- Considering small users: In order to meet the objective it is important that smaller end users likewise have easy access to or can make wide use of RSPO certified palm oil. Currently, the RSPO is simplifying the use of existing trade systems.

Tasks Task Force:

support companies, e.g. provide companies with fact sheets (in local language).

Link to Manifesto:

http://www.taskforceduurzamepalmolie.nl/Portals/4/download/Manifesto_Task_Force_Sustainable_Palm_Oil.pdf



Main elements of the UK Manifesto:

"The United Kingdom is working towards achieving 100% sourcing of credibly certified sustainable palm oil by the end of 2015."

The statement draws together new and existing specific commitments on the sourcing of sustainable palm oil which have been made by key organisations representing businesses within the palm oil supply chain in the UK.

UK sector associations with a significant membership interest in the supply or use of palm oil have made a statement setting out their commitment to this common goal. The statement includes the Government, oil processors and distributors, food and drink manufacturers, retailers, animal feed manufacturers, hospitality sector, renewable energy sector, cleaning products industry, speciality chemicals sector and WWF.





The 100% by 2015 commitment covers the use of both sustainable palm oil and palm kernel oil. Relevant sectors are also working to encourage sustainable sourcing of palm oil fractions and derivatives.

The commitments and actions vary. All are steps on the way to the shared end target of all palm oil being used in the UK coming from sustainable sources by 2015. Some organisations have already committed to only using sustainable palm oil by 2015. Others have made commitments to explore the issues, and encourage and support their members in the switch to sustainable sourcing. Those in the renewable energy industry have legislative requirements that govern their use of palm oil.

Link to UK statement:

<http://www.defra.gov.uk/publications/files/uk-statement-palm-oil-20121025.pdf>


- Budget is needed to be able to organize meetings with participants, develop documents (programme, factsheets, and information materials), set up a website, organise events, press conferences and other public outreach initiatives.
- Set up a secretariat to manage the Task Force and define its tasks.

-  **The Netherlands:** The Product Board for Margarine, Fats and Oils (MVO) chairs the Task Force, serves as its secretariat and provides the personnel
-  **Belgium:** the Belgian Margarine Industry Association (APIM) is the chair of the Belgian Alliance and serves as its secretariat, providing the personnel
-  **Germany:** GLZ will set up a secretariat for the German Forum, but this will be fully funded by the German Government
-  **UK:** The Government (Defra) organises meetings, and has appointed a contractor to run a helpline and website, publish newsletters and present at a small number of events.

4 Adopt and implement an action programme


This step is about the definition of a tangible action programme to keep up the commitment and turn it into actionable points.

- Define action programmes to mobilise participants to work toward tangible results according to a clear timeline. The timeline is essential to create a momentum and a sense of urgency among industries, and to define the aim and the vision of the Task Force.
- To be able to achieve the overall goal, all participants need to work towards 100% CSPO in 2015: this is the date chosen by the Dutch, Belgian and UK initiatives. Although other dates can be chosen, having a common date among different national initiatives can create synergies across different markets.
- Support companies with information on how to buy sustainable palm oil and obtain the RSPO supply chain certification.

-  **The Netherlands:** All the industry associations participating in the Task Force are expected to actively support their member companies to choose for CSPO. Associations have developed an action program, including actions and activities serving the needs in their sector. The representatives of the industry associations know best what is needed in their sector to make the switch to sustainable palm oil. Associations can organize seminars or workshops on palm oil, and circulate information on how to buy CSPO. Example Action

Program Dutch Task Force (2011):

<http://www.mvo.nl/Portals/0/duurzaamheid/grondstoffenvoorziening/nieuws/2011/04/Actieprogramma%20Task%20Force%20Duurzame%20Palmolie%202011.pdf>

-  **UK:** The UK statement includes text from each of the organisations included setting out what they will do to help deliver the overall aim. The actions differ between the participants, but they are all working toward the same objective.

- A national Task Force will play an important leadership role in mobilising industry players. Many companies in Europe do not yet understand the benefits of CSPO. They require more information (both from peers, as well as from independent sources). It is important to engage with them via a constructive dialogue. Often their first question is 'why sustainable palm oil'. If this has been properly addressed, the next crucial question is 'how to implement CSPO'. As soon as industry players understand that they have to take responsibility, they need to be provided with sufficient technical information on how to proceed.



The Dutch Task Force serves as a helpdesk answering questions on how to buy sustainable palm oil. The Task Force organises seminars on sustainable sourcing and it has developed a factsheet explaining the different RSPO supply chain options. The factsheet is available in English, Dutch, and in French.

For the English factsheet:

<http://www.taskforceduurzamepalmolie.nl/Portals/4/download/DuurzamePalmolie-factsheetEN.pdf>



There is sustainable palm oil information and a helpline for UK businesses and Government procurers at <http://www.cpet.org.uk/palm-oil-folder> +44 (0)1305 236 100

RSPO has also set its own international helpdesk to support individual companies and stakeholders.

