ROUNDTABLE ON SUSTAINABLE PALM OIL

IMPACT REPORT 2014





RSPO

Roundtable on Sustainable Palm Oil

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Edited by Helikonia
Design by Meta Fusion Pte Ltd

WELCOME BY RSPO SECRETARY GENERAL

IMPACT REPORT

PRESENTED BY DARREL WEBBER
RSPO SECRETARY GENERAL



When the RSPO was first established a decade ago – all it had to its name was a small group of enthusiastic pioneers envisioning to eradicate some of the world's most intense dilemmas in the palm oil sector. These issues range from deforestation, extinction of wildlife, unethical practices, opaque business operations and land conflicts, to name a few.

Over time, since the implementation of its international standard (Principles & Criteria) in 2008, the institution has generated its fair share of commendation while doubling in denigrations received - which is expected and to some degree necessary for a growing organisation which prides itself on continuous improvement.

To date, we have successfully generated data based on Certified Sustainable Palm Oil year on year production by volume; hectares; demand; geography; supply chain mechanisms; etc. Much of this data demonstrates exceptional traction for an agricultural commodity in a highly a complex supply chain with such versatile product usage. RSPO Certified Sustainable Palm Oil has even entered into the rankings as 5% of the major vegetable oils used in the world in addition to the 30% contributed by (uncertified) palm oil.

However, it is no longer adequate that the production volume of Certified Sustainable Palm Oil be boasted against global production volume at over 14.8%, which while phenomenal, neglects to reaffirm the ground impact on People, Planet and Profit. None of these three components are autonomous – they are each meticulously interwoven and firmly dependent on one another, hence strengthening the need to evaluate the impact of RSPO and our initiatives focused on them.

RSPO is a voluntary standard and in itself conjures the impression that companies willingly commit to making the shift to responsible practices, steered by their own conscience and integrated into their business operations and mission.

Herein –the significance in presenting, for the first time, the in-depth **2014 Impacts Report** outlining the social; environmental and economic progress of the RSPO to date as a result of the commitment from all the players in the sector, not precluding the collaboration received from governments, civil society, academicians, media etc.

We will position this report as a bi-annual delivery as per recommendations from ISEAL Alliance, a global membership association for sustainability standards. The report will be steered by the Impacts Unit within the RSPO Secretariat, which was recently established to review and monitor certification impacts, compliance with the ISEAL codes and collecting learnings and best practices for further system improvement. The progress in this report has been calibrated against specific indicators that are considered to be comparable across different conditions, oriented to change over time, sufficiently specific, measurable with reasonable cost and effort, attainable and actionable.

Establishing and sustaining trust in the palm oil industry that its commitment to sustainable practices has reaped effective and meaningful results toward a restored world is imperative. This report hallmarks a shift to a critical phase of acquiring and assessing impact as a result of all the discourse, collaboration, strategy, vision and execution demonstrated within the sector in the last ten years since the formation of the RSPO.

RSPO is a voluntary standard and in itself conjures the impression that companies willingly commit to making the shift to responsible practices, steered by their own conscience and integrated into their business operations and mission. Barring any cynicism, this should be emulated and perceived as exemplary for the commodities sector.

We are pleased that despite the challenges we continue to be confronted with in the transformation to making sustainable palm oil the norm – the commitment by both the private sector and civil society including governments has not abated - in fact as we witness in this report, it has fast-tracked. Still – more needs to be done, and urgently.

The state of affairs of the future is not dependent on the rousing, conflicting worldwide debates occurring currently on the issue of climate change. It is in fact indispensably contingent on the action rather than the inaction (including rhetoric) each one of us will take. At the RSPO - we are not deferring our labour till global coherence is achieved on the climate debate – we are moving forward. Co-operation continues to be critical at all national, sub-national and international tiers. Sustainability and growth can work hand in hand and we must continue to attest to that.

The industry has to brace itself to adapt to the changing landscape with emerging new expectations. There is much capital that can be acquired and leveraged from a multi stakeholder organisation such as the RSPO in working towards a trajectory that is optimistic and lit with revolutionary possibilities for the palm oil industry.

Our next motivation is to fulfil the severe necessity to move from merely the rhetoric to evidence biased – from being output focused to becoming **outcome invested**. We have already initiated programs in this direction with some collaborative international arrangements and partnerships.

IMPACT REPORT HIGHLIGHTS

The Roundtable on Sustainable Palm Oil (RSPO) is a multi-stakeholder non-profit organisation that works to promote the growth and use of sustainable oil palm products through co-operation within the supply chain and open dialogue between its stakeholders. Roundtable members represent every link in the palm oil supply chain: oil palm growers, palm oil processors and traders, consumer goods manufacturers, retailers, banks and investors, environmental conservation NGOs and social development NGOs.

Our vision is to transform the market by making sustainable palm oil the norm.

As of June 2014, we had 1,631 registered members located in 72 countries. Read more about our membership on page 12.

As of June 2014, more than 11.1 million tonnes of sustainable palm oil, accounting for 18% of global palm oil, was produced in nine countries. Find out why our certification system is the leading global commodity certification standard on page 17.

We have certified over 3 million hectares of oil palm plantations in nine countries. Learn more about certified areas on page 19.

We have certified 258 palm oil mills with a combined production capacity of 11.1 million tonnes of certified sustainable palm oil.

Our eTrace system monitors the physical trade of millions of tonnes of CSPO globally. Learn more about the different types of sustainable palm oil trade on page 21.

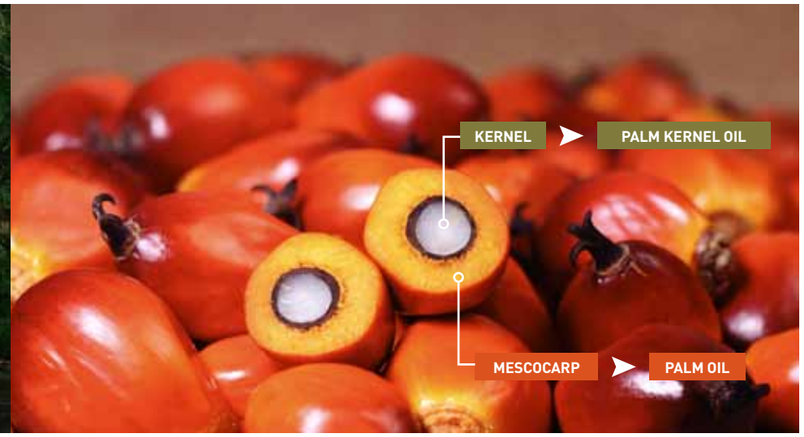
Most large RSPO grower members have now voluntarily phased out use of the controversial Paraquat pesticide. Learn more about how we are working to minimise chemical use on page 31.

Photo credit: Felda Global Ventures Holdings Berhad

FACTS ABOUT

PALM OIL





In 2013, palm oil and palm kernel accounted for **40 percent** of the **169 million tonnes** of global vegetable oil produced.

The oil palm (Elaeis guineensis) is native to Africa and now grows in equatorial regions around the world. Used as food and medicine for thousands of years, the earliest archaeological evidence of palm oil use comes from residue in an earthenware jar discovered in an Egyptian tomb dated to 3,000 BCE. Today, palm oil is found in food products including margarine, cereals, crisps, sweets and baked goods, as well as in soaps, washing powders and cosmetics.

Palm oil is often labelled as a vegetable oil, but it is actually extracted from the fruit of the oil palm. This fruit grows in a large cluster known as a fresh fruit bunch (FFB). Harvesting of fruit bunches can begin after the palm reaches three years of maturity: the flesh is processed to produce crude palm oil, while the palm kernel is refined to palm kernel oil.

Oil palm is an extremely productive crop. Just one hectare of oil palm produces on average almost 10 times more oil than other oil crops. Although sophisticated tissue culture and breeding techniques continue to increase the yields of oil palm, there is currently no genetically modified palm oil in the marketplace.

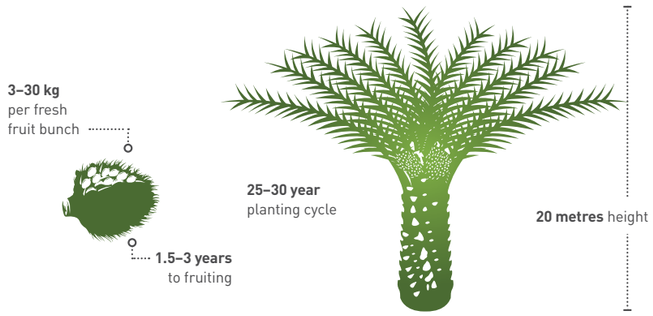
Oil palm contributes significantly to the global supply of edible oils. In 2013, palm oil and palm kernel oil accounted for 40% of the 169 million tonnes of global vegetable and fruit oils produced. Malaysia and Indonesia account for 86% of global palm oil production. The largest importers of palm oil are India, China and the European Union, together accounting for 50% of global imports. Indonesia is the largest consumer of palm oil.

Oil palm is cultivated in 17 countries, with ideal growing conditions occurring up to 10 degrees on either side of the equator. However, this equatorial belt is also host to rich biodiversity, high conservation value (HCV) ecosystems and rare and endangered species – not to mention a growing human population. Oil palm cultivation provides a livelihood to over 4.5 million people and over 40% of all oil palm is cultivated by smallholders.

This has led to a challenge to find a balance between the need to protect the environment, the need to provide a livelihood for smallholders, and the need to produce enough edible oil to meet the demands of a growing global population. The Roundtable on Sustainable Palm Oil (RSPO) has been established to address this challenge.

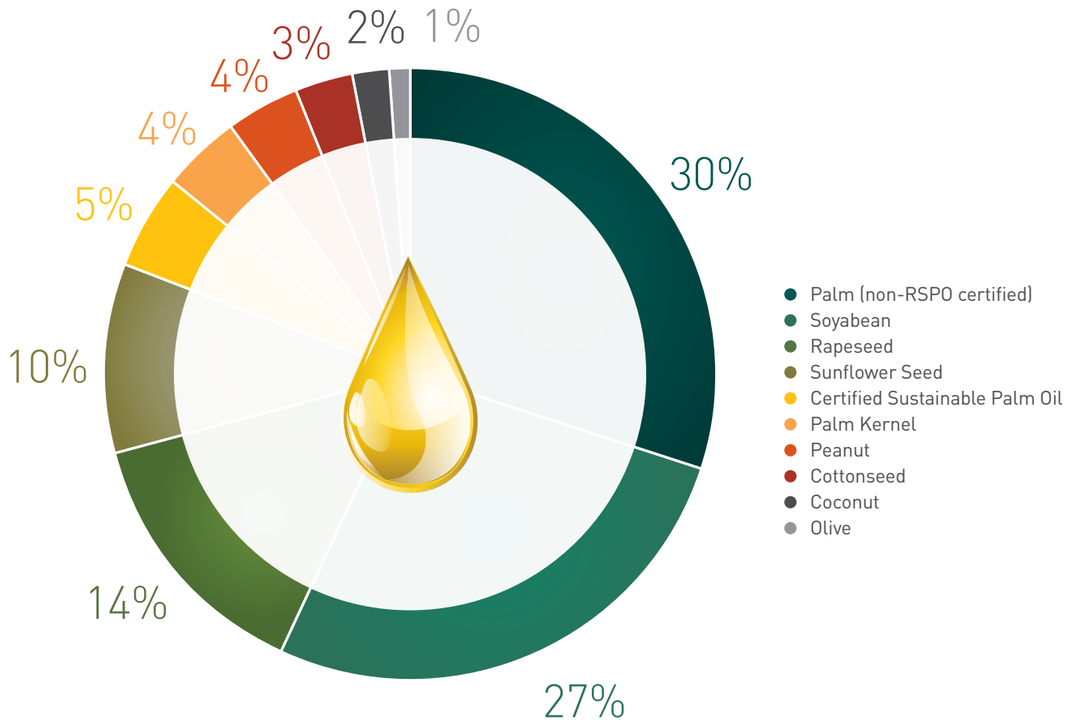
GENERAL FACTS ABOUT

OIL PALM TREE AND FRUIT



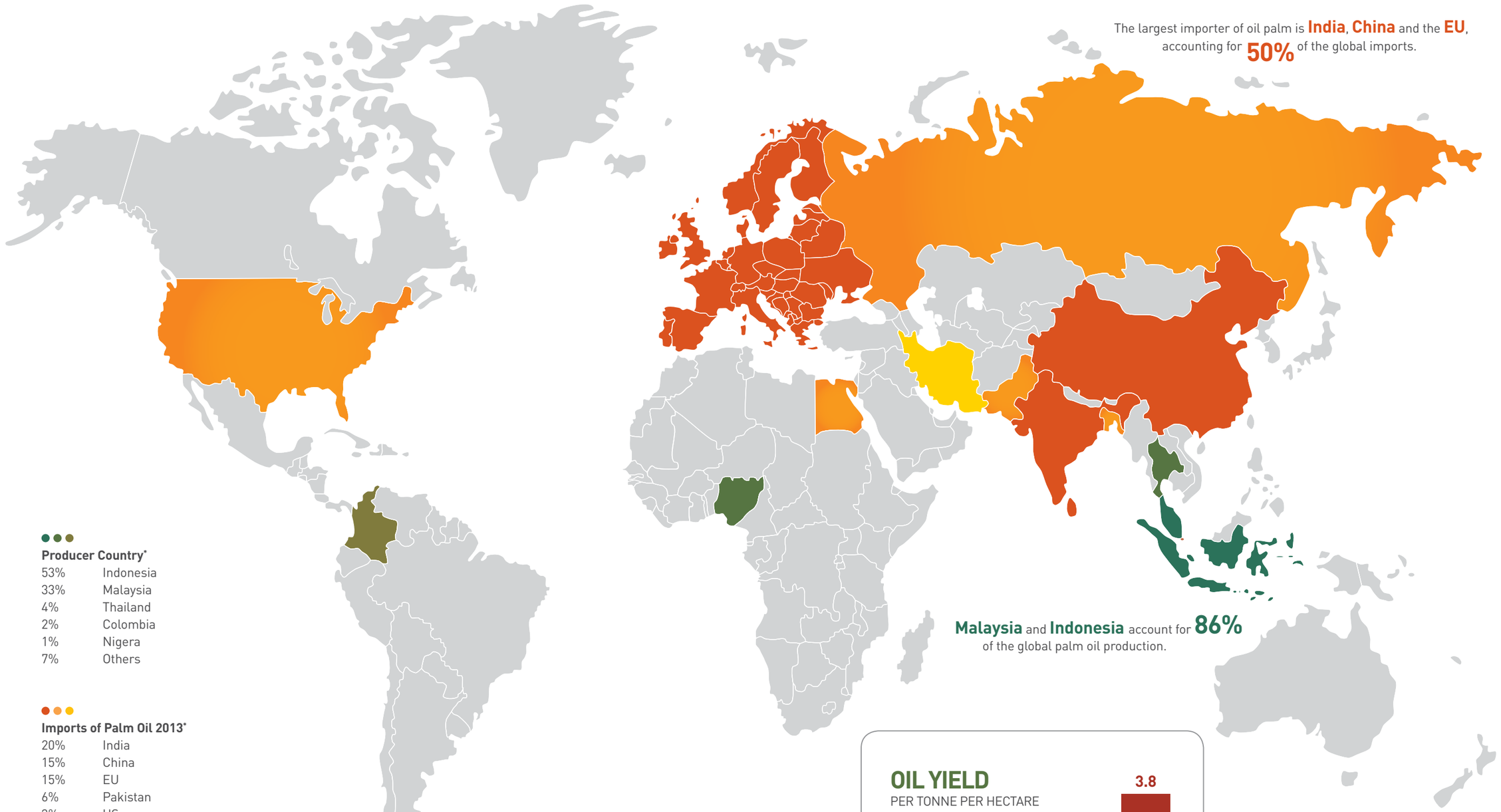
MAJOR VEGETABLE OILS

169 MILLION MT IN 2013



PRODUCERS AND IMPORTERS

OF OIL PALM



The largest importer of oil palm is **India**, **China** and the **EU**, accounting for **50%** of the global imports.

Malaysia and **Indonesia** account for **86%** of the global palm oil production.

Producer Country*

53%	Indonesia
33%	Malaysia
4%	Thailand
2%	Colombia
1%	Nigera
7%	Others

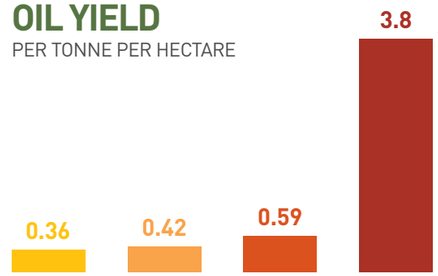
Imports of Palm Oil 2013*

20%	India
15%	China
15%	EU
6%	Pakistan
3%	US
3%	Egypt
3%	Bangladesh
2%	Singapore
2%	Iran
2%	Russia
29%	Others

* Oilseeds: World market and trade. May 2014

OIL YIELD

PER TONNE PER HECTARE



THE ROUNDTABLE ON

SUSTAINABLE PALM OIL

The Roundtable on Sustainable Palm Oil (RSPO) is a multi-stakeholder non-profit organisation that works to promote the cultivation and use of sustainable palm oil. Our vision is to transform the market by making sustainable palm oil the norm.

All RSPO activities are focused on advancing the production, procurement, finance and use of sustainable palm oil products. In pursuit of our aims, we develop, implement, verify and periodically review credible global standards for the entire supply chain of sustainable palm oil, and provide a certification framework to help each player operationalise these standards / put these standards into practice. We actively monitor and evaluate the economic, environmental and social impacts of the uptake of sustainable palm oil in the market. We also engage and seek the commitment of all stakeholders throughout the supply chain, including governments and consumers.

