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SUSTAINABLE PALM OIL

FIVE STEPS TO ENSURE
RESPONSIBLE SOURCING

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CHECK AND MAP
YOUR PALM OIL USE

2

IDENTIFY
IMPACTS, RISKS &
OPPORTUNITIES

3

COMMIT TO
SUSTAINABLE
PALM OIL

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DEVELOP A
ROADMAP

5

IMPLEMENT,
TRACK, REVIEW &
COMMUNICATE

WHY SOURCING SUSTAINABLE PALM OIL MATTERS

Palm oil is the world's most widely used vegetable oil. It appears as an ingredient in many food and non-food products, such as soaps, biscuits, cosmetics, animal feed and cleaning products. Global demand for palm oil is increasing rapidly and is set to double by 2020.

By 2050 the population is expected to grow to 9-10 billion people. This could result in a 70% increase in the demand for food. An increased demand for food coupled with decreasing land availability and a shortage of water means that crop yields must increase in order to prevent further land use and environmental damage. Palm oil is the highest yielding oilseed crop in the world and can therefore help to meet increasing food demands while minimising land usage.

Palm oil is pressed from the flesh of the fruits of the oil palm tree and palm kernel oil is produced from the kernel of the fruit. Oil palm trees are highly productive, capable of producing 4-10 times more oil than other crops per unit of cultivated land. Indonesia and Malaysia produce nearly 90% of the world's palm oil and are home to large scale plantations, which are often important parts of the local economy. 20% of palm oil is produced by smallholders who rely on palm cultivation as their sole source of income. Palm oil therefore plays a key role in improving the livelihoods of farmers in the developing world.

Unfortunately, in some areas, oil palm cultivation has caused – and continues to cause – deforestation. Land which was once covered by tropical forest has been cleared and converted into palm oil plantations. These tropical forests act as vital carbon stores and provide a home for indigenous people and a huge number of plants and animals, including critically endangered species such as the orangutan and Sumatran tiger. Destroying these forests drives climate change and biodiversity loss.

The international community, industry, investors and consumers are increasingly concerned about deforestation and the role that agricultural products such as palm oil play in driving it. The UK government, WWF UK, FDF and other trade associations representing sectors in the UK palm oil supply chain have agreed an **ambition of 100% sourcing** of credibly Certified Sustainable Palm Oil (CSPO) by the end of 2015.



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WHAT CAN YOUR BUSINESS DO?

Switching to sustainably produced palm oil helps buyers source their products responsibly.

No one definition of sustainable palm oil exists, but different schemes have been developed, including the Roundtable on Sustainable Palm Oil (RSPO). RSPO is a not for profit association of businesses and NGOs who have together developed sustainable production standards and a certification system to bring CSPO to market. Many businesses have committed to source only RSPO certified palm oil.

This simple guide sets out a step-by-step process to help food and drink manufacturers of all sizes get started on the journey of sourcing sustainable palm oil. It aims to help identify, prioritise and manage key palm oil supply chain risks and plan a strategic and actionable approach to sourcing palm oil more sustainably.

Alongside this guide, further resources are also available on **[the FDF website](#)**



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CHECK AND MAP
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CHECK AND MAP YOUR USE OF PALM OIL

Collect information to describe your palm oil supply chain

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QUESTIONS TO CONSIDER:

- Which of your products might contain palm oil?
- What are the exact palm oil ingredients and quantities in your products?
- Is palm oil a critical ingredient for your business?
- Who are your immediate suppliers?
- Who supplies them? Think about suppliers all the way back to source.
- Can your suppliers provide accurate information on palm oil ingredients?

GETTING STARTED:

- Find more information from:
 - [Sustainable Palm Oil Platform](#)
 - [WWF](#)
 - [Central Point of Expertise on Timber \(CPET\)](#)
- Use expertise from both within your business and outside, such as your trade association and other intelligence sharing networks, to help gather the relevant information
- Identify which of your products might contain palm oil
- Send out a [questionnaire to suppliers](#) on ingredients, amounts and sources of palm oil used in products, with a deadline
- Set up a system for storing data from suppliers – using systems such as [Ecodesk](#), [SAP](#), [Sedex](#) or just a simple Excel spreadsheet
- Build a picture of your palm oil supply chain

KEY DELIVERABLES:

- Report detailing which of your products contain palm oil
- A visual and statistical map of your palm oil supply chain
- Improved awareness of palm oil use among key decision makers

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IDENTIFY IMPACTS, RISKS & OPPORTUNITIES

Understand the key risks and opportunities in your palm oil supply chain

QUESTIONS TO CONSIDER:

- What are leading food and drink companies and your direct competitors doing?
- Are your suppliers and your palm oil ingredients the subject of media or other concern?
- What unique challenges do your suppliers face?
- What commitments have your customers made on selling products containing palm oil? Is it possible they will extend commitments on own-brand to branded products?
- Are your suppliers and customers active members of palm oil sustainability organisations such as **RSPO** or working with organisations such as **Rainforest Alliance**, **TFT** and **WWF**?
- Which of your suppliers are key? Are there alternative suppliers you could use?
- What are the risks to your business continuity, integrity, market presence, and reputation?
- With changes to on-pack labelling entering into force in 2014 making palm oil use more transparent to consumers, do you want to be able to make positive sustainability claims on your products?

