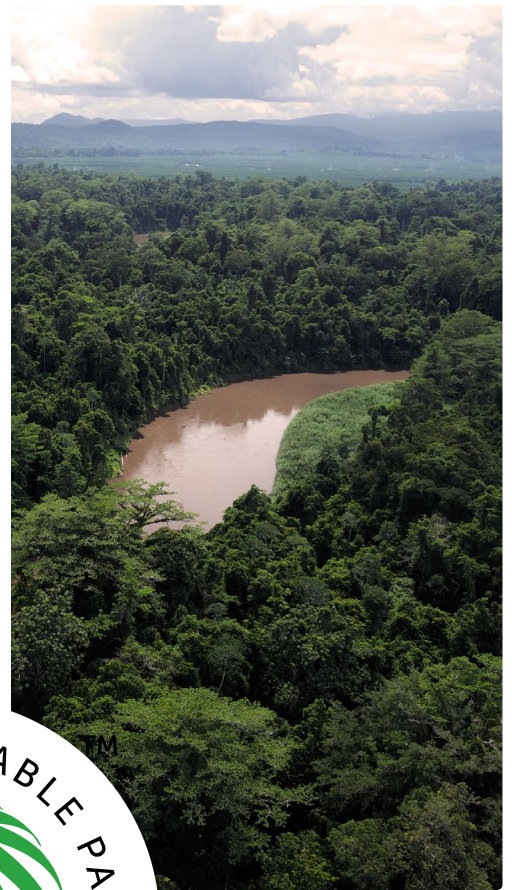
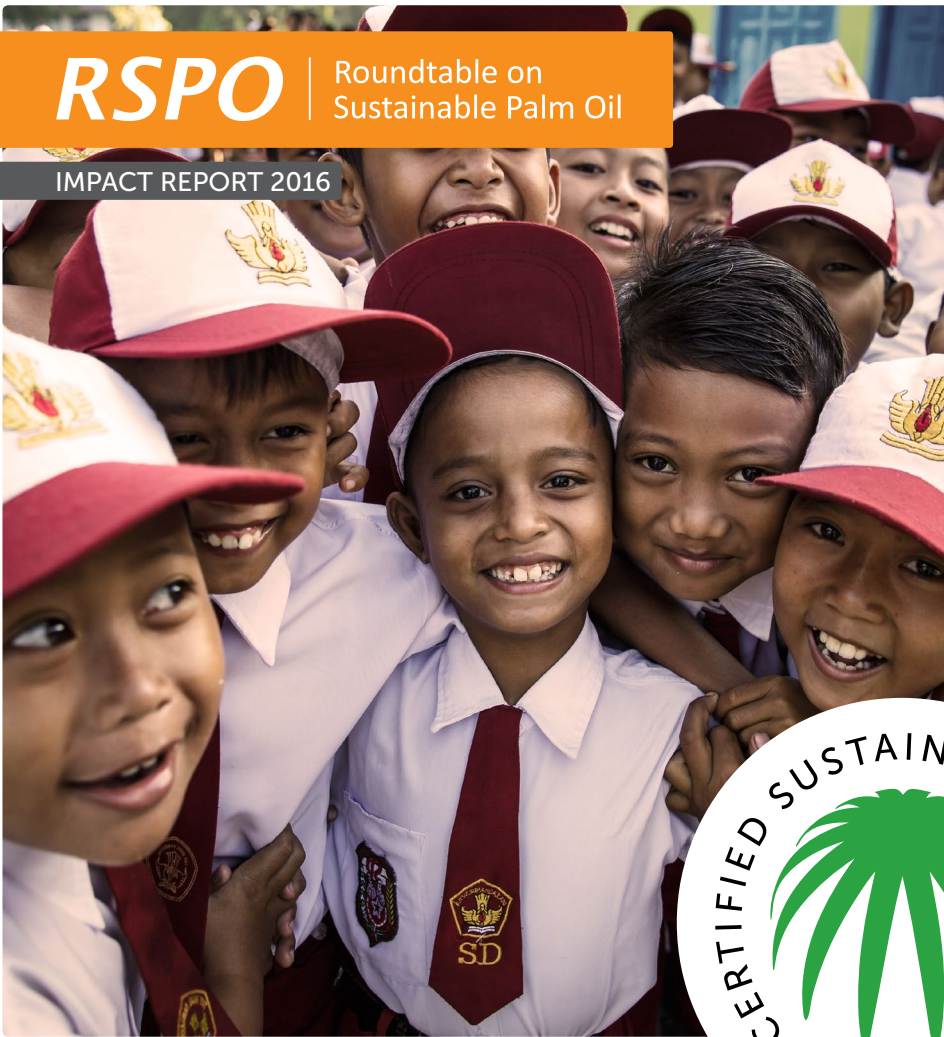


RSPO

Roundtable on Sustainable Palm Oil

IMPACT REPORT 2016



RSPO

IMPACT REPORT 2016

CONTENTS

02

WELCOME BY RSPO CHIEF EXECUTIVE OFFICER

Impact Report

Presented By **Darrel Webber**
RSPO Chief Executive Officer



04

Impact Report 2016 Highlights

06

WHY SUSTAINABLE PALM OIL?



08

The Roundtable on Sustainable Palm Oil

11

RSPO Membership 2016

14

Certified Sustainable Palm Oil

19

Measuring Our Impact

23

Impact for People

33

Impact on Our Planet

41

Impact on Profits & RSPO Outreach

58

Base data and notes

62

Glossary

65

References



Photo credit: RSPO & Jonathan Perugia

ROUNDTABLE ON SUSTAINABLE PALM OIL



Photo credit: RSPO & Jonathan Perugia

WELCOME BY RSPO CHIEF EXECUTIVE OFFICER



—
Impact Report
Presented by **Darrel Webber**
RSPO Chief Executive Officer
—

Dear RSPO Stakeholders,

Welcome to the 2016 RSPO Impact Report. For the third year now we are seeking to provide you an insight and an overview into the work being undertaken to ensure that palm oil is produced sustainably and becomes the norm in global supply chains.

WELCOME BY RSPO CHIEF EXECUTIVE OFFICER

Since our last report, I am proud to see the progress we have made. In particular, I believe we are gaining ground and making our voice heard in international and sub-national policy forums, and our input and experience is welcomed to the table in global governance discussions. Our most important priority in the sustainable palm oil sector is to continue to help shape government and global policy and shape thinking around environmental protection and sustainable supply chains.

We have also made tremendous headway in areas which are critical for our credibility: we have significantly improved on the monitoring of certification body and audit quality, driving the highest standards in third-party verification. We have also made vast improvements of our grievance mechanisms through the revamp of our complaints system. Through greater independence of the Complaints Panel and more independent capacity, we have succeeded in enhancing the speed and quality of grievance handling.

Despite these major milestones, I am still concerned with some of the developments of the past year. Most notably, we are still wrestling uncomfortably with the legal issues surrounding concession maps. This is a crucial piece in our impact monitoring efforts, as well as our ability to provide assurance on the integrity and transparency of our members. We understand that this is a contentious issue and that transparency in this area will soon become a new norm. Just to place this issue in context, most countries around the world, have the ability to make such information available, but choose not to.

We will therefore continue to push forward through ongoing engagement with relevant government bodies and authorities to resolve this issue.

In the coming two years, a major focus for us will be to revise the Principles & Criteria, ensuring they remain relevant and are informed by the latest scientific thinking and stakeholder expectations. We will need to strengthen many areas, but I believe the areas requiring the most attention is our approach to deforestation – in particular to ensure that we incorporate the outcome of the HCS convergence process which has the support of much of the global palm oil industry. We also need to start tackling the difficult questions around High Forest Nations and the balance between social development and environmental protection – I don't think there will be any easy answers and we are unlikely to resolve this Gordian knot, but we have to be willing to start the conversation.

The second area which we need to work on is labour and children's rights. It is becoming clearer that much work needs to be done to address two of the most horrendous human rights violations – modern-day slavery and child labour in the palm oil supply chain. We cannot fail to adequately address these and ensure they are outlawed from our standard.



Photo credit: RSPO & Jonathan Perugia

Finally, a major task for the P&C review will be to rethink the format of the standard. We need to ensure that we provide for better measurement of impact, ensuring that we are able to review our actual effect of RSPO certification. We want to move away from anecdotal evidence and motherhood statement, and increasingly be able to demonstrate real impact at a macro-level on the plight of workers, forest protection, smallholder benefits and the many other positive aspects which we know is a result of certification, as well as giving us a tool to address areas where we need to make changes.

I do look forward to these next steps, and to working with our members and many external partners on our journey. I'd like to thank the RSPO team, as well as the hundreds, if not thousands, of people from all over the world who continue to put great efforts into making the RSPO stronger and more credible year-on-year.

Thank you,

DATUK DARREL WEBBER

IMPACT REPORT 2016 HIGHLIGHTS

The Roundtable on Sustainable Palm Oil (RSPO) is a multi-stakeholder not-for-profit organisation that works to advance the production and use of sustainable oil palm products. We develop and implement global standards for sustainable palm oil through open dialogue and cooperation with every link in the supply chain. RSPO members represent the seven key sectors of the industry: oil palm growers, palm oil processors and traders, consumer goods manufacturers, retailers, banks and investors, environmental conservation NGOs and social development NGOs.