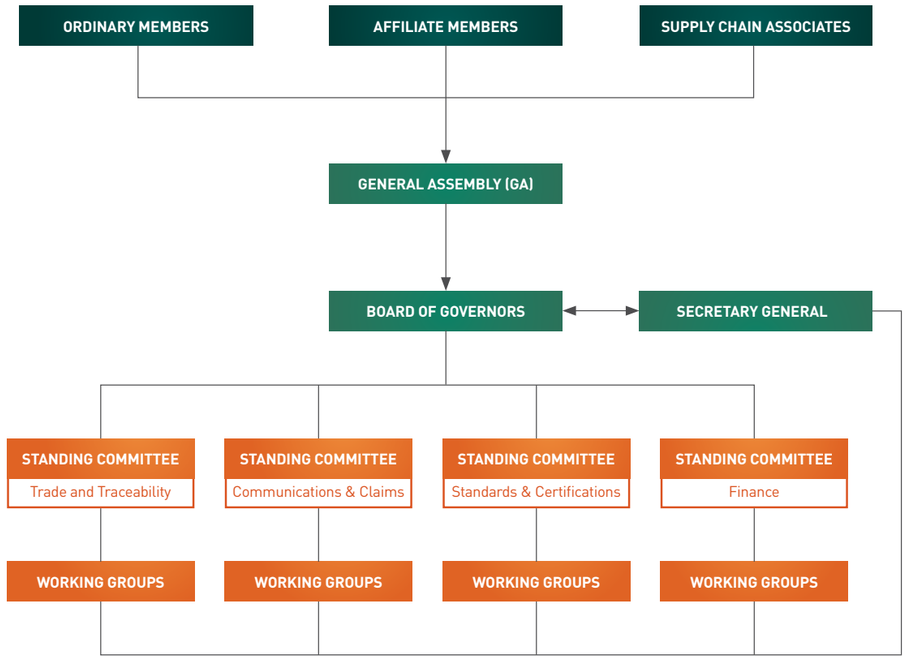
RSPO began as an informal cooperation between several multinational companies and the WWF. In January 2003, an organising committee was created to set up the inaugural Roundtable meeting in Kuala Lumpur and prepare for the formal establishment of RSPO. RSPO was legally established on 8 April 2004 under Article 60 of the Swiss Civil Code.



RSPO ANNUAL ROUNDTABLE

The Annual Roundtable is RSPO's flagship event. Held over three days, the meeting brings together over 1,000 delegates and observers, providing a unique opportunity for all stakeholders along the sustainable palm oil supply chain to meet and debate the evolving dimensions of the market. In 2013, RSPO launched the first annual European summit to reach out to European stakeholders who are not able to attend the Annual Roundtable held in Southeast Asia.

RSPO GOVERNANCE & MANAGEMENT



RSPO is governed by its Statutes and By-laws, as well as by antitrust guidelines that prevent breaches of antitrust law and the competition laws and regulations of countries in which our members operate.

RSPO has adopted a Code of Conduct to which all members are required to adhere. This defines how we expect members to behave towards each other: for instance, that they must seek to resolve grievances directly with each other and that they must explicitly support RSPO and its objectives.

THE ROUNDTABLE ON

SUSTAINABLE PALM OIL

MEMBERSHIP

As of June 2014, RSPO has 1,631 members located in 72 countries. Over 60% are ordinary members; the remaining 40% is made up of affiliate and supply chain associate members. Among ordinary members, consumer goods manufacturers are the single largest block with 410 members. Together with processors and growers they account for over 90% of ordinary members.

MEMBERSHIP TYPE

AS AT 30 JUNE 2014



991
ORDINARY MEMBERS

comprise the seven core entities within the palm oil supply chain. These are the oil palm growers, processors & traders, manufacturers of consumer goods, retailers, banks & investors, environmental NGOs and social/ developmental NGOs. Only ordinary members have to commit to a time bound plan to produce or use 100 percent CSPO.

Companies with business across the palm oil supply chain qualify for membership in only one sector. Only ordinary members are allowed to submit resolutions and vote at the annual Roundtable meeting.

100
AFFILIATE MEMBERS

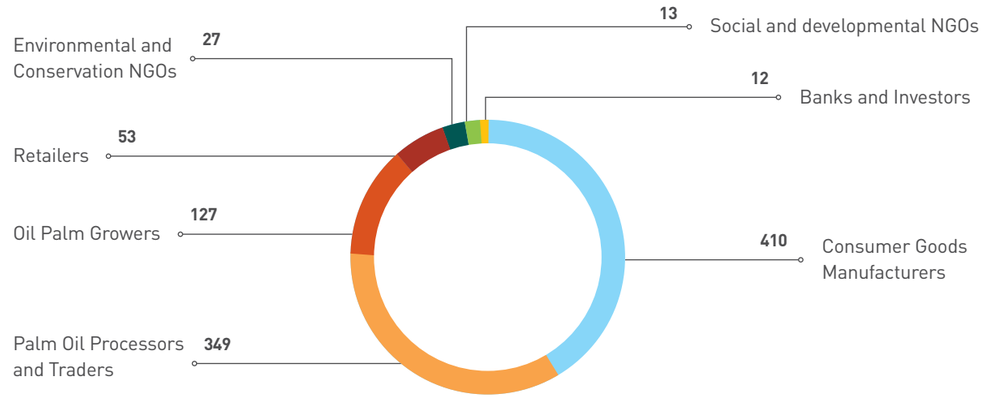
are organisations or individuals who are not actively involved in any of the seven sectors, but have expressed interest in the objectives and activities of the RSPO. Membership extends to academia, research and development organisations, donors, and sponsors. Affiliate members may attend the annual General Assembly as observers.

540
SUPPLY CHAIN ASSOCIATES

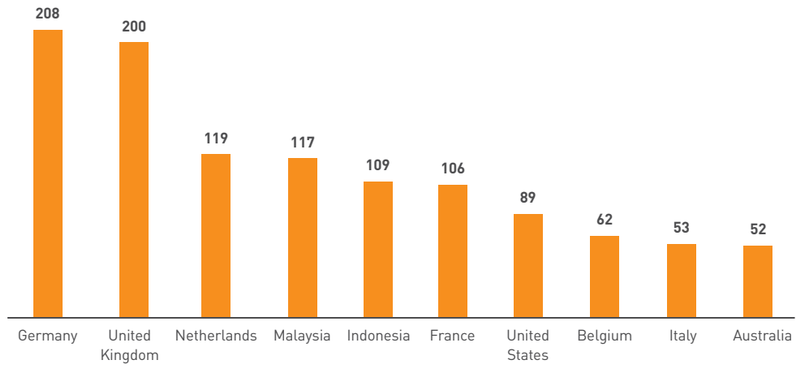
are companies procure less than 500 tonnes of certified sustainable palm oil in the supply chain. Supply chain associates members may attend the annual General Assembly as observers.

ORDINARY MEMBERSHIP

AS AT 30 JUNE 2014



TOP 10 NATIONALITIES OF MEMBERSHIP



THE ROUNDTABLE ON

SUSTAINABLE PALM OIL

BOARD OF GOVERNORS

The RSPO is guided by a 16-member Board of Governors representing the seven membership categories. Board members are elected for a two-year term and any member of good standing may nominate himself or herself to represent their sector. Ordinary members can only vote for the representative in their sector. Two special advisors with particular insights into the two major palm oil producing countries – Malaysia and Indonesia – have been appointed to serve the Board of Governors.

Sector	Number of Seats
Oil Palm Growers One representative from Malaysia, Indonesia, Smallholders and the "Rest of the World".	4
Palm Oil Processors and/or Traders	2
Consumer Goods Manufacturers	2
Retailers	2
Banks / Investors	2
Environmental/Nature conservation NGOs	2
Social/Development NGOs	2

SECRETARIAT

Day-to-day management of RSPO is undertaken by the secretariat, which is based in Kuala Lumpur, Malaysia, and supported by liaison offices in Jakarta, Indonesia (RILO) and the United Kingdom. The secretariat conducts outreach to members and stakeholders, coordinates meetings of the Board of Governors, convenes roundtable sessions and organises the annual General Assembly.

The Secretary General leads the secretariat and is responsible for implementing RSPO's strategic business plan. The Secretary General also manages the team that administers membership services, and offers administrative and project support to working groups and task forces.

GENERAL ASSEMBLY

The General Assembly is the annual general meeting of members. It is convened to ensure transparency in RSPO's administrative and financial operations, and sets out the working agenda for the coming year. The General Assembly is also the forum where members propose and deliberate resolutions on the governance and position of RSPO. Resolutions that are passed are then enacted as part of the RSPO programme in the coming year.

STANDING COMMITTEE

RSPO operations are overseen by four Standing Committees. Each is chaired by a non-board member and is made up of RSPO members. The four Standing Committees deal respectively with:

Standards & Certification
Researching and developing definitions and criteria for the sustainable production and use of palm oil; developing solutions and best practice; facilitating implementation and resolving practical problems related to the adoption and verification of best practices for plantation establishment and management, procurement, trade and logistics.

Trade & Traceability
Developing solutions to practical problems related to procurement, trade and logistics in sustainable palm oil.

Communications & Claims
Developing policies and promoting the use of RSPO certified sustainable palm oil.

Finance
Overseeing the financial responsibilities of RSPO.

THE ROUNDTABLE ON

SUSTAINABLE PALM OIL

WORKING GROUPS AND TASK FORCES

One of the functions of Standing Committees is to convene working groups and task forces to undertake special projects. Working groups conduct long-term projects within particular areas of enquiry; task forces are created to deliver specific output against set timelines. Special groups have also been created to support RSPO operations. For instance, a Dispute Settlement Facilities Advisory Group and Complaints Panel guide resolution in cases of complaint.

Each working group is made up of representatives from all categories of ordinary members. Membership of working groups and task forces is voluntary and open to those with an interest in the subject matter. The chair of each working group is elected by its members. There are currently six working groups and five task forces.

RSPO WORKING GROUPS AND TASK FORCES

Working Groups	Task Force
Smallholders Working Group	RSPO-RED Taskforce
Biodiversity and High Conservation Values Working Group	Compensation Task Force Indonesia HCV Task Force
Emissions Reduction Working Group	Supply Chain Document Review Task Force
Human Rights Working Group • Human rights policy • Social audit • Labour rights • Revision of FPIC Guidance	National Interpretation Task Force
Legal FFB and Traceability Working Group	
New Plantings Procedure Working Group	

RSPO – A UNIQUE WAY OF WORKING

Consensus and sustained objection

Decisions taken by the Board of Governors, or in working groups and task forces, are free from sustained objections. Members can take a position of sustained objection, which allows for further deliberation and discussions before a consensus-based resolution is reached.

Anti-flagship clause

The anti-flagship clause is unique to the RSPO. The clause prevents an organisation from only certifying its best performing plantation. Members must certify all units in accordance with a time bound plan.

Annual Communication of Progress (ACOP)

Ordinary and associate members are required to submit a yearly ACOP that details their progress toward their time bound plan. This enables us to measure both the commitment of our members and the pace with which we are achieving our vision of transforming markets to make sustainable palm oil the norm.

Ongoing upgrade of standards

RSPO Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certification undergo public consultation every five years to ensure the robustness of their standards. In April 2013, four new criteria and 40 new indicators were added to RSPO P&C.

CERTIFIED SUSTAINABLE

PALM OIL

As of June 2014, more than 11.1 million tonnes of sustainable palm oil were produced in 12 countries. This represents 18% of all global palm oil produced that year. RSPO also provides a certification system for sustainable palm kernel oil (CSPKO).

Our certification standard is anchored in our Principles and Criteria (P&C), first developed in 2005 and revised in 2013. These define what sustainable palm oil production looks like in practice. In addition, our certification system encompasses a rigorous supply chain certification procedure that ensures that certified sustainable palm oil reaches the end user. All certification processes are audited and, as of 2014, must be conducted by accredited third-party certification bodies.

RSPO PRINCIPLES AND CRITERIA (P&C)

RSPO P&C is made up of eight core principles that plantations and mills must comply with in order to attain certification. Generic criteria, indicators and guidelines are provided to assist members in addressing the core principles. Key international laws and conventions are also incorporated. Grower members commit to implement and audit against the P&C across their entire operations, including subsidiaries and joint ventures with major shareholdings.

Growers undergo an annual surveillance audit and re-certification audit every five years by a third party independent assessor that is in turn independently accredited. Growers must address non-compliance of major indicators within three months or risk sanctions by the RSPO.

8 Principles of Sustainable Production of Palm Oil

- Commitment to transparency
- Compliance with applicable laws and regulations
- Commitment to long-term economic and financial viability
- Use of appropriate best practices by growers and millers
- Environmental responsibility and conservation of natural resources and biodiversity
- Responsible consideration of employees and of individuals and communities affected by growers and mills
- Responsible development of new plantings
- Commitment to continuous improvement in key areas of activity



CERTIFIED SUSTAINABLE

PALM OIL

National Interpretations

Every country has its own legislation, customs and natural landscapes. These factors may affect the way that RSPO P&C are interpreted. In recognition of this, RSPO has developed P&C National Interpretations (NI) to provide relevant guidance for plantations and mills in specific countries.

NIs have been developed for Ghana, Indonesia, Malaysia, Papua New Guinea, Solomon Islands, and Thailand, and are available in Bahasa Indonesia, English, French, Portuguese, Spanish, and Tok Pisin. These NIs are currently being revised in accordance with the P&C 2014.

Countries without an NI follow the generic guidance in the annex to the P&C. They may also seek a local interpretation for their production of sustainable palm oil. Companies operating in countries which have not ratified key international conventions or laws referred to in the P&C must comply with the standards and conventions stated in the P&C. Local laws and policies that provide a higher benchmark within the industry will be recognised.

Certified Areas and Production of FFB

Since the approval of RSPO P&C in 2008, 57 growers (44% of grower members) have certified 3 million hectares of plantations in 12 countries. Indonesia and Malaysia account for 89% of the total certified area. According to audit reports, approximately 201,908 hectares (6.7% of the total) has been set aside for high conservation value (HCV) areas.

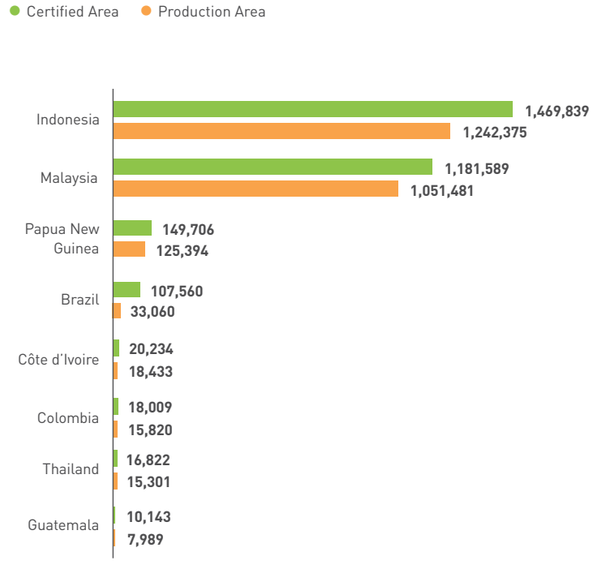
As of June 2014, certified growers produced 51 million tonnes of fresh fruit bunch (FFB). Indonesia is the largest supplier of FFB, with 48% of the total production.

Based on filed ACOPs, 23 growing members have achieved certification of their entire plantation operations. A further 20 growers have committed to be fully certified by 2015.



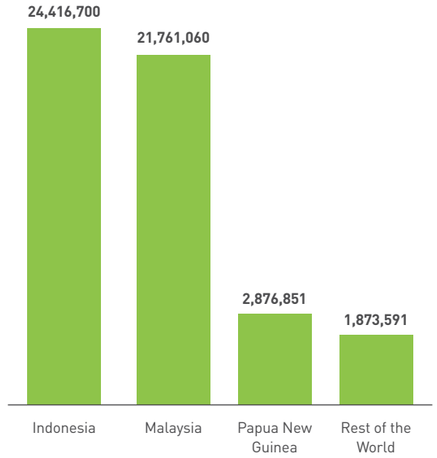
Photo credit: Felda Global Ventures Holdings Berhad

TOTAL CERTIFIED AND PRODUCTION AREA BY COUNTRY



FFB PRODUCED (MT)

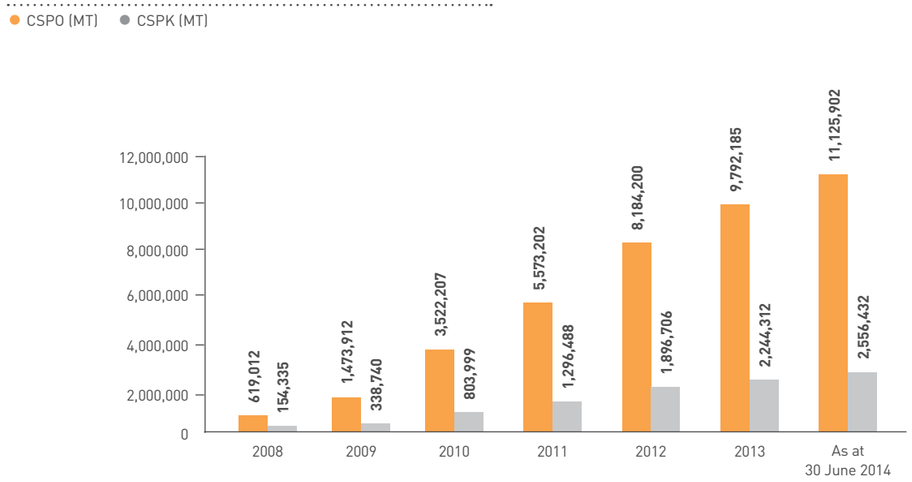
AS OF JUNE 2014



Certified mills

As of June 2014, RSPO has certified 258 palm oil mills with a combined production capacity of 11.1 million tonnes of CSPO and 2.5 million tonnes of CSPK. Malaysia and Indonesia account for more than 90% of CSPO produced globally.