GETTING STARTED:

- Find out what commitments your suppliers and customers have in place on sustainable palm oil
- Engage your company in the topic – ensure improved awareness of key environmental, social and economic impacts surrounding palm oil
- Identify opportunities for potential collaborative activities with existing suppliers and customers

KEY DELIVERABLES:

→ Understanding of key risks and opportunities impacting on the competitiveness of your business

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COMMIT TO SOURCING CERTIFIED SUSTAINABLE PALM OIL

Agree a time-bound sustainable sourcing commitment with senior management

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QUESTIONS TO CONSIDER:

- What are the different types of CSPO available?
- Will you face difficulties sourcing certified versions of any ingredients?
- What are the right commitments for your company?
- Do you have sufficient resources to manage and deliver your commitment?
- Does your commitment align with customer/consumer expectations?
- What will it cost to source CSPO?
- Do you need to be a member of RSPO?
- Do you want to make claims about CSPO in your products?
- Do you want to commit to only own-brand? Or branded products too?

GETTING STARTED:

- Get senior management buy-in – identify how best to gain interest from senior management and seek formal sign-off of the company's strategy
- Map out who will manage the sourcing commitment within your business
- Understand the [different types of certified palm oil](#) available
- Make a commitment to buying sustainable palm oil
- Consider joining the [RSPO](#) or organisations that help businesses source sustainable palm oil

KEY DELIVERABLES:

- Senior management buy-in
- A time-bound commitment to source sustainable palm oil

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DEVELOP A ROADMAP TO ACHIEVE YOUR COMMITMENT

Define a set of actions to reflect the risk and prioritise opportunities already established

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QUESTIONS TO CONSIDER:

- What are your specific goals and timeframes and how will you achieve them?
- Which **certified supply chain option(s)** are right for your company?
- How can you engage your suppliers in the roadmap development?
- Who is responsible for delivering different parts of your action plan?
- Do you have processing or manufacturing sites that could be certified as part of a sustainable palm oil supply chain?
- What are the benefits and costs of certifying your sites?
- What would you need to do to have these sites certified?

GETTING STARTED:

- Consider devising measurable performance indicators along with improvement targets for suppliers and a Code of Practice for new suppliers where appropriate
- Communicate your commitment to suppliers
- Engage suppliers in roadmap development
- Agree a roadmap that clearly outlines your goals and timeframes
- Develop a system for monitoring progress
- Learn **how to get your sites RSPO certified** if relevant

KEY DELIVERABLES:

→ A roadmap that has been communicated to suppliers

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IMPLEMENT, TRACK, REVIEW AND COMMUNICATE

Ensure action is taken, progress tracked and communicated

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QUESTIONS TO CONSIDER:

- Can your current suppliers supply CSPO, or ingredients made with CSPO? Can they supply sufficient volumes?
- What should your sourcing strategy be, considering alue and volume among your products?
- What can you do if your current suppliers can't source CSPO?
- Are you doing what you need to do to get your sites certified, if relevant?
- How are you tracking your progress?
- If your suppliers/sites encounter a difficulty in meeting their commitments, how do you agree a practical solution?
- How are you communicating results to your suppliers and customers?
- How can you go further?

KEY DELIVERABLES:

- CSPO sourced to meet your commitments
- Report for customers and suppliers
- Certified sites if relevant
- Greater awareness of your sustainability credentials in the marketplace

GETTING STARTED:

- Ask suppliers to supply CSPO
- Consider buying Book & Claim ([GreenPalm](#)) certificates as a first step
- Consider buying from certified RSPO member growers that go beyond the basic requirements of the [RSPO Principles & Criteria](#)
- Consider investing in traceable supply chains of CSPO:
 - [Guide to supply chain options](#)
 - [RSPO supply chain certification](#)
 - [RSPO certification systems](#)
- If your suppliers can't comply, identify alternative options for sustainable products
- Agree a realistic solution with your suppliers when problems occur
- Formalise your buying process - map out relevant roles and responsibilities
- Report outcomes and communicate your progress to employees, customers and suppliers with transparency
- Set a timetable to review your progress and commitment
- Market your efforts and raise awareness

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WHY SHOULD YOU SOURCE SUSTAINABLE PALM OIL?

Many businesses in recent years have suffered reputational loss as the target of media and NGO campaigns for sourcing palm oil that leads to deforestation, biodiversity and habitat loss, displacement of indigenous peoples, and climate change.

Initiatives such as the **WWF Palm Oil Scorecard** are increasingly shedding light on the global supply chains of food and non-food manufacturers and retailers, and customer demand for sustainable and ethical palm oil is growing.

Sourcing sustainable palm oil, whether directly for your product manufacture or in the finished products you sell, shows your commitment to sustainability and can even allow you to charge a premium.

Please see these **CPET case studies** of successful sustainable palm oil sourcing to learn more

For further information, visit the **FDF website**

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