Together we pursue a vision:
transforming the market to make sustainable palm oil the norm.



Photo credit: Hap Seng Plantations Holdings Berhad

IMPACT REPORT 2016 HIGHLIGHTS

- We have 2,941 registered members in 85 countries – an increase of 29% since 2015. Read more about RSP0 membership on page 11.
- Over 2.83 million hectares have been certified across 14 producer countries. For a full update on certified area, see page 16.
- At least 40 RSP0 growers have phased out paraquat, and at least 33 also have a policy banning, or have already phased out, WHO category 1a and 1b pesticides. See page 28.
- Out of the 63 complaints cases since 2009, 41 have either been closed or are closed for monitoring. For more information on how the RSP0 is addressing complaints, see page 29.
- We have certified 1,692 independent smallholders in the last reporting period, making a total of 2,496. See how we support them to access markets and move towards sustainable production on page 41.

Note to data:
Unless otherwise specified, all figures and results presented in this report are based on RSP0's official reporting period (1 July 2015 – 30 June 2016). For further notes on the data see page 58.



WHY SUSTAINABLE PALM OIL?



That irresponsible oil palm cultivation has a negative environmental and social impact is beyond question.

Yet 60 million tonnes of palm oil were consumed in 2015 and demand is predicted to reach 240 million tonnes by 2050 in the race to feed the growing global population. Some campaigners call for a ban on palm oil, others for the cultivation of alternative crops. However, such measures are likely to create equal or even greater problems for the environment and local communities.

To understand the RSPO's approach, it is useful to review the reasons why palm oil is so widely used, why it is so hard to replace and why promoting sustainable palm oil may be a better strategy in the long term.

Why is palm oil so popular?

- **Versatility:** Palm oil has a high melting point and stays semi-solid at room temperature, making it ideal for a wide range of uses, including baking, spreads and frying.
- **Taste and texture:** Smooth, creamy and odourless, palm oil suits many recipes particularly baked goods.
- **Preservative effect:** Palm oil has a natural preservative effect that extends product shelf life.
- **Cheap:** Oil palm yields 4–10 times more oil per hectare than other crops, making palm oil the least expensive vegetable oil in the world.

Why is it difficult to ban or replace?

- **Consumer demand:** If palm oil is banned in some markets, producers can simply sell it to markets where environmental sustainability and community rights are not priorities.
- **Environmental degradation:** Oil palm requires less energy input, fertiliser and pesticides than other crops, so switching

WHY SUSTAINABLE PALM OIL?



to an alternative (e.g. sunflower, soybean or rapeseed) could result in more deforestation, a higher carbon footprint and increased pesticide use.

- **Poverty reduction:** Palm oil cultivation has played an important role in reducing poverty in producing countries. Termination would impact millions of farmers and their families.
- **Consumer and manufacturer preference:** Replacing palm oil as an ingredient is not always feasible because other oils do not give products the same texture and taste.

Why is sustainable palm oil a better solution?

Sustainable palm oil represents an alternative path for the industry. The RSPO has developed a set of environmental and social criteria that companies must comply with in order to produce Certified Sustainable Palm Oil (CSPO). Properly applied, these criteria help to minimise the negative impact of oil palm cultivation on the environment and local communities. They also help to realise potential benefits in terms of conservation, poverty reduction, protecting indigenous communities, ensuring fair labour practices and, ultimately, empowering consumers to make informed choices.

Palm oil can only be sustainable if it:



THE ROUNDTABLE ON SUSTAINABLE PALM OIL

The RSP0 seeks to advance the production, procurement, finance and use of sustainable palm oil products. We develop, implement, verify and periodically review credible global standards for the entire supply chain and we actively monitor the economic, environmental and social impacts of the uptake of sustainable palm oil in the market. Our activities engage stakeholders throughout the supply chain, including governments and consumers.

The RSP0 began as an informal cooperation between several multinational companies and the WWF. An Organising Committee was created in January 2003 to coordinate the inaugural Roundtable meeting in Kuala Lumpur, and to make preparations for the formal establishment of the RSP0. The RSP0 was legally established on 8 April 2004 under Article 60 of the Swiss Civil Code.

RSP0 ANNUAL ROUNDTABLE & EUROPEAN ROUNDTABLE

Now in its thirteenth year, the RSP0 Annual Roundtable meeting is our flagship event. Held over three days, it gathers nearly 1,000 delegates and observers and provides a unique opportunity for all stakeholders in the supply chain to meet and debate evolving issues regarding sustainable palm oil and its production. In November 2015, 834 delegates attended RT13 hosted in Kuala Lumpur, Malaysia. RT14 was recently held in Bangkok, Thailand in November 2016.

The fourth annual RSP0 European Roundtable was held in June 2016 in Milan, Italy. Inaugurated in 2013, the European Roundtables enable the RSP0 to engage European stakeholders who are not able to attend the Annual Roundtable held in Southeast Asia.



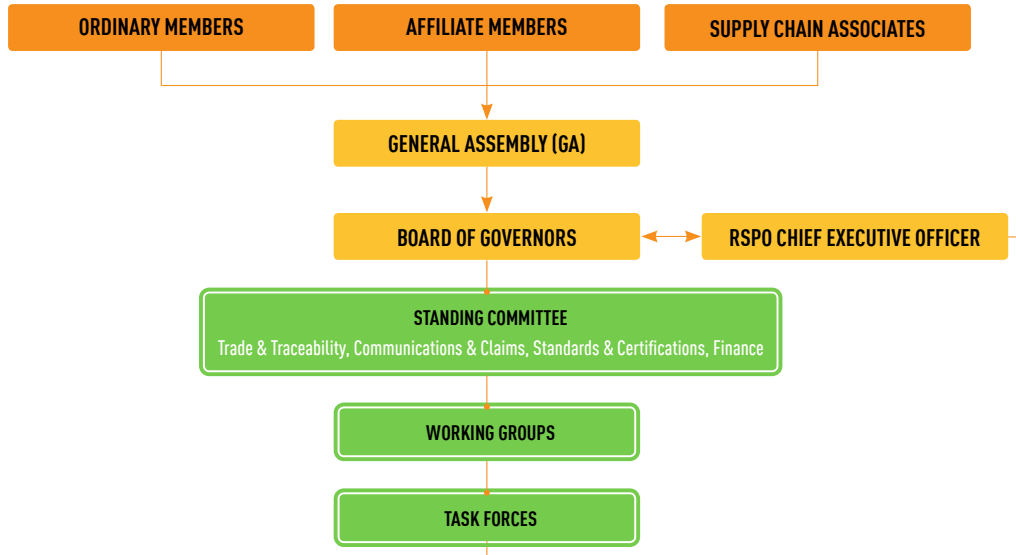
Photo credit: RSP0 & Jonathan Perugia



Photo credit: RSP0 & Jonathan Perugia

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

RSPO Governance & Management



The RSPO is governed by its statutes and bylaws. Our members are subject to antitrust guidelines that prevent breaches of antitrust law, as well as to the competition laws of countries in which members operate. We have also adopted a Code of Conduct to which all members are required to adhere. The Code defines how we expect members to behave towards each other: for instance, that they must seek to resolve grievances directly with each other and must explicitly support the RSPO and its objectives.

BOARD OF GOVERNORS AND REPRESENTATIVE SEATS

NUMBER OF SEATS 4

OIL PALM GROWERS
One representative each from Malaysia, Indonesia, Smallholders and "Rest of the World".

NUMBER OF SEATS 2

- _____ Palm oil processors and/or traders
- _____ Consumer goods manufacturers
- _____ Retailers
- _____ Banks and investors
- _____ Environmental and nature conservation NGOs
- _____ Social/development NGOs

Board of Governors

A 16-member Board of Governors representing each of the seven membership categories provides ultimate guidance for the RSPO. Board members are elected for a two-year term. Members of good standing may nominate themselves to represent their sector on the Board. Ordinary members may only vote for the representative in their sector.

Secretariat

The day-to-day management of the RSPO is undertaken by the Secretariat, which is headquartered in Kuala Lumpur, Malaysia, and has offices in Indonesia (Jakarta), United Kingdom (London) and China (Beijing). The Secretariat also works with representatives in the Netherlands, India, Latin America, Thailand and the USA.

The Chief Executive Officer (CEO) leads the Secretariat and is responsible for implementing the strategic business plans of the RSPO. The CEO manages a team of staff that administers membership services and provides administrative and project support to working groups and task forces. The Secretariat also conducts outreach to members and stakeholders, coordinates Board meetings and Roundtable sessions, and organises the annual General Assemblies.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL



General Assembly

The General Assembly is the annual general meeting of members. It provides transparency on the administrative and financial activities of the RSPO and sets out the working agenda for the coming year. Members may use the General Assembly as a forum to propose and deliberate resolutions on the governance and position of the RSPO. Resolutions that are passed are subsequently enacted as part of the RSPO programme in the following year.

Standing Committees

Four Standing Committees oversee the RSPO's overall operations. Each is composed of RSPO members and led by a Chair.