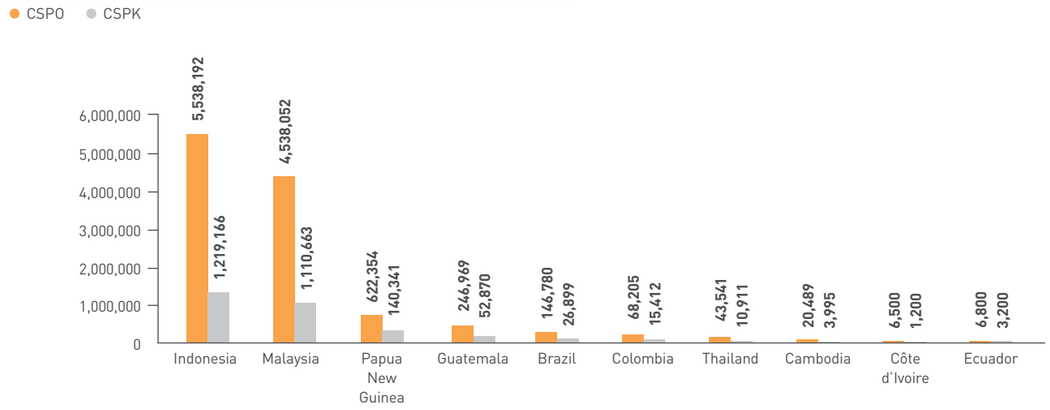
ANNUAL PRODUCTION CAPACITY OF CSPO AND CSPK (MT)



CERTIFIED SUSTAINABLE

PALM OIL

TOTAL CSPO AND CSPK BY COUNTRY



RSPO Supply Chain Certification

Our supply chain certification standard ensures the integrity of the trade in sustainable palm oil at every stage of the supply chain. It applies to every facility that makes product-related claims regarding the use of certified palm oil derivatives. It regulates the handling, storage, transport, trade, refining process, packaging and even labelling of sustainable palm oil products.

How sustainable certification works in practice

In order to drive uptake of sustainable palm oil, RSPO offers two trading systems: one for the physical trade of sustainable palm oil and one that enables virtual trading of sustainable palm oil certificates, also known as the GreenPalm programme.





Photo credit: New Britain Palm Oil Ltd

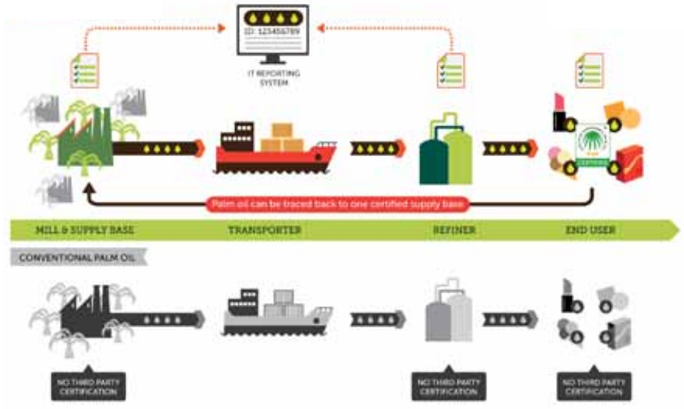
Physical Trade

In this system, CSPO may be physically traded according to one of three supply chain models:

IDENTITY PRESERVED

Palm oil is separated from oil that is not RSPO certified. This oil can be physically traced back to its plantation of origin.

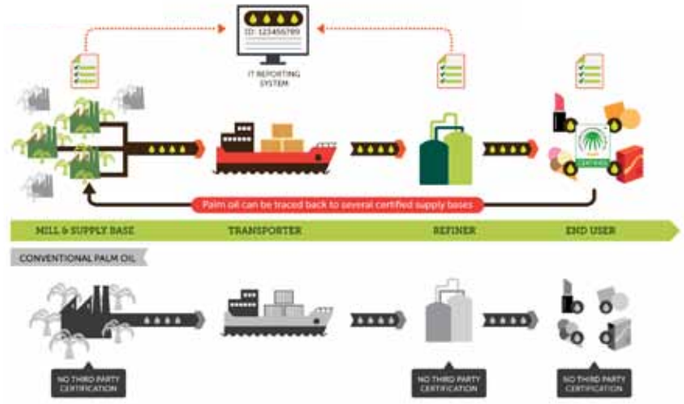
THIRD PARTY CERTIFICATION



SEGREGATED

CSPO from multiple estates is mixed in batches. Oil traded in this model cannot be traced back to the specific mill or plantation, but is guaranteed to be physically traceable to a certified source.

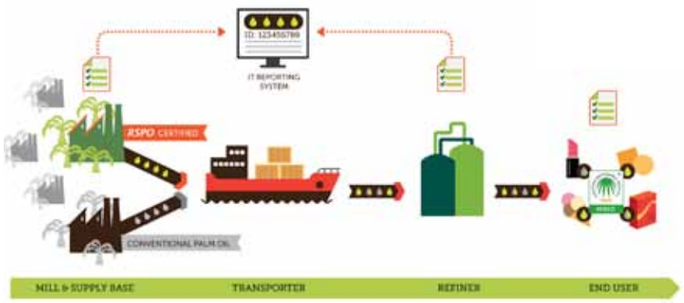
THIRD PARTY CERTIFICATION



MASS BALANCE

CSPO is mixed with palm oil that has not been certified. The oil may be mixed at different sources but the percentage of certified palm oil is known.

THIRD PARTY CERTIFICATION



RSPO eTrace

The palm oil supply chain is complex so it is vital we are able to keep track of how much CSPO is in the value chain and where it is. Launched on 23 July 2012, RSPO eTrace has been developed to administer and monitor the physical trade of CSPO globally. RSPO eTrace provides a clear overview of every stock, every physical transaction, and every CSPO conversion and downgrade performed.

CERTIFIED SUSTAINABLE

PALM OIL

Virtual trade

In this system, CSPO may be virtually traded according to the Book & Claim supply chain model using the RSPO-endorsed GreenPalm programme:

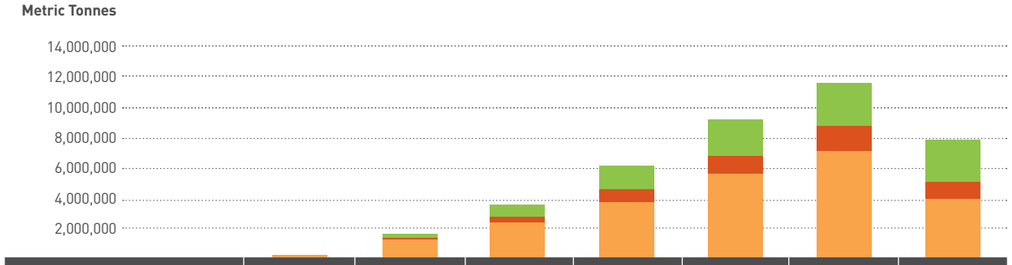
GreenPalm

CSPO may be virtually traded under the GreenPalm programme. Certified growers are awarded one GreenPalm certificate for each tonne of CSPO produced. Certificates can be sold on the GreenPalm web-based trading platform, and manufacturers or retailers that purchase them can claim to support the sustainable production of palm oil. And because it is flexible and easy to implement, GreenPalm empowers independent smallholders to participate in the sustainable palm oil supply chain. Under the GreenPalm system, the group manager for the independent smallholder can participate in the system by dealing direct with potential buyers.



UPTAKE OF CSPO

Supply and Uptake



	2008	2009	2010	2011	2012	2013	AS AT 30 JUNE 2014
CSPO Sales through B&C	4,452	245,813	842,619	1,659,516	2,495,277	2,962,256	1,361,396
CSPO Sales through SG,MB	–	98,044	438,515	831,010	984,138	1,551,017	1,117,042
CSPO balance	163,364	1,259,467	2,335,052	3,967,502	5,740,098	6,597,954	4,159,022

Every year between 2009 and 2013, out of all palm oil produced, there was on average a 14.5% physical uptake of CSPO and a 30% uptake through the GreenPalm programme.

In 2013, the combined uptake of CSPO through physical and certificate trading rose to 51%, 5% higher than the average uptake over the last five years. In addition, RSPO has seen a physical uptake of 20% as members move towards their target of 100% sustainable palm oil use in this financial year. As of June 2014, the uptake is 40.7%

To ensure that demand matches supply, 134 consumer goods manufacturers have committed to 100% use of CSPO by 2015. Such a commitment will tremendously enhance uptake of sustainable palm oil.

RSPO-RED scheme

RSPO-RED is a single crop certification scheme and a voluntary add-on to RSPO certification. It enables producers to supplement their sustainable production of palm oil with a reduction in greenhouse gases (GHG). The scheme combines RSPO standard requirements and EU Renewable Energy Directive requirements.

Approved by the European Commission in 2012, the RSPO-RED scheme requires palm oil producers to reduce their GHG emissions by 35%, with a 50% GHG emission reduction from 1 January 2017.

Growers must first meet the RSPO P&C before applying to meet this voluntary certification. The certification is only possible for land under palm oil cultivation before January 2008 and only mass balance or segregated chains of custody are permitted. The first shipment of RSPO RED oil was delivered to Europe in July 2014.



Photo credit: New Britain Palm Oil Ltd

MEASURING

OUR IMPACT

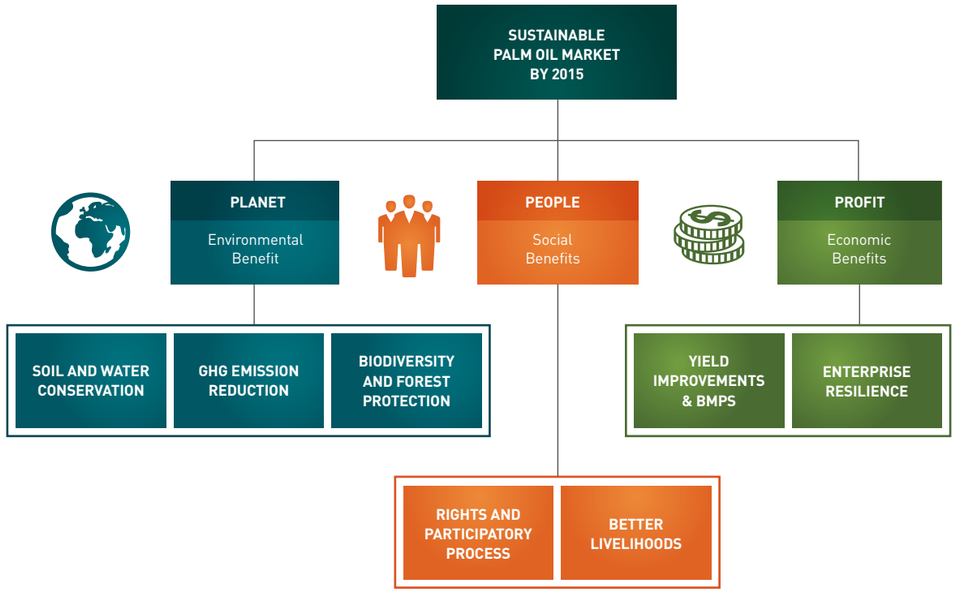
Making sustainable palm oil the norm is our long-term vision and there is a long journey ahead. To ensure we stay on track we constantly monitor our progress and the impact our work has: for our members, for the palm oil market as a whole and for the communities in which our members operate. In this we are supported by a number of tools and strategic partnerships that ensure RSPO delivers on the evolving needs of its members and stakeholders.

RSPO IMPACT MONITORING FRAMEWORK

The RSPO impact monitoring framework outlines the intended outcomes and long-term impacts of our activities. It enables us to measure our performance as we work towards our vision. The key themes of the framework include ensuring that RSPO delivers environmental, social and economic benefits to all stakeholders.

In measuring social, environment and economic impacts, RSPO has identified indicators that are aligned to the RSPO standards. These indicators are based on criteria developed and recommended by the Committee on Sustainability Assessment (COSA), a non-profit consortium with a mission to advance useful and transparent measurement tools to better understand, manage and accelerate sustain ability.

The indicators are generally comparable across different conditions, oriented to change over time, sufficiently specific, measurable with reasonable cost and effort, attainable and actionable.



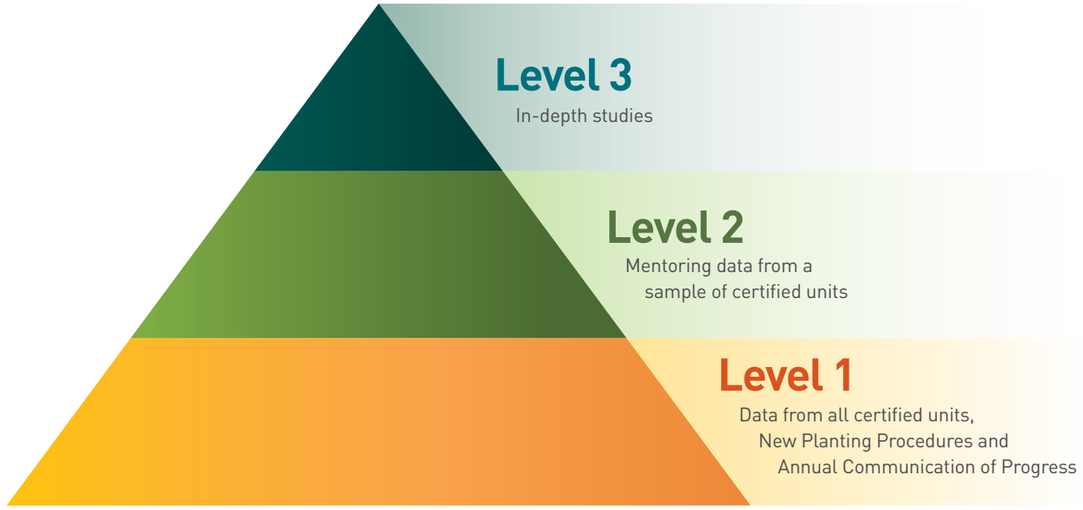
PARTNERING FOR STRONGER SYSTEMS

In December 2012, RSPO became an associate member of the ISEAL Alliance, a global membership association for sustainability standards. Established as a non-governmental organisation, ISEAL's mission is to strengthen sustainability standards systems for the benefit of people and the environment. ISEAL Alliance's goal is to improve the effectiveness, impact and credibility of sustainability standards and increase their uptake.

Impacts unit

In July 2013, following a restructuring at the RSPO Secretariat, the Impacts Unit was established and is now responsible for monitoring certification impacts, compliance with the ISEAL codes and collecting learnings and best practices for further system improvement.

The RSPO has adopted ISEAL's Code of Good Practice for Impacts Assessment. The code provides for three data collection instruments to monitor impact of our activities.



Data collection instruments based on
ISEAL Code of Good Practice for Impacts Assessment

As of early 2014, RSPO certified palm oil plantations cover an area approximately **27 times the size of Singapore**– and this continues to grow fast.



PARTNERING WITH

LEADING EXPERTS

As an NGO with a broad mandate for change, we recognise the need for specialist knowledge and expertise. By establishing partnerships with experts worldwide we continually expand our understanding of the palm oil industry and discover new ways to make it more sustainable.

We also collaborate with world-class organisations and research institutes to explore specific issues and challenges affecting the production and use of sustainable palm oil.

ONGOING RESEARCH COLLABORATIONS AND OTHER INDEPENDENT RESEARCH

Organisation/ Research Institute	Research Topic
Royal Society SE Asia Rainforest Research Programme (SEARRP)	Socially and Environmentally Sustainable Oil palm Research (SEnSOR)
Wageningen University (via ISEAL)	Next Generation Governance Arrangements for Sustainable Global Values Chain (GVCs)
Universiti Putra Malaysia	The role of RSPO process in improving and sustaining the livelihood of small farmers in Malaysia
Universiti of Jambi	RSPO certification impacts of independent smallholders in Jambi, Indonesia

Other independent research:

CIFOR	1. Oil palm sentinel landscape 2. Sustainable development of palm oil production: designing strategies from improved knowledge on oil palm cropping system – SPOP 3. Large scale investment in Food, Fibre and Energy: Sustainable options that work for forests and the poor (LIFFE) 4. Corporate governance in the palm oil sector 5. Large scale land acquisition for plantation estates in Indonesia
University of Cambridge	Cambridge Conservation Initiative's project: "Enhancing the spatial targeting of tropical crop eco-certification"



Photo credit: Kulim (M) Berhad/Björnberg

PEOPLE

Over 900 million people live in the 15 countries where certified palm oil plantations operate and where notifications of new plantings have been made. On average, 65% of this population live in rural areas and 35% live on less than USD2 dollars per day. According to the United Nations Human Development Index – a statistic that combines life expectancy, education and income for every country – the average rank of these 15 countries is 163. The cultivation of sustainable palm oil therefore represents a significant opportunity to raise the standard of living and provide local communities with social and economic benefits.

BETTER LIVELIHOODS

The cultivation of sustainable palm oil cannot be achieved without improving the livelihood of workers and supporting communities that are intertwined with the operations of oil palm estates. This is why RSPO requires members to adhere to specific principles regarding the development of community infrastructure and the improvement of health and education systems.

Our P&C on workers and community



Rights of workers

There should be no discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age. Workers are protected from harassment and abuse. Workers have the right to form and join trade unions of their choice and to bargain collectively. A parallel means of independent and free association and bargaining is developed when the right to freedom of association and collective bargaining is restricted under law.