The helpdesk can be reached at:

T: +32 (0)2 231 50 191

E: communications@rspo.eu

5 Measure Progress

This step is about a monitoring system that works for all parties and that allows for consistent measurement over time.

- **Monitoring:**
ensuring transparency and credibility.
- **To gain trust a national platform should:**
 - Strive for transparency e.g. by reporting on its progress on an annual basis. This requires a system to monitor the volumes of palm oil used in a country and the percentage of CSPO.
<http://www.taskforceduurzamepalmolie.nl/Portals/4/download/TaskForceSustainablePalmOilAnnualReport2011.pdf>
 - Set its baseline to have a benchmark and be able to measure progress accordingly.
- **Monitoring and reporting enable to step up efforts as needed.**



The Dutch Task Force conducts monitoring in the following way:

- The companies with refineries in the Netherlands report the amount of sustainable and conventional palm oil (and palm kernel oil /derivatives) that was delivered to predefined sectors in the Netherlands to the Product Board MVO. These sectors are:
 - Margarine industry
 - Sauces manufacturers
 - Potato industry
 - Bakery and confectionery
 - Snack industry
 - Other food industry
 - Calf milk / milk replacers
 - Feed
- The amount of GreenPalm certificates redeemed by all sectors is added to the volume of sustainable palm oil.
- The overall percentage of sustainable palm oil with regard to the total amount of palm oil is presented in the annual report as well as the percentage per sector.
- This is insightful information for industry associations when developing the action plan for the consecutive year.
- The same procedure is followed by the Belgian Alliance for Sustainable Palm Oil.

MVO is currently developing a framework for monitoring for other National Initiatives in order to harmonize monitoring and prevent double counting. Eventually an European system for monitoring could be developed. For more information, please contact the Dutch Task Force.

6

Celebrate success and maintain momentum

This step is about ensuring that progress is publicly communicated and best practices and extra efforts are adequately rewarded.

- **Celebration of progress:**
Organising a national commitment is a complex process. The Task Force members need to be motivated and need to reap the fruits of their efforts. To keep the energy going progress should be celebrated.



The Netherlands: The Task Force organised press events to celebrate the launch of the Task Force (October 2011), to present its first annual Action Program (April 2011) and its first annual report (March 2012).

It also created an Award for Sustainable Palm Oil in March 2012 to praise and recognise the efforts of individual front runners: www.frieslandcampina.com/english/news-and-press/news/press-releases/2012-03-27-efforts-made-by-frieslandcampina-to-support-sustainable-palm-oil-are-recognised.aspx

One year after its launch, the Dutch Task Force published a report announcing that 21% of the total palm oil used in food products in the Netherlands is RSPO-certified sustainable palm oil (CSPO). In addition, the report showed a significant increase in the number of Dutch organisations that have joined RSPO during the past year, reinforcing the Dutch Palm Oil Industry's commitment to full sustainability by 2015. The Task Force organised a launch event with the participation of Henk Bleker, Dutch Minister of Agriculture and Foreign Trade.



UK: The UK is planning to publish an annual update of the figures in the palm oil mapping study, and a report on progress made by all the participants against their commitments in the UK statement. The first update will be in October 2013.

Summary of key considerations

Learn from others' experiences by aligning with RSPO and the existing national commitments, new national initiatives can benefit from the existing knowledge, best practices and lessons learned, thus avoiding reinventing the wheel. The Dutch Task Force, the Belgian Alliance, Defra and the RSPO are happy to share their experience with you and they are ready to help.

Engaging with companies or industry associations? Industry associations can raise the bar for an entire sector, or perhaps commit to a minimum achievable by the least ambitious members. Not all sectors/industries are organised via industry associations. Companies: more direct impact/approach, but managing them all can be difficult.

Which sectors? We strongly advise to include the retail sector in your task force/initiative, as retailers can be important drivers in the chain. Whenever possible, other sectors than food (e.g. animal feed, home and personal care) should also be approached to participate in a national commitment. This will increase the scale and impact of your initiative.

Decide what you mean by "sustainable" There is no one definition of sustainable palm oil. For the energy and transport sectors sustainability is legally defined in the Renewable Energy Directive. Although the other sectors are free to use their own definitions, the market is dominated by the Roundtable for Sustainable Palm Oil (RSPO) and this is the definition most organisations are likely to use. But there are other certification schemes (e.g. organic palm oil) and more may be developed in future, so you will need to be clear on what your commitment covers.

What palm oil products are in scope? You will need to decide whether to include not just palm oil itself but also palm kernel oil, palm oils imported within finished products, palm kernel meal and derivatives of palm oil and palm kernel oil.