The **Standards and Certification Standing Committee** utilises stakeholder expertise and research to develop definitions and criteria for the sustainable production of palm oil. It also develops the indicators used to measure these criteria, and is responsible for organising the mechanism that reviews and records the production of RSPO-defined sustainable palm oil.

The **Trade and Traceability Standing Committee** develops solutions for trading sustainable palm oil in various markets. It engages with expertise to set up computerised traceability systems to track movement of sustainable palm oil through existing commodity chains. The committee also develops safeguards that ensure RSPO certified palm oil is not diluted with unsustainable palm oil.

The **Communications and Claims Standing Committee** promotes the use of RSPO certified palm oil. It also draws up and monitors claims made by RSPO members about the use of CSPO.

The **Finance Standing Committee** oversees the financial responsibilities of the RSPO.

Working Groups and Task Forces

Working groups conduct long-term projects within particular focus areas. Task forces are established to deliver specific outputs against set timelines. The Dispute Settlement Facilities Advisory Group and the Complaints Panel guide the resolution of complaint cases.

Each working group comprises of representatives from all ordinary membership categories. Membership of working groups and task forces is voluntary and open to members with an interest in the subject matter. The Co-Chairs of each working group are elected by the group members. There are currently four working groups and one task force.

WORKING GROUPS

Smallholders Working Group

Emission Reduction Working Group

Biodiversity and High Conservation Values Working Group

Human Rights Working Group

TASK FORCES

FFB Legality & Traceability

What makes the RSPO unique?

CONSENSUS AND SUSTAINED OBJECTION

Decisions taken by the Board of Governors, working groups and task forces are consensus-based and free from sustained objection. Members can take a position of sustained objection allowing for further debate before a consensus-based resolution is reached.

ANTI-FLAGSHIP CLAUSE

The anti-flagship clause is unique to the RSPO. It prevents a company from certifying only 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 an ACOP. This enables the RSPO to gauge the commitment of its members and the pace of progress towards making sustainable palm oil the norm—through the disclosure of their time-bound plan.

ON-GOING UPGRADING OF STANDARDS

The RSPO Principles and Criteria (P&C) and the RSPO Supply Chain Certification are reviewed and undergo public consultation every five years to ensure the standards remain robust. Four new criteria and 40 new indicators were added to the RSPO P&C in April 2013. The next P&C review is scheduled for 2017.

RSP0 MEMBERSHIP 2016

RSP0 membership has continued to increase and diversify in the current reporting period.
The highlights as at 30 June 2016 are:

2,941

members in 85 countries,
659 more (+29%) than in 2015

47%

are ordinary members and 53%
are affiliate or supply chain
associate members

16%

increase in grower membership since
the previous reporting period in 2015

155

of the 1,373 ordinary members
are growers

80%

of ordinary members
are manufacturers and
processors and/or traders

41%

increase in supply chain
associate members
since the last reporting
period in 2015

+40%

membership increases in
USA (45%), Australia (43%)
and Italy (40%) since 2015

RSP0 MEMBERSHIP 2016

1,373

ORDINARY
MEMBERS

represent the seven key links in the palm oil supply chain: oil palm growers, processors and traders, manufacturers of consumer goods, retailers, banks and investors, environmental and social NGOs. 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 General Assembly

110

AFFILIATE
MEMBERS

are not directly involved in the palm oil supply chain, but have expressed interest in the RSP0's objectives and activities. Membership extends to academia, research and development organisations, donors and sponsors. Affiliate members may attend the annual General Assembly as observers

1,458

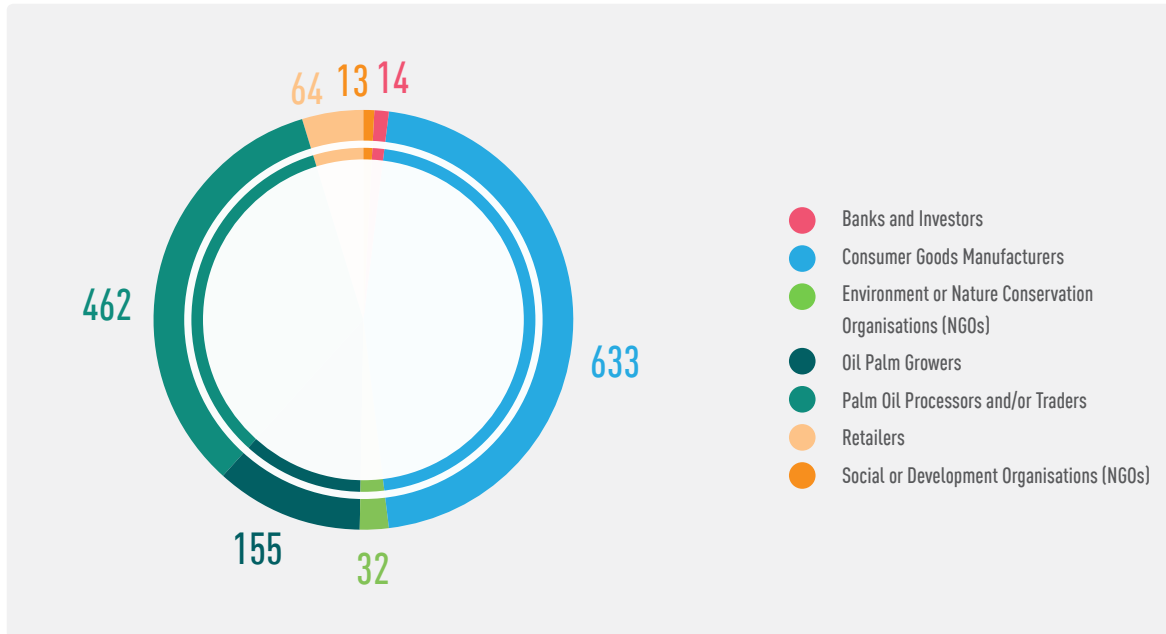
SUPPLY CHAIN
ASSOCIATES

procure, use or trade less than 500 MT of CSPO annually. Establishing this category has been critical for ensuring that even small players in the complex palm oil supply chain can be engaged in the RSP0. Supply chain associates may attend the annual General Assembly as observers

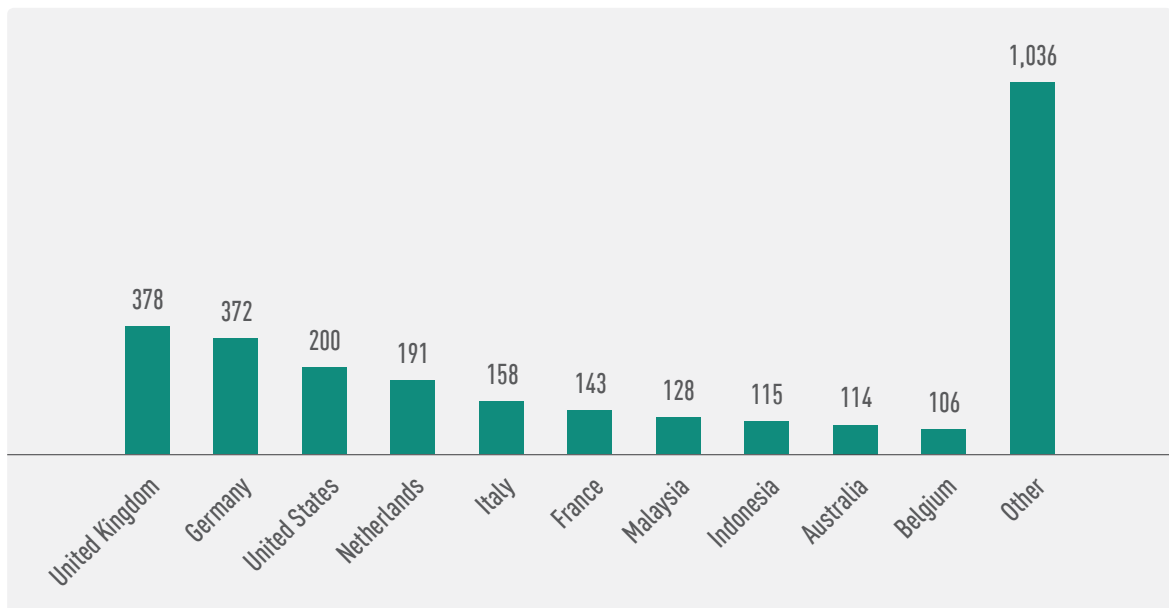
Note to data: All figures are inclusive up to 30 June 2016.