Free from bonded labour

There are to be no forms of forced or trafficked labour. Passports or travel documents of workers may be kept by the company for safekeeping on a voluntary basis. Companies must demonstrate that workers are able to retrieve identity documents upon request.



Decent living conditions

Pay and conditions for employees and for contract workers must meet the legal or industry minimum standards. Wages must be sufficient to provide a decent living.



Health and safety

Regular health and safety meetings, briefings, risk identification and mitigation are documented. Appropriate training must be provided to staff and workers related to their job task, such as responsible storage, use and disposal of pesticides, operating machinery and tools.



Social impact assessment

Each certified mill must conduct a social impact assessment that identifies and minimises negative impacts from their operations. We believe communities should be allowed to continue with their traditions, pursuing life in a manner to which they are accustomed.



RAISING THE BAR IN LABOUR STANDARDS

Daryll Delgado
Programme Manager, Research and Stakeholder Engagement Unit, Verité Southeast Asia.

From our observations, we can surmise that RSPO companies are in a better position when it comes to labour standards because of the P&C and certification process. There is a vast difference between RSPO certified plantations and non-RSPO certified plantations in the recruitment, retention and treatment of workers.

There appears to be three recruitment systems in the palm oil industry. There are companies that directly select, interview, train and document workers. Companies also sub-contract workers through a contractor to provide a 'service'. The third type, walk-in labour, is what we are most worried about, and we have documented such cases in RSPO growers. These workers are not able to formally verify how they ended up in the plantation. Were they trafficked in? Did they pay an excessive fee to a broker? What terms and conditions were promised and are those being met?

Without leverage and bargaining power, these workers are susceptible to low pay, unsafe working conditions, little training, and poorly monitored work hours in order to secure employment. It also puts the company at risk in terms of compliance with the RSPO P&C and local laws.

Labour and social issues are very dynamic and measures and indicators are not easily quantifiable. Trafficked and forced labour are hidden from audits: they are an invisible workforce. Auditors therefore play an important role. Those who do not carefully verify the list of workers at a plantation will have no chance of finding out their working conditions. Auditors also need to be trained to recognise warning signs and to raise questions to detect the presence of bonded and trafficked labour.

The revised RSPO P&C is very much improved, and we have moved way beyond the starting point. The P&C now requires growers to look into working conditions for employees along their supply chains – including their scheme and associated and independent smallholders. If the RSPO P&C succeeds in getting a premium for sustainable palm oil, and more producers are convinced to produce sustainably, then companies will have to compete not just on the basis of palm oil volume, but also in the manner oil is produced.

Verité is a global non-profit consultancy specialised in labour standards. Its work includes monitoring and documenting labour rights and issues in the palm oil industry.



Photo credit: Felda Global Ventures Holdings Berhad

PEOPLE

WHAT WE HAVE ACHIEVED

Understanding the prevalence of health and safety incidents

There are three typical categories of accident in the oil palm sector: cuts and thorn pricks sustained by field workers are common and minor, but often require medical attention to prevent infection; road accidents, which vary in severity; and mill accidents which are mostly minor and involve slips and falls, but may occasionally result in severe disability or fatalities. A desktop review of seven sustainability reports found that the rate of lost time due to worker accidents in certified plantations ranged from 0.50 to 46.24 per 200,000 working hours. The average number of lost days per accident ranged from 1.3 to 2.53 days, reflecting the prevalence of field-based minor accidents, although one company reported 287 lost days per accident.

It should be noted that data collection is not always consistent and national reporting requirements vary, so a comparison to provide a benchmark on the safety of working conditions remains a challenge.

RSPO P&C support mechanisms

Human Rights Working Group (HRWG)
In 2013, the HRWG was established following the adoption of the human rights criterion in the revised P&C. The working group is also responsible for reviewing the adequacy and clarity of other relevant criteria, helping members to understand and develop tools to effectively implement the UN Guiding Principles on Business and Human Rights.



Photo credit: Felda Global Ventures Holdings Berhad

PEOPLE

Chemical reduction and the Paraquat debate

RSPO supports the minimisation of chemical use and promotes integrated pest management techniques that combine natural pest management with limited amounts of pesticide. In integrated pest management, the use of pheromone traps, manual weeding and the release of natural predators are widely used. The use of chemicals are primarily on immature palms and as a last resort in the case of major pest outbreaks.

The most prominent discussion about chemicals among RSPO members has been the use of the herbicide commonly referred to by its trade name Paraquat. Several stakeholders have raised concerns about the handling of the chemical due to its high toxicity levels. RSPO P&C provide guidance that Paraquat can only be used in ways that do not endanger health or the environment. Individual growers must work towards minimising and eliminating the use of Paraquat and document that they are actively seeking alternatives. In addition, the P&C have strict requirements on the safe handling, storage and disposal of pesticides.

Over the past five years, most large RSPO grower members have voluntarily phased out Paraquat in response to stakeholder concern. These growers have primarily used glyphosate and Basta as replacements.

Reducing Paraquat use

Outright ban

Tenaganita and Pesticide Asia are among the concerned NGOs and rights groups campaigning for a Zero Paraquat policy to be adopted by the RSPO in response to the health risk.

Better management

Wild Asia Group Sarawak offers outreach and training to independent smallholders and has seen a decline in Paraquat use. Some smallholders report having reduced their use of Paraquat from as much as 10–20 litres per hectare to between 3–4 litres per hectare.

Voluntary phase out

Agropalma Group, Hap Seng Plantations Holdings Berhad, New Britain Palm Oil, Sime Darby Berhad, REA Holdings, Wilmar International Limited are some of the RSPO members which have voluntarily phased out the use of Paraquat.

Over the past five years, most large **RSPO grower members have voluntarily phased out Paraquat** in response to stakeholder concern.

PEOPLE

Right of children to an education

There is no comprehensive data on the number of children living on palm oil estates. Humana Child Aid Society, which works extensively in plantations, estimates there are on average 40 children per hectare of plantation. In light of this, the Malaysian National Interpretation (NI) of RSPO P&C has included children's education as part of the obligation of a sustainable palm oil grower.

Photo credit: Felda Global Ventures Holdings Berhad

THE CHALLENGE OF CHILD LABOUR



Torben Venning
Project Director, Humana Child Aid Society

Humana Child Aid Society reaches out to thousands of children living on plantations, offering good basic education in accordance with the UN's Child Right Convention. Our work is situated in the state of Sabah, Malaysia.

We began on the cocoa plantations back in 1991 with just 70 children. Today we have about 13,500 students, of which 11,500 are living in palm oil plantations. We operate 135 centres licensed by the Ministry of Education on an annually renewable basis. We employ about 300 teachers from Sabah, but also from the Philippines and Indonesia. We are not approved by the Ministry of Education to run secondary schools but there is now an agreement with the Indonesian government that we can establish community learning centres for children of secondary school age.

There are over half a million male and female migrant workers in Sabah. They are not supposed to have children and start a family, but the reality is that they do. Almost all the children who come to our schools are born here. We estimate that there are 40 children per 1,000 hectares of plantation. In Sabah alone, we estimate that there are around 50,000 Indonesian children living on estates. This does not include children of workers from the Philippines.

There is no indicator in the overall RSPO P&C dedicated to meeting the education needs of children. It is a great omission as it is very difficult to defend the industry when there are thousands of children living on estates without access to education. We are very happy that in the revised Malaysian National Interpretation, there is a clause for children's education, and this was strongly advocated by grower members.

Anecdotal evidence suggests that children bring stability to the lives of workers. Some of the children go through eight years of education at our centres, which is a good indication of stability. When they know their children are getting an education, workers are more likely to stay settled because of the family unit. Plantation companies benefit by reducing turnover and retaining workers who are more experienced. We receive calls from plantation managers asking us to start schools in their estates because workers are leaving. Workers who are single tend to go in search of better opportunities. And when children are in school, it means that they are not out in the field.

We are starting to see the impact of our work. We have ten teachers who were themselves students in our schools. Some children are now working in the offices of plantation companies. Through our facebook pages, we have reconnected with children who are now studying in universities in Indonesia.

We still have a lot of work to do. We are not reaching smaller plantations, and even these are still relatively big – smallholders and farmers have hundreds of families living in their holdings. This outreach will require continued funding and support from the RSPO and companies working with smallholders.

Humana Child Society is an NGO focused on improving access to primary education for children on Borneo.

PEOPLE

PROTECTING THE RIGHTS OF LOCAL COMMUNITIES

The rapid expansion and development of palm oil plantations has at times been at the expense of local communities. Conflicts over customary land (owned by indigenous communities) and land rights have overshadowed the potential benefits that the cultivation of palm oil may bring to local communities.

Our P&C on protecting local communities

Free, Prior Informed Consent (FPIC)
RSPO certified growers must demonstrate that plantation land has been obtained through informed, non-coercive negotiations with local communities prior to its establishment and development. The right to use the land must not be contested by local people who can demonstrate that they have legal, customary or user rights. The cultivation of oil palm must not diminish the legal, customary or user rights of other users.

WHAT WE HAVE ACHIEVED

Accountability of members

Since the establishment of the RSPO complaints panel, 46 cases have been filed against members of the RSPO. Lack of FPIC and cases where land use has been changed without proper HCV assessment are the primary complaints raised to the panel. Although the majority of complaints received were brought by social and environmental NGOs, other stakeholders such as communities, employees, government agencies and the RSPO itself have raised complaints.

More complaints were filed in 2013 compared to other years. More than three-quarters of complaints received relate to members in Indonesia and Malaysia, and we are seeing a growth in complaints in Africa as new plantations are established and new members join RSPO.



Photo credit: New Britain Palm Oil Ltd

PEOPLE

RSPO P&C support mechanisms

Complaints system
The RSPO complaints system was established in 2009 to provide a framework to address complaints against any RSPO member or the RSPO system itself. The system ensures that any alleged breach of specified RSPO Statutes, By-laws, motions approved by the General Assembly, or any other approved articles, including the Principles & Criteria for Sustainable Palm Oil Production, the Certification System and the RSPO Code of Conduct, are fairly, impartially and transparently resolved.

The complaints panel comprises one member from each of the following: the supply chain, social NGOs, environmental NGOs, grower and affiliate member

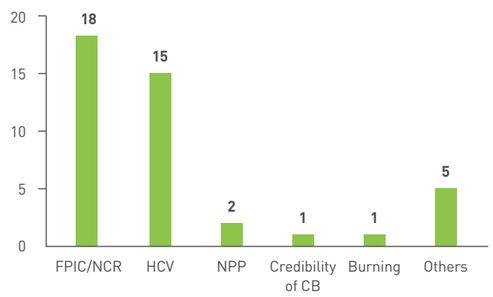
Journey towards resolution

As of June 2014, 19 of the complaints filed have been resolved and closed. A further five cases have been closed but are awaiting resolution under the RSPO compensation process (see page 44). The length of an active complaint, from the time it is filed to the time it is closed ranges from 9 days to 1,600 days. It takes on average 340 days to resolve a case. Based on annual comparison, we have reduced the average length of an active complaint from 1,300 days in 2009, to 148 days in 2013.

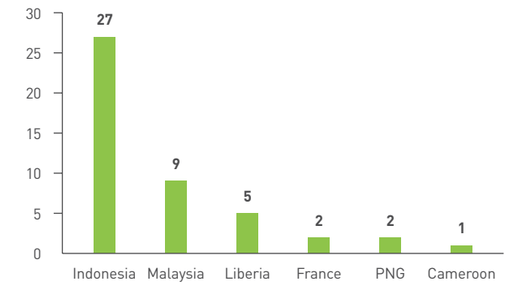
Status of complaints by year



Types of complaints

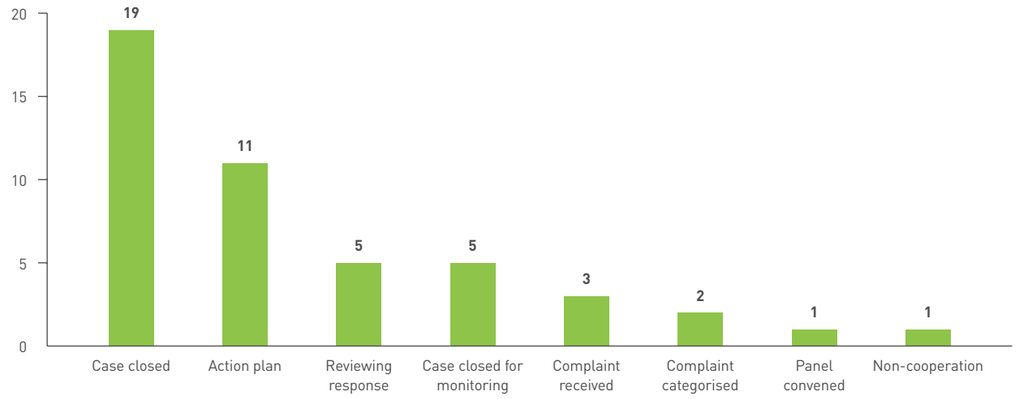


Countries of complaints



PEOPLE

Status of complaints



Holding companies to account

While RSPO believes in constructive engagement, there have been cases where companies have been unwilling to cooperate with complaints procedures or have knowingly breached RSPO P&C or our Code of Conduct. In such cases, RSPO may suspend members pending demonstrable rectification or improvement. If this does not happen, the RSPO Board of Governors, guided by the complaints panel, can expel members. Since the launch of RSPO P&C, we have suspended three members and expelled two following complaints investigations.

Strengthening complaints procedures

Natural Justice and the Borneo Conservation Initiative conducted a 2013 review and assessment of the RSPO complaints procedure. The revised complaints system is expected to meet the standard of the Ruggie Principles of Business and Human Rights, which are endorsed by the UN Human Rights Council. The revised complaints system will be launched at the 2014 General Assembly.

Stronger FPIC guidance

Between 2007 and 2008, RSPO collaborated with the Forest Peoples Programme to develop a 'Guidance for Companies' devoted to FPIC. RSPO member companies can and have used this to guide their own procedures of land acquisition. The RSPO Human Rights Working Group has also been tasked to review and update our FPIC guidance. Particular focus has been placed on how companies and affected communities have experienced FPIC since 2005, lessons from FPIC in other sectors, as well as the new requirement on FPIC in the revised P&C. The working group will also investigate how FPIC methods can be more effectively integrated with our guidance on social impact analysis.

RSPO P&C support mechanisms

Dispute settlement facility

We believe that all our stakeholders desire and benefit from fast and amicable dispute resolution. In 2013, the dispute settlement facility (DSF) was developed for members involved in cases of land dispute. DSF is different from the complaints panel in that, typically, both parties have agreed to bring their case before an independent mediator.

There are six disputes currently being mediated by DSF, four in Indonesia and two in Malaysia. All cases originated in the complaints panel.



ADDRESSING GAPS IN LAND GOVERNANCE

Marcus Colchester, Senior Policy Advisor, Forest Peoples Programme

My main complaint about RSPO is that its procedures require a lot strengthening. Compliance to land grab regulations and respect for customary rights are lacking. FPIC is poorly understood and more poorly adhered to by the companies on the ground. We have done detailed field studies comparing audit findings with our appraisal and we feel that the assessment is weak.

Very few assessors are identifying and securing the basic needs of communities defined in HCV5 (sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples which includes livelihoods, health, nutrition, water, identified through engagement with these communities or indigenous peoples). If the livelihood of communities is not being accommodated, then they will either retaliate, steal the fruits, or encroach on to other HCV sites in the area. This undermines the environmental principles of the RSPO.

The effectiveness of the complaints mechanism is questionable and disappointing. The procedure is slow in moving complaints from reception to action. There is a lot of detailed investigation involved because companies do not agree. A lot of data is needed to prove the validity of the argument of the community, which means a means a lot of work on the ground with the communities as they require help to prepare and to understand how the procedure works.

There are also hundreds of complaints that communities are not able to raise because of the lack of capacity and reach. Some communities are angry and resentful as they have access to no other solutions form the state to secure equity and justice. A lot of communities just make the best of a bad job rather than keep fighting. This does not mean that the company became compliant – just that the community gave up.

Communities want RSPO to intervene and fill the gap in good land governance. For one Malaysian community, it 12 years to appeal at the federal court just to gain the right to appeal in court! In Indonesia, there is no justice through the courts at all.

The new dispute settlement facility is an excellent institution although it has yet to prove its effectiveness. We are all trying hard to make it effective, which is why we need the complaints ground to be clear.

I am worried about the new expansions. We have initiated two complaints about Liberia, and raised complaints in Cameroon, Democratic Republic of Congo and Nigeria. In Indonesia, 20,000 hectares is considered a large concession. In Liberia companies are getting 300,000 hectares in which they can choose 220,000 hectares from the government. People have been living on these lands since colonial days.

The credibility of RSPO is in the compliance. There must be strong enforcement when there are violations by members. I don't think all violators should be expelled, but RSPO could develop a graded scale of sanctions to encourage companies to bring themselves into compliance.

There are probably more than a dozen statements out there of committing to additional standards. When you compare them to the RSPO standard they stop short of providing details on verification, procedures, accountability and compliance. We have to make the RSPO work and bring it to the next level.

Marcus works extensively with human rights issues and community conflicts in relation to palm oil. He is editor of Conflict or Consent? The oil palm sector at a crossroads, part of a series of seven reports documenting the social implications of oil palm expansion.

Photo credit: New Britain Palm Oil Ltd

PEOPLE

LESSONS AND FUTURE CHALLENGES

Translating principles to procedures

The concept of FPIC has not translated to standard operating procedures for most companies. When a company fails to comply with the RSPO P&C, they may remedy the situation but often this does not bring about change in standard procedures across operations.

Accessibility of complaints panel

We believe that the encroachment of land is continuing in some areas. Monitoring and reporting abuse of land rights cannot be done using technology. We depend on the efforts of social NGOs and local partners to raise these reports through the complaints channel. Ensuring easy access to the complaints panel is a key focus of the upcoming revision of the RSPO complaints system.

Ground truth complaints

We are committed to ensuring that complaints are investigated with all due diligence, but recognise that our current complaints procedure does not involve investigating situations on the ground. We are committed to ensure that all future complaints will include a 'ground truth' component.

Encouraging dispute settlement through mediation

By the end of 2014, we aim to train 20 mediators to support DSF. We will also conduct a series of briefings for members to learn about DSF and understand how it can be fully utilised as a resource.

Finding 'invisible' workers

The exact prevalence of forced labour violations is unknown. This is because trafficking is not segregated by commodity or sectors. Due to the remoteness and size of estates, plantations are rarely monitored, so there are few barriers to prevent trafficked and undocumented individuals being brought to these sites. We will invest in more training for assessors to understand the issues of bonded labour. We will also provide support development toolkits that will help assessors identify warning signs during the course of their assessment.



Photo credit: Kulim (M) Berhad/Björnberg

PIONEERING NEW STANDARDS

Anne Rosenbarger
Research Fellow at Forests and Landscapes in Indonesia, People and Ecosystems Programme, World Resource Institute.

RSPO is a pioneer in commodity standards, and other standards are now looking toward it as an example in many ways. RSPO has done a good job of actually serving as a true roundtable in that from the beginning, it has done everything it can to utilize multi-stakeholder decision making processes. It has been revolutionary in opening lines of communication between stakeholder groups and helping to build trust among groups and individuals who might otherwise be skeptical talking to and/or working with one another.

RSPO has definitely made an impact. In the last several years, we have started to see a paradigm shift, with numerous major companies across the supply chain making commitments to 'no deforestation', respect to community rights and livelihoods, and to supply chain traceability. Many of these commitments are not yet fully implemented; however, we've also seen a growing trend in cooperation between companies and NGOs to work together to fulfill sustainability goals. I believe that the RSPO has played a key role in this shift.

As to whether RSPO is effective in slowing down deforestation, I believe this impact is emerging and will continue to grow. We already see many site-specific examples of improved land use planning and protection of set aside areas in certified RSPO plantations; however, regional and national deforestation levels often do not yet reflect these improvements. This is partly because many RSPO members have not yet fully implemented the standard, and more broadly, there is still not enough participation in the RSPO from the sector as a whole. In particular, how to reach independent smallholders and small to medium sized producers remains a challenge.

The effective implementation of free, prior and informed consent (FPIC) is also still challenge for many companies. Engaging with local stakeholders is often a messy and time consuming process, with many site-specific issues. Ensuring that proper FPIC processes are followed is difficult to monitor and still relies heavily on civil society organisations to bring problems to the attention of the RSPO.

Increased engagement and alignment with national laws and other certification schemes to help growers overcome the challenge of complying with different and sometimes conflicting requirements is of great importance moving forward. For example, just because an area is set aside as HCV under RSPO, does not mean it has legal protection in Indonesia. The RSPO has already begun this work – (e.g. with the INA HCV TF) – but there is still more to be done.

We must also recognize that there is a big step between RSPO membership and full certification. Translating high-level RSPO commitments into best-practice implementation and integration down to the plantation level is something most companies are still working on. Responsive monitoring and enforcement of companies in violation of the P&C is also a huge task that the RSPO continues to build its capacity to efficiently tackle. Therefore, moving forward, I believe it critical that the RSPO continue to promote transparency of information from its members, specifically in regard to development activities, operational policies, supply chains, and corporate structure and to utilize new technologies to build capacity for monitoring and enforcement, as well as for companies to be able publically demonstrate fulfillment of their commitments to sustainability.

Forests and Landscapes in Indonesia is run by the World Resources Institute (WRI). The project provides data-driven analysis to support government and civil society actions for effective and equitable land-use in Indonesia.

Photo credit: New Britain Palm Oil Ltd

PLANET

Oil palm grows in the tropical regions of the world, regions that are also home to some of the world's richest biodiversity. But many of these ecosystems are threatened by deforestation and fires related to crop cultivation. These practices can devastate landscapes, push rare species of animal towards extinction and impoverish communities in the long term. RSPO works extensively with its members and in partnership with conservation experts to ensure that the positive benefits brought by oil palm cultivation are not outweighed by a negative impact on the environment.

PROTECTING BIODIVERSITY

RSPO is committed to stopping the deforestation of high conservation value (HCV) areas and minimise net GHG emissions by avoiding area of high carbon stock for the purpose of planting of oil palm. We also work to reduce the negative impacts of palm oil production on the environment by protecting HCV areas and rare, threatened and endangered species in and around the estates of our members.

Independent approved HCV assessors

The RSPO has over 100 assessors accredited to certify RSPO plantations. In 2013, RSPO collaborated with Wild Asia to conduct three HCV assessors' trainings in Cameroon, Thailand and Malaysia, training a total of 46 assessors.

Our P&C on protecting biodiversity

High conservation value (HCV) assessment
Use the HCV toolkit to assess and develop an operations management plan for maintaining and enhancing HCV areas and rare, endangered and threatened species, as well as sites that have social and cultural values to local communities.

Environmental impact
Minimise and mitigate the negative impacts of plantations on the environment, while enhancing the positive impacts. Growers are to conserve biodiversity, preserve essential ecosystem services, and respect cultural landmarks and community access to natural resources.

New plantings procedures
In 2010, there was growing recognition that there needed to be guidance and procedures in place for RSPO members when establishing new plantations. The New Planting Procedures (NPP) were adopted to provide guidance on how and under what conditions new plantings should be carried out.

BUSINESS MEETS BIODIVERSITY IN THE AMAZON

Marcello Brito
Commercial and Sustainability Director,
Agropalma Group.

We operate in Amazon region and local regulations stipulat e that one hectare of forest must be left untouched per hectare of plantation, regardless of crops. We have gone beyond that requirement, and have about 1.6 hectares of forest per hectare of plantation.

We started our sustainability programme on a very small scale in 1999. We simply used to just leave the forest as it is. But we started to realise that we could do a lot more, although it was difficult for us: we are palm growers, not specialist in biodiversity. In 2002, we were asked how well we were protecting our forest and its biodiversity. We could not answer the question.

In 2004, we engaged a bird expert and conducted our first bird assessment and identification. We found over 200 bird species in our area. Since then, we have identified over 480 bird species. More recently we have conducted assessment and identification programmes for mammals, reptiles, amphibians. These have helped us to grasp the extraordinary richness of biodiversity in the areas in which we operate. And in the future, we will be conducting further assessment and identification programmes for insects and aquatic fauna.

The biggest surprise for us is that we can prove that oil palm plantation, forest protection, and preservation of biodiversity can happen in the same area. We monitor and see improvements in the number of species and in the populations of those species. Our estates are living laboratories for what is possible if we work in the right way and complement economy with ecology. Of course we have also had great help from partners such as Conservation International and various university partners in Brazil.

We often hear the criticism that everything we do is an added cost. While this is true – it has been a cost for us the past 15 years – in the last two years we have seen the financial returns through the premium for our products. This now pays for all our social and environmental programmes.

We also hear our peers say that protection of biodiversity is not their core business – it is for the NGOs and governments. But that is an old fashioned way of thinking that we need to change. In the past decades, we never really accounted for the real cost of production. We never accounted for how much of nature or the planet goes into our day-to-day products. When companies come to internalise this cost, they will see that they have to do more in the future.

The cost of production will increase everywhere. And profit margins in Asia and parts of Africa will shrink. Labour, land tenure, and expanding cities will increase the cost of land. I believe that countries will impose taxes on carbon in the future. So as a grower, we must think long term and think smarter about issues such as carbon footprinting and biodiversity protection as sources of revenue and premium.

Agropalma is a Brazilian vertically integrated palm oil producer operating across 40,000 hectares in the Amazon region.



Photo credit: Kulim (M) Berhad/Bjornberg

PLANET

Six types of HCV area:

- **HCV1:**
  Areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).

- **HCV2:**
  Globally, regionally or nationally significant large landscape-level areas where viable populations of most, if not all, naturally occurring species exist in natural patterns of distribution and abundance.

- **HCV3:**
  Areas that are in or contain rare, threatened or endangered ecosystems.

- **HCV4:**
  Areas that provide basic ecosystem services in critical situations (e.g. watershed protection, erosion control).

- **HCV5:**
  Areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).

- **HCV6:**
  Areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

RSPO P&C support mechanisms

Biodiversity and High Conservation Values Working Group (BHCV WG)
Since 2009, the BHCV WG has provided technical input to support the practical application of the RSPO P&C and the HCV framework. The group develops information resources and toolkits to facilitate the work of HCV assessors. It also organises and synthesises information, and commissions reviews of studies to improve guidance for the application of the HCV framework methodology.

Compensation Task Force
The Compensation Task Force was established in August 2011 under the BHCV WG. The purpose of the task force is to develop and test a framework to guide members through the process of compensating land cleared without prior HCV assessment.



Photo credit: Felda Global Ventures Holdings Berhad

DOES RSPO MAKE A DIFFERENCE? A PERSPECTIVE FROM THE LOWER KINABATANGAN

HUTAN – Kinabatangan Orangutan Conservation Programme

As a grassroots non-profit organisation carrying out research and addressing human-wildlife conflict issues in the Lower Kinabatangan floodplain over the past 16 years we have seen conflicts between people and nature grow. We have also seen positive changes in how local communities view wildlife and the forest and in recent years we have also seen positive changes in palm oil companies that want to achieve and maintain Roundtable for Sustainable Palm Oil (RSPO) certification.

We engage with oil palm companies in different ways. Our Honorary Wildlife Wardens (HWW) mitigate human-wildlife conflict on site within the Lower Kinabatangan. We also conduct environmental awareness education with children and adults within local communities in rural areas because most environmental awareness is done in urban areas. However, rural local communities have the most interaction or are "adjacent" to forested areas. We also work with other NGOs, and recently we began to engage with oil palm plantations as well via environmental education.

In our patrols on the ground, we see a connection between how workers are treated and the poaching of wildlife. And the difference between RSPO and non-RSPO companies is quite clear. When our Wardens go into non-RSPO plantations, they see evidence of illegal poaching and hunting such as generator-powered freezers that are used to store the kill before it is sold. These workers poach to supplement their income as well as for consumption.

We have recently published research of our observations of how orangutans use the oil palm landscape. What we have found is that orangutans do travel through oil palm plantations to get to other sites. We have seen them nest in single trees in the plantation and in some cases we have found nests in oil palms. Orangutans' diet is very varied. They consume more than 300 species of vegetation. But in an oil palm plantation, fresh fruit bunches are the only food available. They also find navigating through the vastness of palm oil plantations stressful.

From the study we know that majority of orangutans do not go far into plantations. In fact, 90 % were detected within 100 meters of the forest edge. So buffer zones and riparian area have been utilised, demonstrating the means by which plantations can offer as safe passage for orangutans.

This observation is specific to the Sabah region, and a different situation may prevail in Indonesia. We need to start engaging RSPO members who have orangutans in their concession areas. Companies need to be active in managing this issue, especially with out-growers who are legally converting forest in their land title.

RSPO has played an important role in the dialogue between growers and NGOs. We see improvements in managing wildlife conflict and companies are now more patient with wildlife crossing their estates. Communication from headquarters on managing plantations within RSPO guidelines is happening, but can be improved.

The RSPO compensation mechanism provides an opportunity to partner on projects to protect forest or re-establish riparian and buffer zones. We don't want to expel or otherwise punish companies: we need them to fix the issues on their own land. Riparian and buffer zones along rivers play an important role in controlling pollution in rivers – as evidenced where rivers in other parts of the world have been rehabilitated – and we think that these initiatives will give the Kinabatangan River a chance to recover.

In 1998, HUTAN set up the Kinabatangan Orang-Utan Conservation Programme (KOCP) as a collaboration between the Lower Kinabatangan community and the Sabah Wildlife Department

Remediating and compensating for HCV loss

In a few cases, RSPO palm oil producers were found to have cleared land without conducting the required HCV assessment. RSPO takes such breaches very seriously, but prefers to work on constructive solutions rather than to exclude producers from the certification system.

In March 2014, the RSPO Board of Governors accepted the recommendations of the Compensation Task Force to start a staged implementation of the Remediation and Compensation Procedures. This staged implementation is designed to gather additional information and experiences in order to further refine the procedures.

All RSPO members who own and or manage land for oil palm production must comply with all sections of the Remediation and Compensation Procedures, up to and including Section 7: 'Calculating conservation liability'. Companies are required to disclose any non-compliant land clearance by end of July 2014 and submit a Land Use Change analysis by end of September 2014.

A compensation matrix for members to calculate how much they have to remediate or compensate for any HCV cleared without an assessment has therefore been developed. The liability takes into consideration size of land cleared, when the land was cleared, and status of RSPO membership at the time it was cleared.

The RSPO compensation process provides different options for members to compensate. Members can carry out onsite remediation or offsite remediation in partnership with the government, the community or with an NGO. The compensation proposal must be proportionate to the habitat lost.

Eight grower members are currently undergoing the compensation process. Five cases originated from the complaints panel and three members have come forward on their own initiative as they recognise that they may have potentially cleared land without prior HCV assessment or acquired plantations from non-RSPO members that may have previously comprised HCV areas.



Photo credit: Felda Global Ventures Holdings Berhad

PLANET

RSPO compensation matrix

Declaration year	Land controlled by a non-member at the time of clearance	Land controlled by a RSPO member with no certified management unit(s) at the time of clearance	Land controlled by a grower with RSPO certified management unit(s) at the time of clearance Certified
Land cleared after Nov 2005 – Nov 2007	Only for HCV 4, 5, 6	Only for HCV 4, 5, 6	Not applicable
Land cleared between 2007 and 31 Dec 2009	Only for HCV 4, 5, 6	Area cleared without HCV assessment x vegetation coefficient in Nov 2005	Area cleared without HCV assessment x vegetation coefficient in Nov 2005
Land cleared between 1 Jan 2010 – 9 May 2014	Area cleared without HCV assessment x vegetation coefficient in Nov 2005	Area cleared without HCV assessment x vegetation coefficient in Nov 2005	2 x the sum of area cleared without HCV assessment x vegetation coefficient in Nov 2005
Future land clearing after 9 May 2014	Area cleared without HCV assessment x vegetation coefficient in Nov 2005 Palm products from land with vegetation coefficient of →0.4 may not be claimed as RSPO certified	Expulsion	Expulsion

Mapping changes of use in members' land

In November 2013, RSPO released a series of technical papers to inform the ongoing discussion within the RSPO on greenhouse gas emissions and land use change in Indonesia, Malaysia and Papua New Guinea. The findings were incorporated into the Global Forest Watch Commodities platform in order to indicate historical land use change and assist growers in complying with the new criterion on comprehensive high conservation value (HCV) assessment.

The new criterion requires that a comprehensive HCV assessment, including stakeholder consultation, is conducted prior to any conversion or new planting. This assessment includes a land use change analysis to determine changes to the vegetation since November 2005. This analysis is used, with proxies, to indicate changes to HCV status.

PLANET

Transparency in new plantings

As of June 2014, the RSPO has received 100 notifications of new planting covering 1,140,683 hectares in 10 countries. Over half of new plantings are planned in Indonesia. The most notable new growing areas of palm oil are in Liberia and Cameroon, which account for almost 15% of new planting notifications. There is currently no certified palm oil produced in these two countries. Around 159,656 hectares or 14% has been set aside for conservation.

New Planting Procedures

1. A comprehensive independent social and environmental impact assessment must be undertaken.
2. Free, prior informed consent from affected communities must be obtained and be fairly compensated.
3. Protection and management plans must be developed for primary forest and any HCV in the concession areas.
4. Surveyed soil and topography maps should be available to show soil suitability for planting.
5. Significant peat land areas are to be avoided.
6. Net GHG emissions must be minimised.
7. A third party independent audit and verification must be conducted.

New planting notifications by country (2014)

Country	Hectares
Indonesia	828,470
Liberia	98,485
Cameroon	69,975
Gabon	67,179
Papua New Guinea	51,178
Cambodia	10,719
Nigeria	5,594
Costa Rica	4,145
Ghana	3,715
Brazil	1,223



Photo credit: New Britain Palm Oil Ltd



GROWTH FOR A SUSTAINABLE FUTURE

Bumitama Agri Limited

A subsidiary of Bumitama, PT Bumitama Gunajaya Agro ("BGA") has been a member of the RSPO since 2007. Back then, the objective of our membership was to be associated with a global certification system relevant to the palm oil industry. After the success of our public listing in 2012, we became more visible, and have received more enquiries from other stakeholders, in particular the environmental NGOs.

Our initial engagement with the environmental NGOs was challenging. We seemed to look at different perspectives even though we have convinced the NGOs on the seriousness of Bumitama to follow RSPO's standard. Our focus in business has always been to ensure that our presence should make a positive impact to the community in the areas that we operate in. This can be seen through our active social engagement and activities such as through plasma program, infrastructural development, economic empowerment programs, improving and developing education facilities, health service and other cultural activities. At the same time, we have also ensured our compliance with the Indonesian law and regulation including the environmental aspect.