RSPO MEMBERSHIP 2016

ORDINARY MEMBERSHIP (1,373 as at 30 June 2016)



TOP TEN COUNTRIES OF MEMBERSHIP (Total Membership 2,941 as at 30 June 2016)



CERTIFIED SUSTAINABLE PALM OIL

RSPo PRINCIPLES & CRITERIA

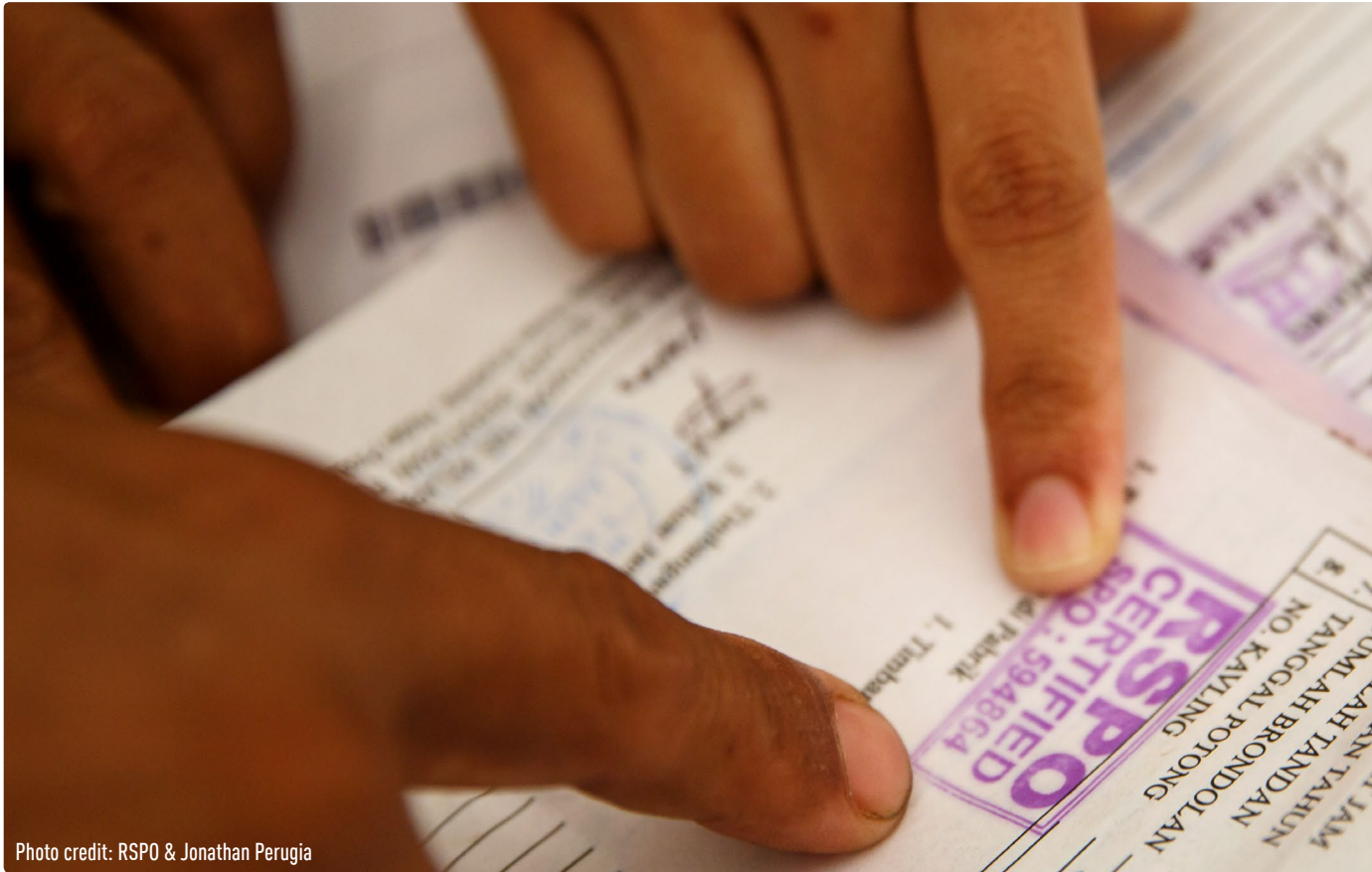


Photo credit: RSPo & Jonathan Perugia

The RSPo provides a global certification system for certified sustainable palm oil (CSPO) and palm kernel oil (CSPK). The certification standard is based on the RSPo Principles & Criteria (P&C), which we developed in 2005 and revised in 2013.

The P&C are composed of eight core principles for the sustainable production of palm oil. Each P&C has supporting guidelines and indicators that define how the principle must be met in order to achieve certification. Once certified, growers are annually audited against the P&C to demonstrate continued compliance.

In addition to the P&C, the RSPo certification system encompasses a rigorous supply chain certification procedure that ensures CSPO reaches the end user.



Photo credit: RSPo & Jonathan Perugia

CERTIFIED SUSTAINABLE PALM OIL



8 Principles of Sustainable Palm Oil Production

8 Principles for Growers to be RSPO Certified

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

National Interpretations

The P&C are generic and combine key international laws and conventions. However, countries often have specific laws and conventions relating to the same P&C – for instance, minimum wage – as well as other cultural differences. The P&C are therefore further adapted into National Interpretations (NIs) for use in each individual country.

During the reporting period (1 July 2015 - 30 June 2016), NIs were approved for Ghana, Guatemala, Honduras, Malaysia and Papua New Guinea. In addition, NIs have been developed for Colombia, Indonesia, and Nigeria, and are in the process of being finalised. Countries without an NI follow the generic guidance in the annex to the P&C. All RSPO members operating in countries that have not ratified the key international conventions or standards outlined in the annex must still comply with the relevant parts of the P&C where reference is made to these conventions and standards.

To obtain RSPO certification, oil palm plantations and mills must comply with all eight core principles as set out in the P&C. Certified growers then undergo an annual surveillance audit and re-certification audit every five years by an accredited certification body (CB).

CERTIFIED SUSTAINABLE PALM OIL

Certification progress in 2016

As at 30 June 2016, plantations covering a total of 2.83 million hectares (ha) are RSPO certified globally. The total certified HCV area covers 157,115 ha, an increase of 9% from the last reporting period. The total production area cultivated by RSPO members (including area covered by the group certification for smallholders (SHG) has decreased by 21% since 30 June 2015 and there has been an overall 14% decrease in total global RSPO certified area in the same timeframe.

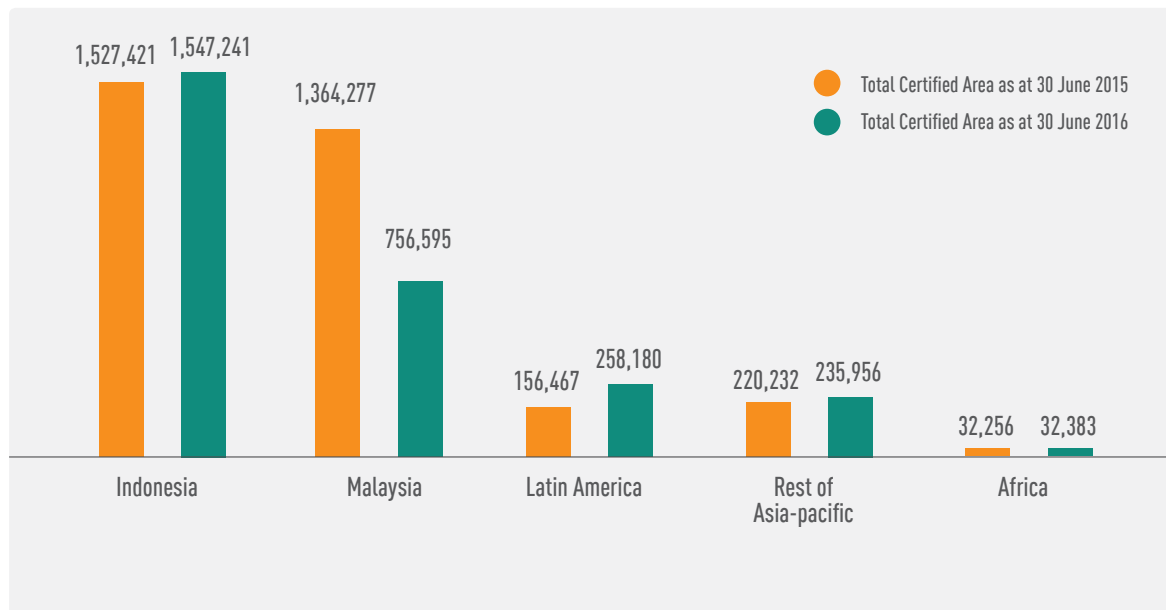
A 45% decrease in Malaysia's certified area is accounted for by one membership suspension, which has been lifted as a result of corrective action subsequent to the close of the current reporting period, and one member's self-withdrawal from RSPO certification.¹

These changes, among other factors, may have contributed to the 16% drop in the annual production capacity of CSPO and an 18% drop in the annual production capacity of CSPK since December 2015.²

More positively, RSPO certified area in Latin America continues on an upward trend with a dramatic 65% (101,713 ha) increase since June 2015. We also welcomed growers from Costa Rica and Honduras in 2016, bringing the total number of sustainable palm oil producing countries to 14. Ecuador, previously a minor contributor, is no longer a CSPO producing country. Indonesia and Malaysia still account for the major share of certified area, with a combined total of 2.3 million ha (81%).

CERTIFIED AREA BY REGION

(Total: 2,830,355 ha)



Note: All figures are inclusive of certified area for smallholders certified under group certification. Certified area for Malaysia excludes certified areas held by growers temporarily suspended or with self-withdrawn certifications at the close of the reporting period. Following the reinstatement of the suspended member, and assuming the grower with self-withdrawn certification takes corrective action, the certified area for Malaysia is an estimated 1,498,517 ha.

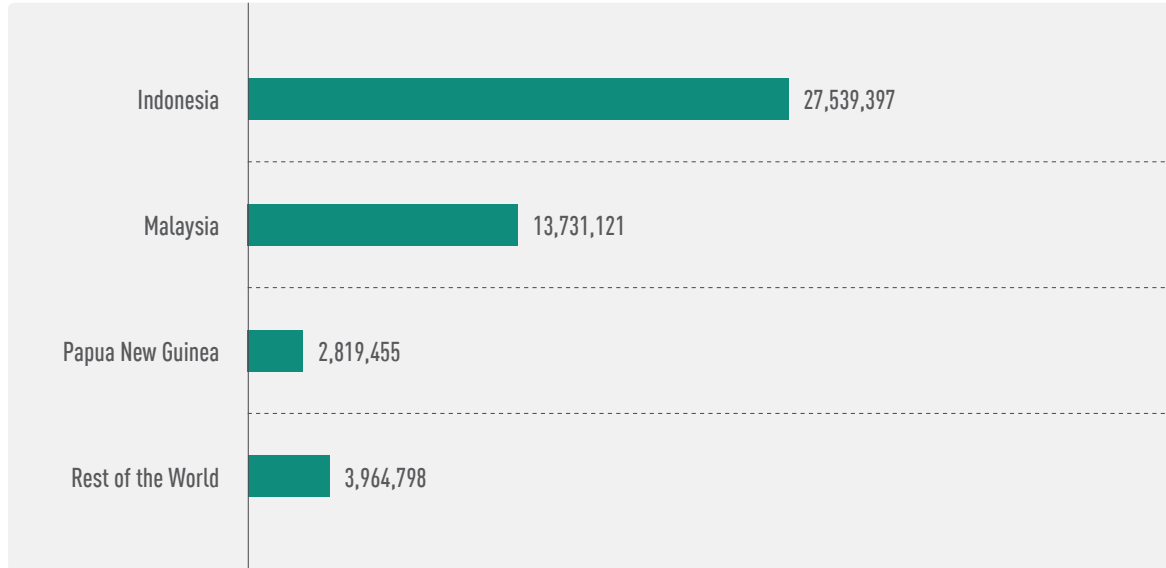
¹ The certified area for Malaysia is estimated at 1,498,517 ha (as at December 2015) when including the certified area of the grower whose suspension has now been lifted, as well as the certified area of the grower with self-withdrawn certification (assuming corrective action takes place as planned).

² The decrease in annual production capacity of CSPO and CSPK in 2016 is only indicative, as data is only inclusive up to 30 June 2016. Annual production capacity of CSPO and CSPK data for 2015 is inclusive up to 31 December 2015.

CERTIFIED SUSTAINABLE PALM OIL

FRESH FRUIT BUNCH (FFB) PRODUCED (MT)

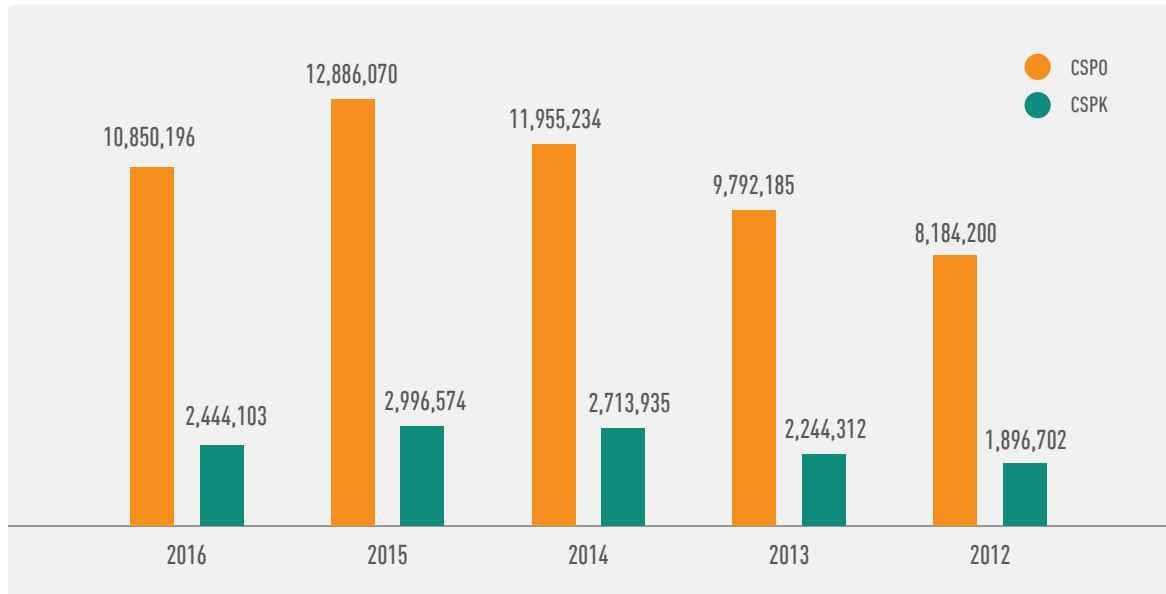
(As at 30 June 2016)



Note to data: Figures are based on RSPO's official reporting period (1 July 2015 - 30 June 2016). Figures are also inclusive of volume of FFB produced for all smallholders certified under group certification.

ANNUAL PRODUCTION CAPACITY OF CSPO AND CSPK (MT)

2012-2016



Note to data: Figures for 2012-2015 are inclusive up to 31 December of each respective year, while figures for 2016 are inclusive up to 30 June 2016. Figures are also inclusive of annual production capacity of CSPO and CSPK of all smallholders certified under group certification.

CERTIFIED SUSTAINABLE PALM OIL



Building momentum in **LATIN AMERICA**

The number of certified growers in Latin America has risen from 5 to 11 in the past two years, while 20 additional mills have been certified. CSPO production has increased from 270,000 MT in January 2015 to 645,080 MT as at June 2016. This represents 19% of the total regional output, putting Latin America on a par with worldwide certification levels.

Regional interest in RSPO certification continues to grow. Two certification bodies, Naturacert and SCS Global Services, have applied for accreditation. If they are successful, they will join Control Union and IBD, bringing the total number of entities qualified to conduct RSPO audits (P&C and SCC) in Latin America to four.

Opening a regional office in Bogotá, Colombia has made our presence stronger than ever. In August 2016, we co-hosted the 6th Latin American RSPO Conference in Guatemala, where updates on RSPO implementation were presented with a focus on NPP, P&C, PalmGHG and HCV. The agenda included discussion panels, key speakers and workshops with certification bodies.

Finally, 2016 also saw the establishment of a Latin American Working Group that aims to involve regional stakeholders more actively in RSPO decision making processes. The working group will regularly interact with other regional groups and provide insights into the local context of RSPO implementation in Latin America.

MEASURING OUR IMPACT

RSP0 Impact Monitoring Framework

To ensure we stay on track to make sustainable palm oil the norm, we vigilantly monitor the impact our work has for our members, for the palm oil supply chain, for the communities in which our members operate, and for the environment.

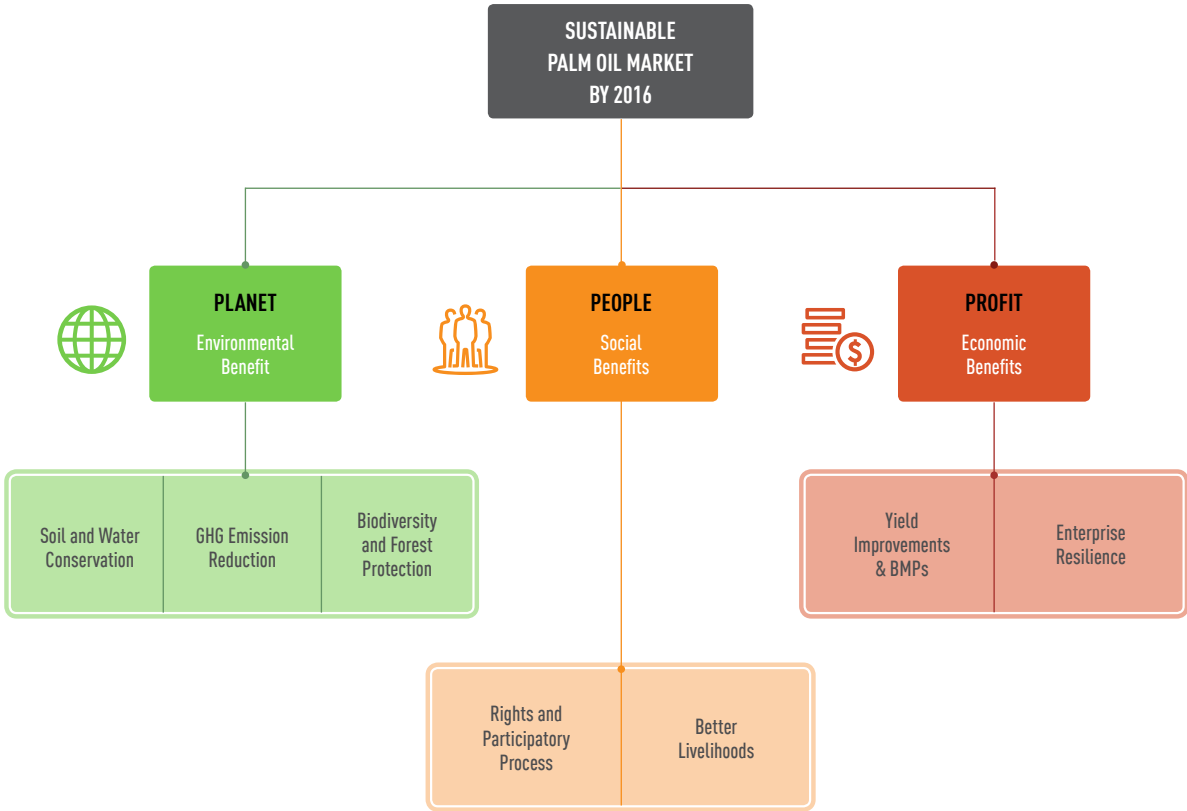
The RSP0 Impacts and Evaluation Division was established in July 2013 following the restructuring of the RSP0 Secretariat. The Impacts and Evaluation Division is responsible for monitoring certification impacts and ensuring compliance with ISEAL Alliance codes. The division also collects lessons learned and best practices to drive ongoing system improvements.