In 2008, we initiated a systematic implementation of RSPO processes. Towards the end of 2012 to mid of 2013, complaints against us were submitted to the RSPO. We have made efforts to work with the NGOs, but encountered challenges of reaching the same perceptions. This hindered both sides from achieving resolutions on these complaints. During this process, we evaluated the value of the RSPO membership. Our crude palm oil products are only sold in Indonesia. We are an upstream mid-size plantation company. On the other hand, the regional and national government have revised and released new regulation that created uncertainties to the business climate and therefore, we must take some corrective actions to be in compliance with the new rules and regulations. However, with the strong commitment of our Chairman and all the management team, Bumitama is strived to be a sustainable company by complying with RSPO's P&C, respecting the people, environment and its stakeholders; resulting in rapid changes in the system, procedures, attitude and understanding of Bumitama's team.

Following the meeting of our Chairman and CEO with the RSPO secretariat in Kuala Lumpur together with several executive board members and advisors, we decided to stay and move our membership from BGA to the level of the listed company, Bumitama. We halted plantings for many months to ensure understanding with the complainants, and also, the independent audits and New Plantings Procedures were undertaken. We made declaration and subjected ourselves to the Compensation Taskforce. We have since completed and submitted seven new planting procedures, certified one of our concessions with another concession in the pipeline, and awaiting for a remediation panel to be established.

Our engagement with the environmental NGOs has been a rewarding learning process. In the past, we would have kept NGOs at arm's length, but our engagement now is much stronger. We actively communicate with the NGOs and invite them to jointly investigate issues on the ground, as well as invite technical advice on our remedial and conservation areas.

Our works are still in progress, but through the RSPO's P&C and constant interaction with RSPO secretariat, we are confident that we will continue to improve our internal processes. We are first and foremost a planter but recognize that things have changed, and we must embrace this change to operate differently and in a sustainable manner.

Bumitama Agri Limited ("Bumitama") is a palm oil company with land concession of over 200,000 hectares, mainly in Central and West Kalimantan. Bumitama is a public listed company on the Singapore Stock Exchange ("SGX").



PLANET

REDUCING GREENHOUSE GAS (GHG) EMISSIONS

Understanding and managing greenhouse gas (GHG) emissions is an issue of global importance and the palm oil industry is no exception. Palm oil has been the focus of particular attention because of potential GHG emissions relating to the cultivation of palm oil on peatland, land-use change in existing and new plantations, and in processing and production facilities.

Emerging picture of our carbon footprint

Three[11] RSPO certified growers have used the PalmGHG calculator and have subsequently published carbon footprint reports. These reports cover plantation operations in Papua New Guinea, Malaysia and East Kalimantan.

A review of these reports found:

- Carbon per tonne of CPO ranged from 0.90 to 2.30 tonnes CO_2eq
- Carbon per tonne of CPK ranged from 0.22 to 5.88 tonnes CO_2eqs
- The two largest sources of emissions from all three estates were from land use change and palm oil mill effluent (POME). In two estates, emissions from peatland was the third largest source, while in the estate with no planting on peat, nitrogenous oxide from fertiliser was the third largest source of emissions.

Our P&C on GHG emissions

Reduce GHG emissions in existing plantations:
Plans to reduce emissions of greenhouse gases are developed, implemented and monitored. Management of peatland is guided by best management practice on existing peatland and restoration of peatland using local species.

Minimising net GHG emissions from new plantings:
Planting on peat is to be avoided in new plantings.

Public reporting:
Growers commit to report their GHG emissions from 1 January 2017.

RSPO P&C support mechanisms

Emissions and Greenhouse Gas Reduction Working Group (ERWG)
The ERWG is engaging companies using other types of carbon calculator to estimate emissions from the mills and estates. This study provides a comparison for the RSPO to support the endorsement of equivalent calculators that can be used to comply with GHG emissions reduction requirements.

KEEPING GHG REDUCTION ON TARGET

REA Group

Using the PalmGHG tool has helped REA to better understand the main sources of GHG emissions within the company's operations and to identify opportunities for achieving reductions, setting targets and monitoring progress towards achieving them. The estimation of REA's GHG emissions for 2011 provide a baseline against which reductions achieved as a result of the commissioning of methane recovery plants at our two palm oil mills in 2012 can be monitored. This major investment is expected to make a material contribution to reducing REA's GHG emissions through the capture of the methane emitted by the palm oil mill effluent (POME) and the conversion of this gas to electricity. The electricity produced will replace the use of diesel-powered generators for both operational and domestic purposes, thus reducing our diesel consumption and the carbon dioxide emissions associated with it.

Using the PalmGHG tool means that we are now in a position to report our GHG emissions to investors, buyers and the RSPO, as and when required. The ability to monitor and report on our net GHG emissions will provide a quantitative and credible indicator to measure our sustainability performance, which can be conveyed to our stakeholders in a clear, transparent manner.

As with any tool, the estimate of GHG emissions produced by the PalmGHG tool will only be as accurate as the data used to perform the calculation. Therefore, companies are advised to ensure that they keep accurate records of the parameters required to perform this calculation. This includes: obtaining satellite imagery, conducting a carbon stock assessment of the vegetation present prior to land clearing, inputs used by smallholders, fossil fuel consumption by the company and external contractors, electricity consumption, fertiliser consumption and the volume of POME produced.

The REA group is principally engaged in the cultivation of oil palms in the province of East Kalimantan, Indonesia. They are in the production of crude palm oil and crude palm kernel oil. The Group published its first standalone carbon report in 2013.



Photo credit: Felda Global Ventures Holdings Berhad

PLANET

WHAT WE ACHIEVED

Recognition of GHG emissions from peatlands

GHG emissions from peatland drained for palm oil cultivation is one of the largest sources of GHG emissions on a plantation. RSPO P&C were revised to encourage the avoidance of planting on peatland. It is estimated that oil palm plantations on peat increased from 418,000 hectares in 1990 to 2.43 million hectares in 2010. Today, peatland plantations account for approximately 18% of total oil palm area. The largest absolute extent of plantations on peat is in Sumatra, estimated at 1.4 million hectares.

Field-testing the PalmGHG emissions calculator

Developed over two years of consultation, the PalmGHG calculator was made available for use by all members at the end of 2012. Reviewed and refined by a panel of experts in palm oil lifecycle assessment, the PalmGHG calculator is currently being trialled with a deadline for all growers to disclose their GHG emissions and reduction strategy beyond 31 December 2016.

Testing and refining

The Emissions Reduction Working Group is reaching out to companies embarking on new planting developments to pilot the RSPO carbon assessment tool for new oil palm planting. The pilot will allow testing and review to ensure compliance with the criterion on reducing emissions from new plantings.

Facts about peatland

Peatlands are areas of wetland with a thick, water-logged organic soil layer known as peat. Peat is made up of dead and decaying plant material. Peatland provides important ecosystem services to local communities, and is home to many threatened species. In recent years, its importance as a carbon store has come to be widely recognised, with an estimated 550 gigatonnes of carbon stored globally, twice as much as is stored in the world's forests.



Photo credit: Marcel J. Silvius, Wetlands International



PEATLAND AND THE LINK TO GREENHOUSE GASES

Marcel Silvius
Programme Head, Climate Smart Land Use,
Wetlands International

A lot of has changed in regards to the recognition of GHG emissions in the cultivation of sustainable palm oil. In the early days, RSPO members were not willing to consider GHG emissions. When the science-based report from GHG Working Group 1 came out, no consensus could be reached because the data was not very pleasing to many members.

By the time GHG Working Group 2 was set up, members had found time to go through the report and have discussions, and even the most tenacious GHG deniers were convinced there was a problem, particularly in relation to peatlands.

In and outside of the RSPO, awareness on environmental issues has increased incredibly. There is now an understanding that palm oil plantations on peat will never be sustainable due to GHG emissions, as well as the soil subsidence issue which in most peatlands will lead to frequent flooding and will render in the foreseeable future most plantations on peat unproductive. On the other hand, you cannot expect growers who have made a major investment to immediately cease their existing operations on peatlands.

I think the new RSPO P&C present a major improvement. Growers now need to monitor and report their GHG emissions and peat soil subsidence. They are required to check how far they are from the drainage limit in peatland areas and if there is a risk of flooding in the next crop cycle. If so, they need to consider rehabilitation and alternative use of such areas. There are also criteria and indicators that require avoidance of peatlands in new developments. However, the new P&C does not require growers to immediately develop a phasing-out plan of peat from their plantations, which is what I would like to see.

The PalmGHG tool is now under a three-year testing and review process. When the GHG reporting becomes public, it will be a tool for a market-driven process to source from the grower with the smallest carbon footprint. Clients will want the cleanest palm oil. Dirty palm oil will pose a brand risk, and that will impact pricing.

While we have made these major steps forward within the RSPO, one of the failures of RSPO is that it has not sufficiently campaigned for a level playing field. We have won a battle but we are losing the war. The area of unsustainable oil palm plantations is expanding unabated. The RSPO is being held accountable for this, even though it is government that issues the licenses and enables business as usual. The RSPO wants to achieve 100% sustainable palm oil from the sector. Therefore the RSPO, as a multi-stakeholder initiative, must expose the irresponsible part of the sector and actively campaign to convince governments, in particular the Indonesian and Malaysian governments, to stop environmentally destructive practices.

Wetlands International is a global not-for-profit organisation dedicated to the conservation and restoration of wetlands. Marcel Silvius is the author of over 50 scientific articles and reports in this area.



PLANET

WHAT WE HAVE ACHIEVED

Leveraging technology in fire monitoring

Fire, whether accidental or set deliberately to clear land, is one of the greatest threats to forests and wildlife in Southeast Asia. RSPO P&C contain an unequivocal ban on the clearing of land and the disposal of waste by burning. However, accidental fires and fires spreading from surrounding areas are an ongoing concern. In addition to threatening biodiversity, fires also contribute to the so-called 'Asian haze' – a blanket of sooty fog that severely impacts health and productivity.

In August 2013, during a particularly severe haze incident, RSPO launched Eyes on the Haze. This initiative addresses the lack of accurate maps in the public domain – a major challenge in monitoring and remedying the causes of haze.

Eyes on the Haze overlays digital maps of RSPO certified areas with hotspot data from NASA. Through satellite imagery, we are able to demonstrate online whether RSPO certified areas are free from fires. When a hotspot appears in a certified area, the company operating at this location is asked to verify the fire, explain how it is being managed, and state when it will be extinguished. These reports are archived and published on the RSPO website.

A resolution passed in the 2013 General Assembly demands that all grower members must now submit digital maps of their concession boundaries to RSPO by Q4 2014. Moving one step ahead, in partnership with Global Forest Watch and through its Commodities Platform, the RSPO will provide maps detailing concession boundaries, including certified and new planting areas, for online deforestation and fire monitoring. Maps of certified members is already available online.

"We are starting to see a remarkable shift as new technology is encouraging companies to share information and work collaboratively to improve forest management. The RSPO and its member companies are now leading the palm oil industry towards greater transparency."

Dr. Andrew Steer
President & CEO, World Resources Institute



Photo credit: Marcel J. Silvius, Wetlands International

PLANET

SOIL AND WATER

Good agricultural practices are fundamental to maintaining plantations that are sustainable in the long term. Promoting improved farming practices that maintain and improve soil fertility increases FFB yields per hectare.

WHAT WE ACHIEVED

Understanding the water footprint of CSPO

In 2013, based on reviews of four published sustainability reports, the average amount of water needed to process a tonne of FFB was 1.29* tonnes. Over five years, this has remained consistent, averaging 1.22 tonnes of water per tonne of fresh fruit bunch (FFB).

Understanding BOD discharge levels

Based on reviews of published sustainability reports, the discharge of Biological Oxygen Demand (BOD from certified estates in 2013 ranged from 58 to 114 parts per million (ppm), with an average discharge of 86ppm**. One company reported a BOD reduction trend of 61% over 5 years. Investment in new mill plants and the installation of biogas plants has helped to improve BOD levels. Although there has been improvement, the average BOD in most of the mills disclosed is still higher than the World Bank recommendation of 50ppm.

Our P&C on soil and water

Best management practice on soil:
Improve soil fertility at a level that ensures optimal and sustained yield. Implement best practices such as the minimisation of soil degradation, the control of soil erosion, biomass recycling, planting on terrace, and the regeneration of vegetation.

Best management practice on water resources:
Water management plans must take into account the efficiency of use and renewability of sources. Operations should provide a riparian zone, and avoid contamination of surface and ground water through run-off of soil, nutrients and chemicals, and palm oil mill effluent.

Access to water by local communities:
Ensure that the use of water does not adversely impact on other users within the catchment area, including local communities and customary water users. Aim to ensure that local communities, workers and their families have access to adequate, clean water for drinking, cooking, bathing and cleaning purposes.

* Average data sourced from sustainability report of FGV Holdings Berhad 2013, Wilmar International Limited 2011, Kulim Berhad 2013 and New Britain Palm Oil 2013

** Average BOD data sourced from sustainability report of FGV Holdings Berhad 2013, Wilmar International Limited 2011, Kulim Berhad 2013



Photo credit: New Britain Palm Oil Ltd

SEIZING THE OPPORTUNITY TO CONSERVE A SPECIES

Pak Budi Purwanto
Head of Sustainability, PT. Pasifik Agro Sentosa

In West Kalimantan our subsidiaries PT Cipta Usaha Sejati and PT Jalin Vaneo have concession areas totalling around 40,000 hectares in Kayong Utara Regency. In 2010, we had a plan to set aside 9,775 hectares to protect HCV areas within these concessions. As well as conserving biodiversity, the conservation area would connect Gunung Palung National Park and Gunung Juring protected forest. The aim was to provide a biological corridor for rare, endangered and threatened species living in the national parks, particularly the orangutan and the bekantan or proboscis monkey.

We asked Fauna & Flora International (FFI) to help guide us in the development of these projects as they had the relevant expertise. Over a period of over four years, FFI helped us develop the management framework and trained our staff on patrols of the area. We continue to improve our management of this area and are looking to implement a SMART (Spatial Monitoring and Reporting Tool) patrol monitoring system.

We also engage with local communities who live around our concession areas in order to raise their awareness of the need to protect orangutans and bekantan. In our engagement, we do come across orangutans being kept in villages, and we encourage communities to release them back into the wild Five have so far been released into the National Park through Badan Konservasi Sumberdaya Alam (Natural Resource Conservation Agencies) Kalimantan Barat Province.

We do get questions from peers as to why we set aside this area. From a business perspective, setting aside 25% of a plantation area is significant. From our perspective, our motto is 'go sustainable forever' and we feel it is important that our work on the ground reflects this ambition.

Our investment in the conservation area is also starting to pay off. On the national level we contribute to the presidential decree to reduce greenhouse gases (GHG) by 26% by 2020. FFI has calculated that our conservation area has potentially avoided GHG emissions of 5.18 million tonnes of CO2 equivalent over 30 years or 0.17 million tonnes of CO2 equivalent per year. We believe that we can contribute more since the results of our other emmission reduction plans, such as from best practice operations, has not yet been calculated. We are now also piloting the conservation area as a REDD+ project (United Nations collaborative initiative on Reducing Emissions from Deforestation and forest Degradation).

PT. Pasifik Agro Sentosa is a holding of palm and sugar agribusiness companies. Based in Indonesia, the company has expanded its plantations to several islands such as North Sumatra, West Kalimantan and Southeast Sulawesi.

PLANET

LESSONS AND FUTURE CHALLENGES

Investment in technology
We will continue to leverage advancements in information and digital technology. These advancements offers us the potential to provide more transparency, accountability and evidence of impacts.

Supporting practice on the ground
There needs to be more convergence from concepts and policies to practice. Companies increasingly need to demonstrate transparency about how HCV areas are identified, how training is provided to employees, and the effectiveness of management planning through disclosure of monitoring.

Robustness of assessment
From 2015, the HCV Resource Network will be the accrediting body for our HCV assessors. This will ensure that HCV assessors are qualified and our certification robust and credible.

Building technical capacity
There is a need for more engagement with growers to understand their capacity to assess, implement and monitor HCV and GHG. Through our members, expertise and support can be leveraged to build expertise on the ground.

Water impacts
As water hotspots emerge due to climate change, and as the expansion of sustainable palm oil continues into less developed areas where local communities depend on rivers for their livelihoods, there is a need for greater understanding and monitoring of impacts of operations on local communities.

Research of effectiveness
Socially and Environmentally Sustainable Oil Palm Research (SEnSOR) is an integrated multi-disciplinary impacts and research programme. The five-year programme is designed to quantify the impacts of RSPO certification and fill key knowledge gaps in the areas of soil and water, greenhouse gases and air quality, biodiversity, participatory processes and rights, and livelihood.

Moving members to become certified
The RSPO is a voluntary membership organisation. With just one third of our grower members currently certified, we need to ensure that more grower members move towards certification, including smallholders. Through the ACOP, growers will be mandated to develop a time bound certification plan after joining RSPO.



Photo credit: Felda Global Ventures Holdings Berhad

PROFIT

Real transformation of the palm oil market can only be achieved through the concerted actions of RSPO members and partners. All along the complex palm oil supply chain, members and partners must continue to assess their contribution towards making sustainable palm oil the norm.

Yet we are beginning to see changes that will positively affect the participation and profitability of companies. These include the development of new national legislations on imports of sustainable commodities, the definition of sustainability criteria to support access to finance, and the commitments of new independent players.

IMPROVING YIELDS FOR SMALLHOLDERS

There are an estimated 3 million oil palm smallholders worldwide. Together they produce around 4 million tonnes of palm oil – around 40% of total global production. In countries such as Thailand and Nigeria, smallholders are the primary producers, making them a vital part of the national palm oil supply chain.

However, smallholders traditionally face many challenges. They lack knowledge about good agricultural practices and logistics, and have difficulty in gaining access to markets. Due to their smaller plot size, independent smallholders are less efficient than other producers. Their yields are generally much lower than those of commercial plantations. A number of projects aimed at assisting smallholders have identified further critical issues, such as the use of poor quality seedlings, maintaining old palms, applying insufficient fertiliser, harvesting unripe FFBs, and poor data management.