The RSP0 Impact Monitoring Framework is our key tool for this purpose. It describes the intended outcomes of our activities and

enables us to measure our progress. The Framework is structured to safeguard that RSP0 activities deliver value across all stakeholder groups based on three key dimensions: environmental benefits, social benefits and economic benefits.

The Framework is composed of progress indicators that are aligned to RSP0 standards. These 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 sustainability.

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



MEASURING OUR IMPACT

ISEAL Alliance membership

The International Social and Environmental Accreditation and Labelling (ISEAL) Alliance is the global membership association for sustainability standards. The RSPO has been an associate ISEAL member since 2013, and we were approved as a full member in May 2015. As part of the ISEAL Alliance, RSPO certification joins a growing number of sustainability standards that are driving positive social and environmental change in multiple sectors.

Our full ISEAL membership demonstrates our compliance with the ISEAL Standard Setting Code and that we have made good progress towards compliance with the Impacts Code and Assurance Code which came into force in 2010 and 2012 respectively.

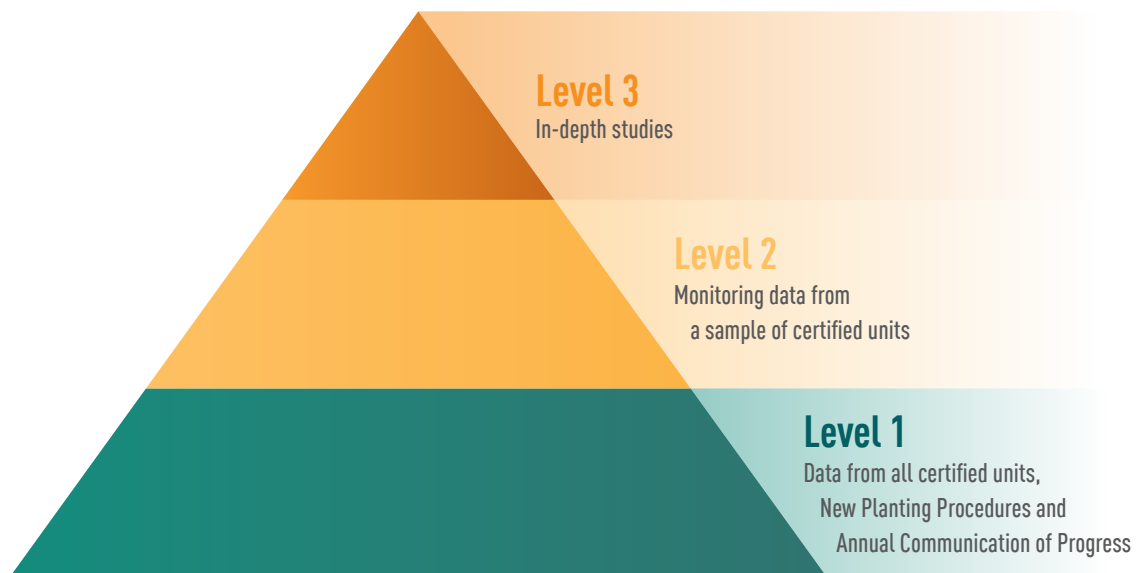
Progress on Compliance with ISEAL Impacts Code

The Impacts Code requires every ISEAL member to implement a monitoring and evaluation plan.³ This plan must include all the steps necessary for assessing the contributions a certification system makes in terms of social and environmental impact. The RSPO has commissioned Universiti Putra Malaysia (UPM) to help improve its existing monitoring and evaluation system to support this objective.

This has involved the development of a Theory of Change, a blueprint illustrating *what, how, and why* our intended activities are expected to enhance the sustainable palm oil industry.

A survey on sustainability priorities was distributed to RSPO members as part of this process to gain a better understanding of where we should focus in order to increase sustainability in the palm oil sector. The results set the basis for a workshop held in August this year which aimed to secure stakeholders' feedback on our Theory of Change, including the intended outcomes of our activities and the respective performance indicators we will use to measure progress.

The Impacts Code itself provides three data collection instruments for monitoring the impact of our activities (see diagram below). In addition to the Level 1 data we collect annually, we are making progress on Levels 2 and 3. We have commissioned in-depth studies, such as the smallholders study by UPM (see page 45), and have completed the first year of the Socially and Environmentally Sustainable Oil Palm Research (SEnSOR) programme.⁴ This five-year independent research project is examining the impact of RSPO certification through field surveys, manipulation experiments, laboratory work, computer modelling and statistical analyses.



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

³ <http://www.isealalliance.org/our-work/defining-credibility/codes-of-good-practice/impacts-code>

⁴ <http://www.sensorproject.net/sensor-programme-research/>

MEASURING OUR IMPACT

Measuring progress against the UN Sustainable Development Goals

The United Nations launched a set of 17 Sustainable Development Goals (SDGs) in 2015. These include ambitious targets to end poverty and hunger, ensure sustainable consumption and production, promote peaceful and inclusive societies, and address global challenges like climate change by 2030.

Using these indicators to give an external perspective on our performance, we have identified areas where the SDGs may already be addressed by our actions and where we have opportunities to further integrate them into RSP0 standards and activities. It should be noted that this is only a top-level analysis, which we intend to follow up with a more official and comprehensive mapping at a later stage. Our 'SDG actions' and 'SDG opportunities' are highlighted in the following sections.

Our contribution to the UN Sustainable Development Goals

Which SDGs does RSP0 already support?

RSP0
The RSP0 supports the SDGs



The image displays five SDG icons in a row. From left to right: 2 Zero Hunger (brown square with a bowl and steam), 6 Clean Water and Sanitation (blue square with a water tap and drop), 8 Decent Work and Economic Growth (maroon square with a bar chart and upward arrow), 12 Responsible Consumption and Production (orange square with a circular arrow), and 15 Life on Land (green square with a tree and birds).

Which SDGs does RSP0 have an opportunity to support further?

RSP0
The RSP0 supports the SDGs



The image displays three SDG icons in a row. From left to right: 5 Gender Equality (red square with a female symbol and equals sign), 13 Climate Action (green square with a globe and eye), and 17 Partnerships for the Goals (dark blue square with three interlocking circles).

More information about the UN Sustainable Development Goals can be found at sustainabledevelopment.un.org/sdgs 

Oxfam Novib

Johan Verburg,
Pro-Poor Value
Chains Advisor



Photo credit: RSPO & Jonathan Perugia

Oxfam is an international confederation of 18 organisations working together with partners and local communities in more than 90 countries.

Oxfam works to find practical, innovative ways for people to lift themselves out of poverty and thrive.

At Oxfam we believe that policies and standards in palm oil now need to be followed by the implementation of new best practices. The relations between palm oil companies and host communities, especially around land use and smallholder inclusivity, are crucial. We see participatory land use planning in particular as a solution for achieving the different dimensions of sustainability: environmental, social and economic impact. From our perspective, the SDGs most relevant for RSPO's impact, include SDG 1 (End poverty) and SDG 2 (Zero hunger). Targets in both SDGs make reference to access to natural resources, including ownership and control over land, especially for women and other vulnerable groups.

Other goals instrumental to reaching SDGs 1 and 2 are SDG 8 (Economic growth), SDG 12 (Responsible consumption and production), and SDG 17 (Partnerships for the goals). A number of RSPO members have ambitious policies relating to no deforestation, no planting on peat and no exploitation. But we need "yes please" scenarios

to deliver on such commitments. Moreover, best practices need to find their way within the sector at large, including support from commodity buyers and investors, for the most impactful changes. For example, certification might not be the most effective tool to achieve improvements in smallholders' social, environmental and economic performance.

A shift also needs to be made from the partnership and participatory approach at the global level towards similar approaches and attitudes at the field level. Local stakeholders also need to be able to sit together and engage in a roundtable, as they are directly affected and would benefit from sustainable development partnership. The participatory approach is also particularly relevant for women affected by the palm oil sector. Outreach activities have been less successful in reaching women in the palm oil sector. This is where additional effort will be required, and where a significant opportunity exists to make a positive impact.

IMPACT FOR PEOPLE

SAFEGUARDING SOCIAL INTEREST, COMMUNITIES & WORKERS



Photo credit: RSP0 & Jonathan Perugia

It is vital that the interests of communities and workers are understood and protected.

The palm oil industry employs millions of people worldwide and over 4.5 million in Indonesia and Malaysia alone. Sustainable palm oil is therefore a significant opportunity to improve working conditions, raise living standards and create shared value for local communities.

However, violations of workers' rights to fair payment and safe working conditions, as well as other malpractices, continue to occur in the palm



Photo credit: RSP0 & Jonathan Perugia

oil sector. Plantations have been developed without consulting local communities. In some cases people have been forcibly displaced from their land.

The RSP0 requires its members to adhere to specific principles regarding the protection of human rights, the development of community infrastructure, improving the health, safety and labour conditions of workers, and eliminating labour violations. Our Complaints System ensures that companies are held accountable for any breach of these principles.

IMPACT FOR PEOPLE



Photo credit: RSPO & Jonathan Perugia

FOCUS ON: LABOUR CONDITIONS

Aligned to the ILO Core Labour Standards, the RSPO P&C requires certified growers to guarantee fair pay and decent and safe working conditions for their employees.

Furthermore, growers must safeguard the right to collective bargaining and ban bonded and child labour.

Resolution on strengthening audits approved

Media stories and NGO reports in 2014 and 2015 raised concerns about compliance with the RSPO P&C indicators on workers' rights in Malaysia, specifically in relation to migrant workers. The RSPO responded by requesting Accreditation Services International (ASI) to conduct a review of these claims with particular focus on the methodology applied by auditors.

In November 2015, at the 12th General Assembly of the RSPO, a resolution was approved to enhance the quality, oversight and credibility of RSPO assessments. Specific measures include the development of mandatory guidelines and the monitoring of auditors for quality and performance. The resolution also proposes that sanctions and suspensions are pursued against underperformers and persistent offenders.

Human Rights Working Group

The RSPO Human Rights Working Group (HRWG) was established in 2014 to support the adoption of human rights criteria into the P&C (6.13). The HRWG works to preserve the rights of communities, plantation workers, outgrowers and smallholders, as well as other people who are affected by the activities of palm oil growers and millers.

For 2016, the HRWG will focus on improving social auditing mechanisms and practices both at P&C level and with related organisations such as accreditation and certifying bodies. The HRWG will set the agenda for addressing workers' rights with a number of priorities. These include the eradication of forced and child labour, protecting the rights of vulnerable groups such as migrant and casual workers, and the promotion of living wages, health and safety standards and freedom of association.

Verité

Philip Hunter,
Programme Director



Photo credit: RSP0 & Jonathan Perugia

Verité is a civil society organisation that works around the world to promote workers' rights in global supply chains through research, consulting, training, assessments and policy advocacy. Verité's work includes monitoring and documenting labour rights and issues in the palm oil industry, and engaging with key stakeholder groups concerned with palm oil production and palm oil supply chains.

With increased attention in recent years on labour conditions in the palm oil industry – from both the media and the NGO community – we have seen mounting pressure on companies to address key labour risks and the worst forms of labour violations. As the leading multi-stakeholder initiative in sustainable palm oil, the RSP0 continues to play a critical role in creating space for its members to address labour risks in a more effective way. For example, the strengthening of the P&C in 2013 has prompted some of the leading companies to adopt no-exploitation policies.

While there is no question that the RSP0 is willing to respond to and collaborate with its stakeholders, it is a matter of urgency that the Roundtable continues to develop its framework and ensures that auditors are addressing labour risks effectively. The *Free and Fair Labor in Palm Oil Production Principles and Implementation Guidance*,⁵ provides an example of guidance on

international best practices that RSP0 could adopt within its standards. We also hope to see more transparency and reporting in relation to the work the RSP0 is doing to address labour issues.

As a final but critical point, we strongly encourage more activities related to awareness raising and capacity building for labour issues. These types of initiatives would build on the important work RSP0 is already engaging in, and would certainly be welcomed by the NGO community and other concerned stakeholder groups within or outside the RSP0. Verité, with the support of the RSP0 HRWG, has taken the lead in drafting the Terms of Reference for a Task Force on Labour Standards Compliance. The scope of work for this Task Force will include: focused research on labour risks and issues, capacity building, awareness raising and activities geared towards more sustained and meaningful labour standards compliance.

⁵ The *Free and Fair Labor in Palm Oil Production Principles and Implementation Guidance* was developed by a diverse alliance of international human rights and environmental organisations and was launched in March 2015. For more information: https://www.humanityunited.org/wp-content/uploads/2015/03/PalmOilPrinciples_031215.pdf

IMPACT FOR PEOPLE

Engaging with labour unions in Indonesia

Since June 2015, alongside Organisasi Penguatan dan Pengembangan Usaha-usaha Kerakyatan (OPPUK), Oxfam Indonesia, FNV Mondiaal and Serikat Buruh Perkebunan Indonesia (SERBUNDO), we have hosted a series of workshops in Indonesia to kick-start a common approach to fair labour issues – particularly freedom of association – at Indonesian oil palm plantations. Output from the workshops included recommendations for all represented groups:

- **Labour unions and NGOs:**
to socialise labour topics, facilitated by the Ministry of Manpower and Transmigration.
- **Governments:**
to ensure legal protection covering freedom of association and collective bargaining across the supply chain.
- **The RSPO:**
to encourage all members to safeguard freedom of association and collective bargaining.

SDG Actions

RSPO

The RSPO supports the SDGs



Goal 8: Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

The P&C are aligned to the ILO Core Labour Standards and require all certified growers to guarantee decent and safe working conditions and fair pay, ensure there is no harassment or abuse in the workplace, safeguard the right to collective bargaining, and ban bonded and child labour.

SDG Opportunities

RSPO

The RSPO supports the SDGs



Goal 8: Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Fair labour standards must apply to all employees, including temporary and migrant workers. The RSPO is working to strengthen social audits to cover all of the risks associated with reliance on casual labour, and to ensure that all workers have access to the RSPO Complaints System.

Musim Mas

Petra Meekers,
Director of Corporate
Social Responsibility

//////
Musim Mas is a leading palm oil company and RSPO producer member. The company's mission is to produce palm oil products in an economically viable, socially responsible and environmentally appropriate manner. Musim Mas is headquartered in Singapore, and operates globally across the palm oil business spectrum.



Photo credit: RSPO & Jonathan Perugia

For Musim Mas, continuous improvement is an important part of the dialogue around labour issues and the RSPO standard. In July 2016, a generic checklist for audits based on the P&C 2013 was released, outlining how auditors can take into account evidence based on questions that guide the process. This checklist is important for standardisation, and is a useful tool that can create impact as it checks on compliance and verifies at the implementation level. How efficiently and effectively the guide is utilised will depend on the outreach and guidance provided to Certification Bodies, and on the third party accreditation process carried out by ASI.

RSPO's Certification Bodies are currently strengthening their knowledge and understanding of the labour standards, which is a positive step. The issue is that there is not always sufficient capacity within an audit team to undertake the process, and the time needed to conduct in-depth stakeholder interviews is limited. Time spent

on site and the auditors' experience with the procedures are vital to impartial auditing. The RSPO and the Certification Bodies may therefore need to focus on improving the audit process from a time and experience perspective. We also suggest that RSPO works on a platform together with the NGOs leading in labour issues to improve the process.

Going forward, it is important that the audit process involves an in-depth focus on labour verification. The RSPO HRWG has raised several concerns about how labour issues should be addressed in the auditing process. The RSPO could strengthen the link between Certification Bodies and the HRWG to develop an improved process for auditing labour settings.

IMPACT FOR PEOPLE

Monitoring commitments on paraquat and WHO 1a and 1b pesticides

Acting on stakeholder concerns about the high toxicity levels of the herbicide paraquat – currently banned in the European Union and restricted in the USA – many RSPO growers are limiting and eliminating its use. Some are also phasing out pesticides classified by WHO as 1a (extremely hazardous) and 1b (highly hazardous).

The RSPO P&C (4.6) states that pesticides can only be used in ways that do not endanger health or the environment. Growers are required to provide documentary evidence that they are reducing and/or have eliminated their use of paraquat, WHO type 1a and 1b pesticides, and chemicals listed by the Stockholm and Rotterdam Conventions.



Photo credit: RSPO & Jonathan Perugia

To provide some indications of progress for this report, as well as benchmark for future monitoring, we surveyed both oil palm growers and processor and/or trader members (i.e. those managing their own plantations) on this key commitment. To gain the broadest sample possible, we also used the Sustainable Palm Oil Transparency Toolkit (SPOTT) website to identify other members with a publicly available commitment on paraquat and WHO 1a and 1b pesticides, or a time-bound plan for phasing out their use.