It is imperative that smallholders are able to participate in the supply chain if sustainable palm oil is to really become the norm in the market. RSPO certification is designed to support smallholders to improve their livelihoods by targeting the key factors that make a big difference: improved management practices, better quality fresh fruit bunches (FFB), increased yields and access to markets.



RSPO P&C SUPPORT MECHANISM

Smallholders Working Group (SHWG)

The Task Force on Smallholders was expanded into the Smallholders Working Group in 2012, reflecting the RSPO's long-term investment in this important stakeholder group. The working group facilitates and supports the development of our global smallholder knowledge base and promotes knowledge sharing between different countries and initiatives. It also promotes the development of support mechanisms and partnerships that can help overcome barriers to adopting sustainable production practices and securing RSPO certification. The working group reviews the relevance, effectiveness and impact of RSPO P&C and Supply Chain Certification with regards to smallholders, and proposes adjustments to both national and generic RSPO documents.

Traceability and Legal FFB Working Group

RSPO certifies palm oil at mill level. This means that smallholders currently have no means of becoming certified if their local mill is not certified. In addition, a large proportion of smallholder fruit is sold through agents and traders, creating a big gap in traceability. This prevents smallholders from receiving relevant premiums and impedes the mills' ability to ensure that their fruit is sustainably sourced. In response, the Board of Governors created the Traceability and Legal FFB Working Group in June 2014 to improve the traceability gaps that currently exist from independent smallholders or uncertified supply base to a certified mill.

Defining smallholders

RSPO has defined two working categories of smallholder:

Scheme smallholders
Scheme smallholders are structurally bound by contract and credit agreement to a particular mill. They are advised and supervised on planting and crop management techniques. They are often organised and directly overseen by managers of the estate to which they are structurally linked.

Independent smallholders
Independent smallholders sell FFB directly or through intermediaries to a number of mills. They are self-organised, self-managed and self-financed, with some support from government agencies.

RSPO provides two types of certification to match the specific needs of each category: independent smallholders may choose to be certified on their own or as a group under the independent smallholders' certification.



PROFIT

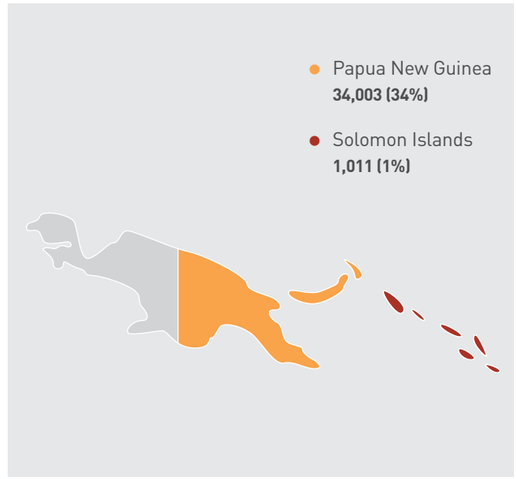
WHAT WE HAVE ACHIEVED

RSPO has certified scheme smallholders in six countries. As of June 2014, certified scheme smallholders plant on 231,996 hectares of land. 74% of this land is concentrated in Indonesia and Papua New Guinea. Scheme smallholders supply 1.6 million mt of FFB, which translates to an estimated 315,000 tonnes of CSPO and 78,000 tonnes PKO. This represents about 3 percent of CSPO produced in 2013.

As part of their commitment to RSPO P&C, growers who have certified all their estates must certify all their scheme smallholders three years after their estates are certified. As of June 2014, at least 50 certification units have certified scheme smallholder into their supply base.

Certification of scheme smallholders (Ha)









PROFIT

Certification of independent smallholders

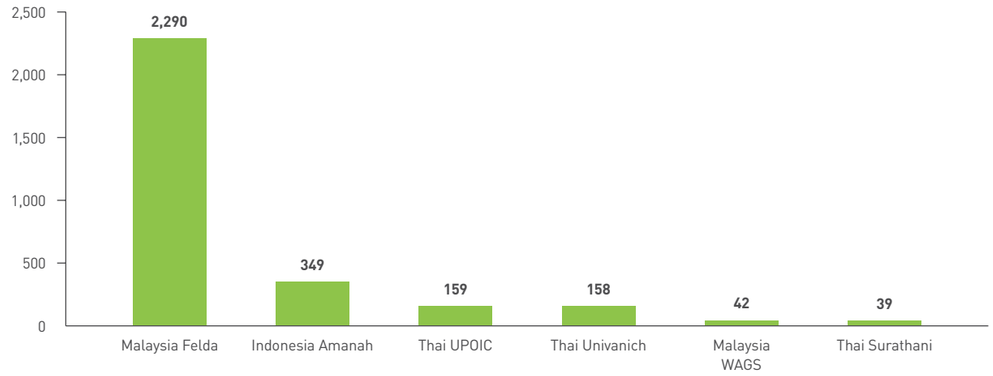
In 2012, a group of smallholders in Thailand became the first to be certified under the RSPO Group Certification scheme. Since then, seven independent smallholder groups representing 3,037 individual smallholders in three countries have been certified. This amounts to 14,148 hectares of land planted by independent smallholders, producing 199,628 tonnes of FFB and 47,077 tonnes of CSPO.

Group certification of independent smallholders



PROFIT

Number of independent smallholders under group certification





Yield improvement for independent smallholders

RSPO members and partners have documented the impact of their work with smallholders. These case studies demonstrate the benefits gained by independent smallholders and mills in the implementation of RSPO P&C.

Sustainable smallholders

GIZ Project, Thailand

A project funded by GIZ partnered four private mills and one co-operative in order to achieve sustainable palm oil production for independent smallholders in Thailand. Approximately 500 smallholders in Krabi, Surattani, Trad, and Srakaew were provided with technical support for over two years. The group successfully received RSPO certification in July 2012.

The smallholders involved were very positive about the knowledge they gained from the project. They reported that the most significant change was in their management practices, where they improved on their farm record keeping and fertiliser management. They adopted best management practice on soil, water and environmental management. With soil and leaf analysis, they were able to reduce their use of chemicals and increase fertiliser use to gain higher yields.

The pilot mills benefited from the project, with better quality FFB resulting in a high oil extraction rate. The relationship between the mills and the smallholders also improved. The mills have gained experience in sustainable oil palm, and palm oil production corresponding to their needs.

The project also created intangible impacts on the pilot farmer groups and communities. The discovery of local oil palm experts in various fields brought opportunities to share best management practices. Smallholders expanded their oil palm network and learned informal business bargaining and negotiation skills.

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) is a provider of international cooperation services for sustainable development.

Impact	• 10–15% reduction in fertiliser costs • Yield increased 3 tonnes per hectare • 0.1 THB/kg FFB
Economic Value Added	• Average farm size of 7 hectare • USD 3,000 USD/year to smallholder; • 1–2 % OER increased for mill

Summary of impact from GIZ Project on Sustainable Palm Oil Production in Thailand



Photo credit: New Britain Palm Oil Ltd

PROFIT

Connecting smallholders to the value chain

Wild Asia Group Scheme (WAGS)

The Wild Asia Group Scheme (WAGS) was formed to develop new ways to organise, support, and market smallholder products in the global palm oil supply chain. WAGS has supported producers in Malaysia, Indonesia, Thailand, Papua New Guinea, The Solomon Islands, Cameroon and Ghana to prepare to meet the requirements of RSPO.

In 2010, Wild Asia worked with Keresa plantations and mills to demonstrate a pilot model to support their independent small farmers. Though independent smallholders made up less than 2% of their supply base, Keresa felt that investing in the community was a meaningful way of contributing to the society.

Over three years:

- 100 members have been certified
- Yield per hectare had increased between 37% and 39%
- Improved best management practice and fertiliser application
- Reduction in chemical use as part of integrated pest management

The Wild Asia Group Scheme was established in 2011 with the aim of providing a platform of support for small independent oil palm producers.

Supporting independent growers' access to markets

RSPO members are often instrumental in helping support and facilitate independent smallholders to sell their CSPO on the market. By working directly with these companies, independent smallholders can access a guaranteed market to supply CSPO. In 2012, independent smallholders' palm oil certificates began trading on the GreenPalm platform (see page 22). As of June 2014. a total 13,693 ha of independent smallholder land in Indonesia, Malaysia and Thailand have been certified under RSPO scheme, generating sales of 44,100 tonnes of CSPO and 11,670 tonnes of CSPK.

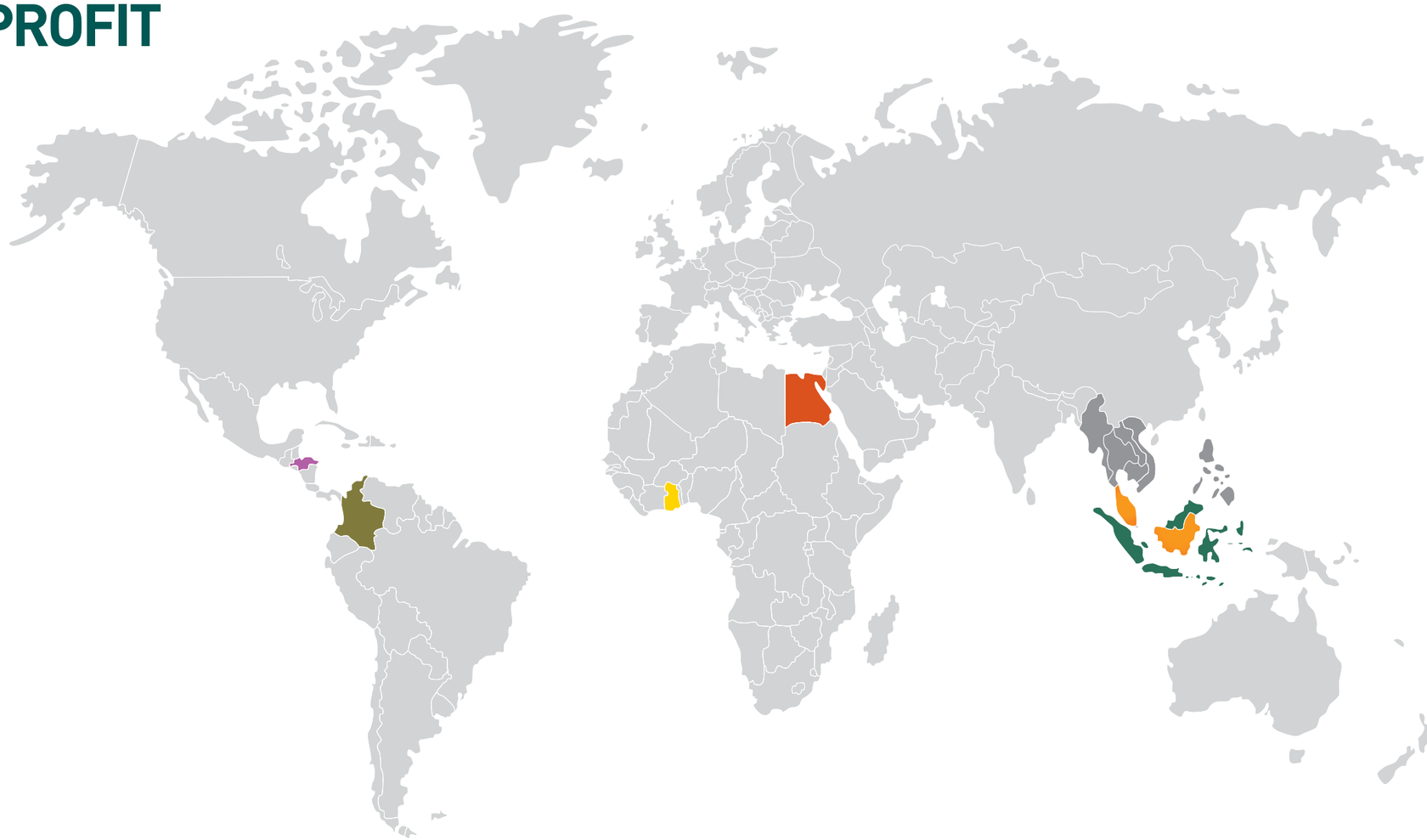
RSPO smallholder mechanisms

RSPO Smallholder Support Fund (RSSF)
Because the cost of RSPO certification is often beyond the means of independent smallholders, RSPO allocates a percentage of income generated from the trading of CSPO to the RSPO Smallholder Support Fund. This mechanism grants up to 100% of certification costs for smallholders. The RSPO Smallholder Support Fund was support established to help small, independent operators secure sustainable palm oil certification and play a vital role in transforming the market. As of June 2014, three RSSF proposals worth RM1.12 million were approved to support smallholder certification in Ghana, Indonesia and Thailand.



Photo credit: New Britain Palm Oil Ltd

PROFIT



Palm Oil Producer Support Initiative (POPSI)

Launched in 2011, the POPSI project is targeted to reach 35,000 smallholders and 100,000 plantation workers. The goal of POPSI is to add value to the palm oil supply chain by supporting oil palm smallholders and plantation workers as they work towards RSPO certification.

POPSI trains smallholders in Best Management Practices (BMP) and provides assistance in compliance with environmental and social standards towards RSPO certification. The programme also funds projects that aim to build capacity by improving the business and financial literacy skills of smallholders. POPSI projects are currently running in Central and Latin America (Brazil, Colombia), Asia (Indonesia, Malaysia, Papua New Guinea), and Africa (Ghana, Nigeria).

Keresa and Wild Asia in Sarawak, Malaysia

140 smallholders trained
54 RSPO certified
348 workers trained at RSPO certified mill
358 hectares smallholdings
4,388 tonnes FFB certified

Twifo Oil Palm Plantation and Benso Oil Palm Plantation, Ghana

1,628 smallholders trained
5,400 smallholders expected to be RSPO compliant in early 2014
Partners: RSPO, Johnson & Johnson, CONO Kaasmakers

PT Inti Indosawit Subur, Riau, Indonesia

9,010 smallholders trained
21,467 smallholders RSPO certified
41,719 smallholders RSPO certified
178,578 tonnes smallholder CPO RSPO certified
Partners: RSPO, Johnson & Johnson

Credit Union Keling Kumang, West-Kalimantan, Indonesia

58 financial literacy trainers trained
204 smallholders enrolled in programme
822 members trained on financial literacy
5 palm oil staff employed, trained and training materials developed
17 socio-environmental trainers trained
Partners: RSPO, Johnson & Johnson, Good Return/ World Education Australia

Creating a Sustainable Palm Oil Supply chain with Cargill, Peninsula Malaysia

Test project on how to certify the potential supply base of 2,900 smallholders at one independent mill.
7,500 hectares to be RSPO certified by 2015
22,000 hectares under better management practices.
Partners: RSPO, Wild Asia

Sustainable Palm Oil Project, Honduras

5,000 smallholders trained
7,500 workers to benefit
9 mills involved (out of 14 mills in total), encompassing 77% of total area in Honduras
Partners: RSPO, WWF Honduras, Proforest, Henkel

Agrobiz, Towards Sustainable Palm Oil, Colombia

110 small and medium farms trained in good agriculture practice
1,000 workers with improved income
1,500 smallholder hectares under better management
20,000 hectares total area under better management.
Partners: RSPO, Johnson & Johnson

Setara: Creating an Independent Palm Oil Smallholder hub in Jambi, Indonesia

407 independent smallholders trained and implementing good agriculture practices. Better access to fertiliser and seeds. Sharing of knowledge, material and experience.
Partner: RSPO

Nestlé, BMPs with Independent Smallholders in East Malaysia

1,000 palm oil smallholder farmers trained in organisational skills, better fertiliser and chemical management, and good agricultural practice. Achieved RSPO certification.
Partners: RSPO, Wild Asia

Verité Labour Project, South East Asia

Developed toolkits to improve implementation of RSPO labour requirements.
Partners: RSPO, Johnson & Johnson

PROFIT

DRIVING MARKET TRANSFORMATION

RSPO Trademark

The RSPO trademark logo is designed to create awareness and support ethical decision-making for consumers. The RSPO trademark is permissible on products containing at least 95% CSPO. Palm oil sourced under the mass balance supply chain includes the word "mixed" under the logo.

The Equator Principles

The Equator Principles (EPs) are part of a management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects. It is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making. Currently 79 financial institutions in 34 countries have officially adopted the EPs, covering over 70% of international Project Finance debt in emerging markets.

The Soft Commodities Compact

The Soft Commodities Compact aims to mobilise the banking industry to contribute to transforming soft commodity supply chains like that of palm oil. It was developed in partnership with the Banking Environmental Initiative and the Consumer Goods Forum (CGF), which represents over 400 members. The objective of the compact is to help CGF achieve zero net deforestation by 2020. Banks are committed to work with consumer goods companies and their supply chains to develop appropriate financing solutions that support the growth of markets producing palm oil without contributing to deforestation.

WHAT WE HAVE ACHIEVED

Transformation markets

Market transformation in China and India is a vital milestone that will have a clear and significant impact on the global CSPO supply chain. We work with multinational companies based in these regions to transform the market by driving commitment to RSPO principles and manifesto. In 2012 and 2013, RSPO co-organised several events in China and India including the International Oils and Oil Seeds Industry Summit and the Delhi Sustainable Development Summit.

RSPO has also been reaching out in countries where palm oil is an emerging crop. We have organised roadshows, conferences, events and government engagements to secure awareness of RSPO certification.

Tracking the uptake of sustainable palm oil

The WWF Palm Oil Buyer's Scorecard ranks 78 manufacturers of products containing palm oil and 52 retailers on compliance with reporting requirements, targets and action toward using 100% sustainable palm oil. The scorecard also tracks policies and plans for limiting greenhouse gas emissions from their palm oil supply chain.

The 2013 report indicates that palm oil users are starting to take climate change seriously. Asian companies are also showing some interest in CSPO, although this remains at a low level. However, the report raises concern that the rate of progress seems to have slowed. Demand still lags behind supply, with only 52% of CSPO being purchased. The report also indicates that many companies will fail to meet their own 2015 deadline at the current rate. The report commends companies using mass balance as a start, but argues that there is a clear need to move towards adopting a segregated supply chain.



Photo credit: Felda Global Ventures Holdings Berhad



Palm Oil WWF Buyer's Scorecard 2013: highlights

Of the 130 companies scored:

- 9 had policies that addressed GHG emissions of palm oil supplies
- 49 are moving to require suppliers comply with RSPO emission disclosure requirements
- More than two thirds have committed to 100% certified sustainable palm oil use by 2015
- 45 use 100% CSPO, amounting to 2 million tonnes annually
- Combined only use 7 million tonnes annually

Leaders – Companies with policies that addressed GHG emissions of palm oil supplies
Ecover
Ferrero Trading
Henkel
REWE Group
Hershey
IKEA
Reckitt Benckiser
Unilever
United Biscuits

Leader – Companies using more than 50% segregated certified palm oil
Heinz
United Biscuits
Iwata
Ferrero Trading
Waitrose

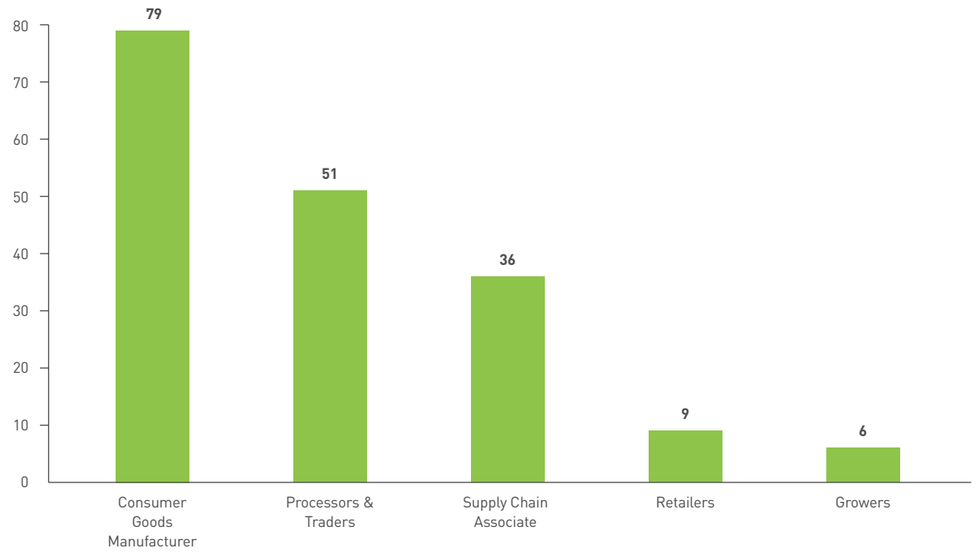
PROFIT

Use of our trademark

The RSPO trademark is now used by 181 companies in 27 countries to indicate their commitment to the use of CSPO. The trademark is found on product packaging ranging from margarine, chocolate and biscuits to soap and cosmetics. Consumer goods manufacturers in Germany are the largest users of the RSPO trademark in their packaging. With Indonesia now the largest consumer of CSPO, our target is to have 15 consumer products printed with the RSPO trademark by end of 2014.



Trademark by sector



PROFIT

Supporting national commitments

RSPO supports national commitments established independently by industry players and government agencies. RSPO acts as a knowledge resource and facilitator by offering guidance on membership and market performance, by monitoring commitments through the RSPO ACOP, and by facilitating upstream and supply chain certification processes. Belgium, France, Germany, The Netherlands and the United Kingdom have already established national commitments to import only CSPO by 2015.

Demonstrating that being sustainable can be profitable

Profitably and Sustainability in Palm Oil Production is a study produced jointly by WWF, CDC, the UK's development finance institution, and FMO, the Dutch development bank. It is the first study to comprehensively examine the financial costs and benefits of producing sustainable palm oil under the guidelines set out by the RSPO. Eight companies representing a range of business practices and geographies and more than 54% of global RSPO CSPO and palm kernel oil production were part of this study.

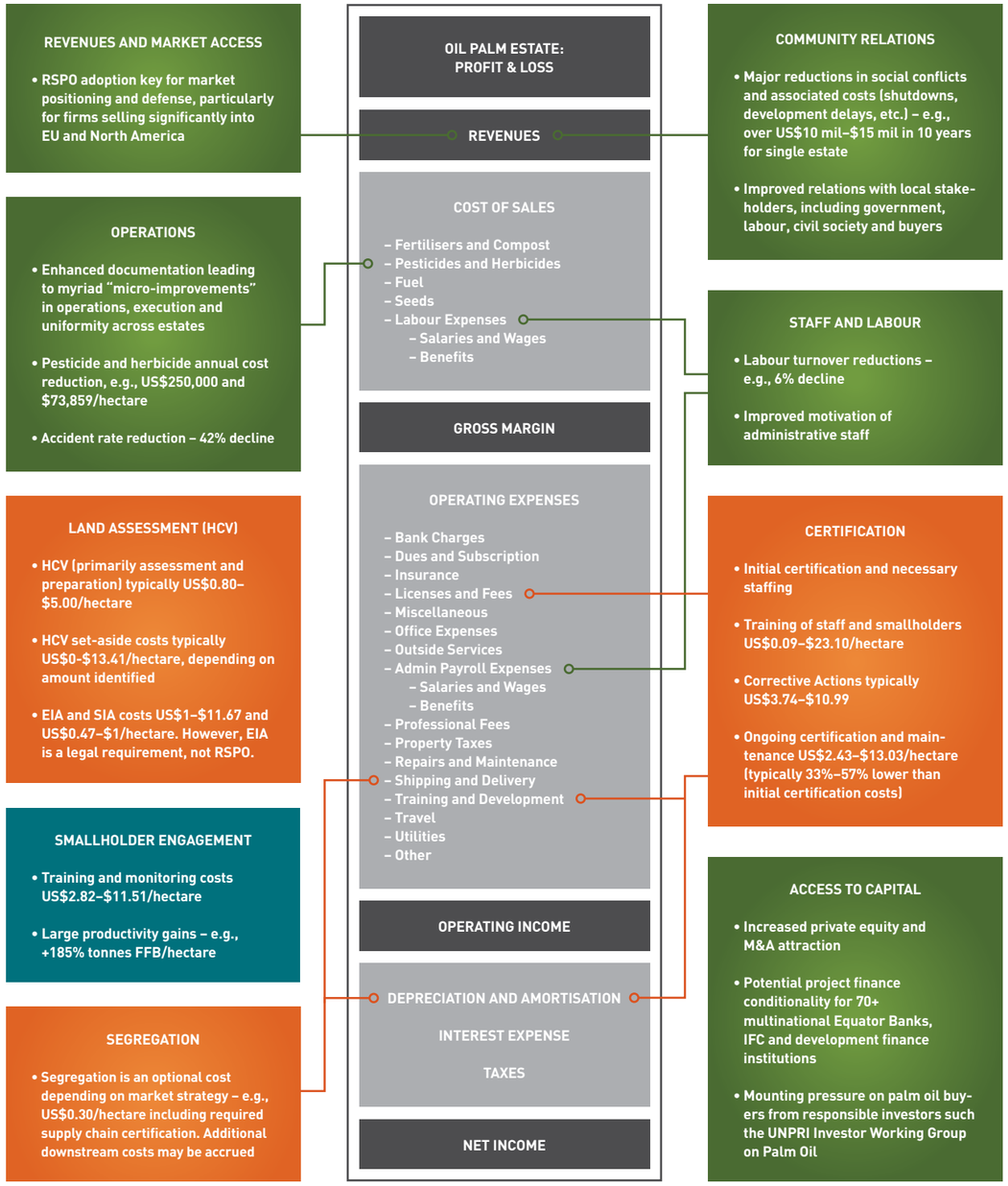
The study concludes that firms switching to sustainable palm oil production reaped significant returns on their investments. In some cases, switching to sustainable production was economically transformative for their business.

While many companies were initially attracted to RSPO for the price premiums commanded by certified sustainable palm oil, the larger financial gain often turned out to be a result of improvements in operations, documentation systems, labour relations, and other internal factors. The study found that each major category of benefit was, in and of itself, capable of outweighing RSPO implementation costs.



PROFIT

- Benefits of RSPO Implementation
- Costs of RSPO Implementation
- Costs/Benefits for Smallholders



PROFIT

De facto standard for investment screening

In a review commissioned by WWF, 35 major palm oil investors were asked about their understanding of, and progress in dealing with, the challenges related to palm oil and sustainability. RSPO is seen as the most influential initiative and the de facto standard for investment screening in palm oil. Investors are increasingly asked by clients to include environment, social and governance issues as part of their screening. Investors continue to see significant challenges to investing in palm oil due to reputational risk, poor environmental performance and lack of environmental, social and governance disclosure by companies.

Sustainable Shipment Letter of Credit

In January 2014, RSPO certification became the first commodity to be eligible for the Sustainable Shipment Letter of Credit. Developed in partnership by The Business Environment Initiative and the International Finance Corporation, the letter of credit awards preferential treatment for trade in agricultural goods that meet internationally recognised sustainability standards. Commodities guaranteed under the Global Trade Finance Programme, and which are shipped with a Sustainable Shipment Letter of Credit and relevant accredited stamp, enable banks financing the trade to qualify for a preferential rate. The expectation is that banks will pass these incentives on to their customers.

LESSONS AND FUTURE CHALLENGES



Working with government agencies

There are concerns that certification of smallholders does not help them. As more evidence demonstrates that certified sustainable palm oil offers benefits through higher yield and income, more engagement with government agencies will be needed to drive effective collaboration.



Growth in ethical consumption

Economic prosperity in India and China has led to a rise ethically conscious consumers. With the broader understanding and concern about the issues surrounding the production of palm oil, we believe that this will lead to an increase in demand for food manufacturers and retailers to support sustainable production.



Reaching out to smaller members

RSPO has been most actively involved with large growers. We need to reach out to medium and smaller grower members to understand their challenges in moving towards certification and playing a more active role in the RSPO.

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BASE DATA AND NOTES

Indicator	Breakdown	Unit	2014	2013	2012	2011
Membership						
By country	Germany	Number of members	208	147	97	38
	United Kingdom		200	131	106	76
	Netherlands		119	92	69	49
	Malaysia		117	95	87	77
	Indonesia		109	88	70	48
	France		106	86	73	57
	United States		89	70	46	29
	Belgium		62	44	24	21
	Australia		53	–	–	–
	Italy		52	29	–	–
	Others		516	396	266	163
By membership type	Ordinary	Number of members	991	829	695	505
	Associate		540	309	142	64
	Affiliate		100	103	104	93
Certified, production and uptake						
Area	Production Area	ha	2,525,754	1,978,110	1,526,273	1,130,969
	Certified Area	ha	2,992,656	2,653,058	2,105,433	1,299,891
Annual production capacity	CSPO	mt	11,081,803	9,792,185	8,184,200	5,573,202
	CSPK	mt	2,544,758	2,244,312	1,896,702	1,296,488
Supply	CSPO	mt	11,081,803	8,735,843	6,724,236	4,798,512
	CSPK	mt	2,544,758	2,030,746	1,570,070	1,111,998
Sales	CSPO Sales through SG,MB	mt	1,117,042	1,551,017	984,138	831,010
	CSPO Sales through B&C	mt	1,361,396	2,962,256	2,495,277	1,659,516
	Total CSPO Sales	mt	2,478,438	4,513,273	3,479,415	2,490,526
Uptake	CSPO Sales / Supply	mt	47%	51.7%	51.7%	51.9%
NPP and HCV						
NPP area (by country)	Indonesia	ha	828,470			
	Liberia	ha	98,485			
	Cameroon	ha	69,975			
	Papua New Guinea	ha	67,179			
	Gabon	ha	51,178			
	Cambodia	ha	10,719			
	Nigeria	ha	5,594			
	Costa Rica	ha	4,145			
	Ghana	ha	3,715			
	Brazil	ha	1,223			

BASE DATA AND NOTES

Indicator	Breakdown	Unit	2014	2013	2012	2011
Trademark						
Total trademark		Number of licenses	181			
By stakeholder groups	Consumer Goods Manufacturers	Number of licenses	79			
	Processors & Traders		51			
	Supply Chain Associate		36			
	Retailers		9			
	Growers		6			
By country	Germany	Number of licenses	40			
	Malaysia		21			
	France		20			
	United States		16			
	United Kingdom		17			
	The Netherlands		15			
	Belgium		11			
	Indonesia		5			
	Poland		5			
	Australia		4			
	Others		27			
By year		Number of licenses	29	65	49	38
Complaints						
Complaints success criteria	Complaints resolved/ closed	%age	0%	33.3%	60%	80%
	Average time to close a complaint	Day	NA	205	245	154
	Actions plans or remedial works undertaken		NA	12	6	1
	Members suspended or voluntarily withdrew after complaint verified		NA	1	2	0

BASE DATA AND NOTES

Indicator	Total Certified Area	Total Production Area	Total CSPO	Total CSPK	Total FFB	CSPO Supply (monthly)	CSPK Supply (monthly)
Countries with P&C certification							
Grand total	2,992,656	2,525,754	11,081,803	2,544,758	50,928,203	923,484	212,063
Group Certification for Smallholders (SHG)	13,693	13,693	44,099	11,674	193,872	3,675	973

By Country (up to June 2014)	Total Certified Area	Total Production Area	Total FFB	Total CSPO	Total CSPK	CSPO Supply (monthly)	CSPK Supply (monthly)
Countries with P&C certification							
Brazil	107,560	33,060	710,650	146,780	26,899	12,232	2,242
Cambodia	7,064	7,064	105,069	20,489	3,995	1,707	333
Colombia	18,009	15,820	322,281	68,205	15,412	5,684	1,284
Ecuador	2,758	2,408	30,000	6,800	3,200	567	267
Guatemala	10,143	7,989	246,969	52,870	4,100	4,406	342
Indonesia	1,469,839	1,242,375	24,416,700	5,538,192	1,219,166	461,516	101,597
Côte d'Ivoire	20,234	18,433	53,034	6,500	1,200	542	100
Malaysia	1,181,589	1,051,481	21,761,060	4,538,052	1,110,663	378,171	92,555
Papua New Guinea	149,706	125,394	2,876,851	622,354	140,341	51,863	11,695
Solomon Islands	8, 933	6,427	168,791	38,020	8,871	3,168	739
Thailand	16,822	15,301	236,797	43,541	10,911	3,628	909
Grand total	**2,992,656**	**2,525,754**	**50,928,203**	**11,081,803**	**2,544,758**	**923,484**	**212,063**

SHG Certification Unit	SHG Validity of Certificate Starts	SHG Areas (Certified)
Independent smallholders		
FELDA Segamat Scheme Smallholder	13/6/2012	10,384
Withdrawn (Chonburi)	9/7/2012	455
UPOIC Nuakhlong-Khaopanom	10/10/2012	1,478
The Sustainable Oil Palm Smallholders Production (Univanich-Plaipraya) Community	10/10/2012	645
Community Enterprise Group – Suratthani	10/10/2012	187
Wild Asia Group Scheme (WAGS – MPOB SPOC Beluran)	6/9/2013	253
Asosiasi Petani Sawit Swadaya Amanah	29/7/2013	746

GLOSSARY

Best Management Practice (BMP):
Practical guidelines to enhance oil palm management

Certified Sustainable Palm Oil (CSPO):
Palm oil that has been grown on a plantation that has been managed and certified in accordance with the RSPO P&C

Crude Palm Oil (CPO):
A type of unrefined comestible vegetable oil obtained from the fruit of the oil palm tree

Fresh Fruit Bunch (FFB):
Bunch harvested from the oil palm tree. Each bunch can weigh from 5 to 50 kilogrammes and can contain up to 1,500 or more individual fruits

Free, prior and informed consent (FPIC):
A principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use

Hectares:
A unit of measurement equivalent to 10,000 square metres, or 100m x 100m

High Conservation Values (HCV):
The concept of High Conservation Values Forest (HCVF) was first developed by the Forest Stewardship (FSC) in 1999 as their 9th principle. The FSC defined HCVF as forests of outstanding and critical importance due to their environmental, socio-economic, cultural, biodiversity and landscape value.

ISEAL Alliance:
Global membership association for sustainability standards

Land bank:
A significant amount of land kept as reserves for future release for development and use

Mesocarp:
The reddish fleshy pulp of the fruit of the oil palm

Metric Tonne (MT):
A unit of mass equivalent to 1,000 kilogrammes

New Planting Procedures (NPP):
Provides guidance on how and under what conditions news plantings should be carried out

Oil palm:
Termed scientifically as 'Elaeis guineensis', it is one of the few vegetable oils known to be high in saturated fats

Paraquat:
Paraquat is one of the most widely used herbicide, used to destroy green plant tissue on contact and by translocation within the plant

PalmGHG Calculator:
Developed by the Greenhouse Gas Working Group 2 of RSPO to estimate and monitor net greenhouse gas emissions

Palm Kernel Oil (PKO):
Oil extracted from the kernel or core of the palm fruit

Peat:
Peat is an accumulation of partially decayed vegetation matter, forming in wetlands or peatlands

RSPO Principles & Criteria (P&C):
Guidelines on how palm oil companies and growers should produce palm oil sustainably. It forms the basis of company assessment for certification and is reviewed every five years

Smallholders:
Farmers growing oil palm on a plantation of less than 50 hectares

NOTES





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