The results combine survey responses or information gathered from 51 out of a total of 617 ordinary RSPO members that are oil palm growers, or palm oil processors and/or traders.


Paraquat policies or commitments

- 43 ordinary members across 15 countries either have a publicly available commitment to cease paraquat use (effective immediately or by a target date), or have indicated that they have ceased to use or have never used paraquat.
- 40 of these members are oil palm growers and 3 are classified as palm oil processors and/or traders.

Paraquat and WHO 1a & 1b pesticide policies or commitments

- 35 ordinary RSPO members have a publicly available commitment to not use WHO class 1a and 1b pesticides and paraquat (effective immediately or by a target date), or have indicated that they have ceased to use or have never used these substances.
- 33 of these members are oil palm growers and 2 are classified as palm oil processors and/or traders.

Type of commitment	Number of companies from sample (RSPO ordinary members)
Paraquat policy, target or phased out already	8
WHO 1a & 1b policy, target or phased out already	2
Both	35
Total	45

The full SPOTT scorecard can be accessed at sustainablepalmoil.org/companies/#scores 

IMPACT FOR PEOPLE

FOCUS ON: SOCIAL ACCOUNTABILITY AND ADDRESSING COMPLAINTS AND GRIEVANCES

The RSP0 Complaints Panel was set up in 2009 to address complaints made against RSP0 members. The RSP0 Complaints System guarantees the impartial and transparent resolution of alleged breaches, and that the companies involved are held to account for their actions. Infractions may relate to RSP0 statutes and bylaws, motions approved by the General Assembly, or any other approved articles, including the P&C, the certification system and the RSP0 Code of Conduct.

Dedicated Dispute Settlement Facility (DSF)

The RSP0 has implemented a dedicated support mechanism for members involved in land dispute cases. The Dispute Settlement Facility (DSF) is an in-house mediation service that facilitates the

sharing of information, contacts, know-how and experiences relevant to palm oil production dispute cases (where at least one party is an RSP0 member). The DSF also supports and facilitates communities and other stakeholders to use mediation as an effective means to resolve disputes.

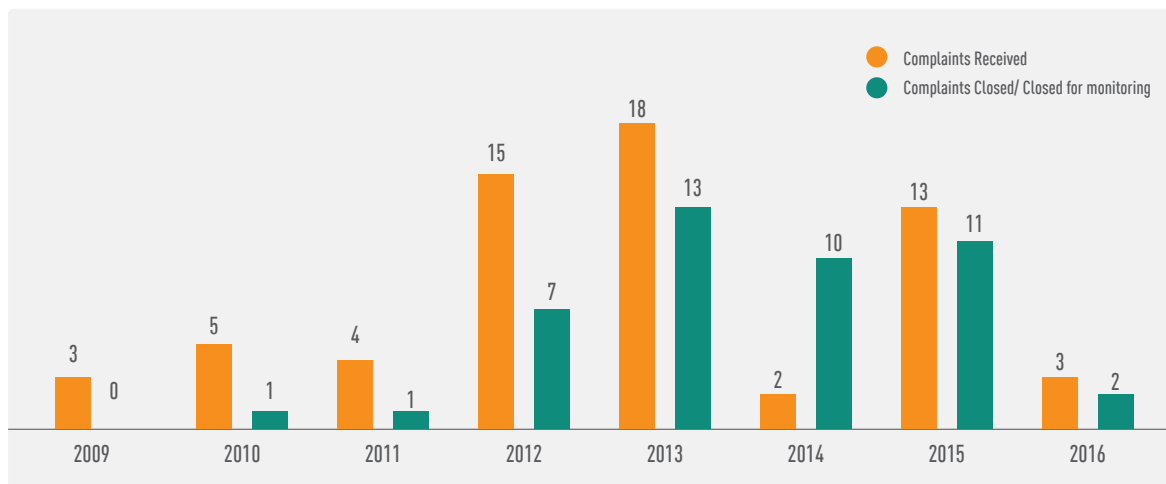
Addressing complaints and member accountability in 2016

As at 30 June 2016, 17 complaints were recorded as either under review or pending an action plan. Three new cases have been recorded in 2016, and two cases have been closed. Of the 63 cases handled by the Complaints Panel since 2009, 41 have either been closed or are closed for monitoring. The average time to close a complaint fell from 685 days in 2015 to 312 days in 2016.⁶

The RSP0 expects all its members to live up to their commitments and will take appropriate action against any who do not comply with mandatory requirements.

COMPLAINTS RECEIVED AND COMPLAINTS CLOSED

2009 - 2016



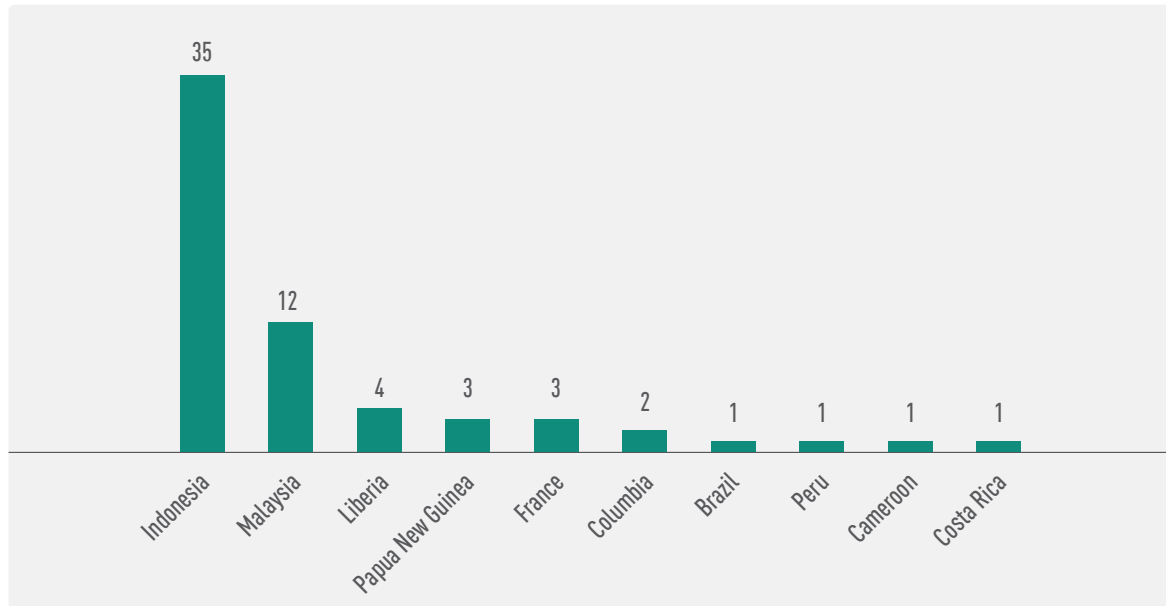
Note to data: Figures for 2009-2015 are representative of full calendar year (1 January - 31 December). Figures for 2016 are inclusive up to 30 June, 2016.

⁶ Number of days for 2015 is representative of full calendar year data, and number of days for 2016 is inclusive up until 30 June, 2016.

IMPACT FOR PEOPLE

COMPLAINTS BY COUNTRY

(As at 30 June 2016)



COMPLAINTS BY CATEGORY

(As at 30 June 2016)

Complaint category	No
Free Prior Informed Consent	25
Issues related to High Conservation Values	15
Breach of RSPO Code of Conduct	3
Credibility of Certification Body	3
Human rights violations	4
New Planting Procedure non-compliance	3
Other (e.g burning, plasma, pollution)	10
<i>Burning</i>	1
<i>Legality of plantation</i>	2
<i>Plasma schemes</i>	3
<i>River pollution</i>	2
<i>RSPO policy</i>	2
Total	63

New Independent Appeals Mechanism & Integrated Complaints System Procedures in consultation

A review of the RSPO Complaints System was completed by Natural Justice and the Borneo Conservancy Initiative in December 2014. A key recommendation was for the development of an Independent Appeals Mechanism (IAM) to replace the Board of Governors as the final arbitrator in any appeal against decisions taken by the Complaints Panel. This would help to minimise potential conflicts of interest in the current RSPO Complaints System. An Integrated Complaints System (ICS) procedure document has been developed that will incorporate the IAM. Both IAM and ICS procedures have undergone separate consultations during the reporting period, and the aim is for these to be endorsed by the Board in 2017. A final 30-day consultation was held in November 2016.

Link- AR Borneo

Djaya Sukma Ifantara,
Campaigner and Researcher



Photo credit: RSPO & Jonathan Perugia

Link-AR Borneo is a local human rights and environmental non-profit organisation located in West Kalimantan. Established in 2009, its work includes, investigating community land rights conflicts, engaging in conflict resolution between communities and companies, and providing recommendations to companies on how to work with communities.

Our experience with the RSPO Complaints System began almost two years ago and has so far been extremely positive. The system provides a channel through which issues on the ground can be communicated, and allows us to supply proof of any violations that might be occurring. The RSPO also connects us directly with the leadership of the company against which the complaint is lodged. In this way, the problem can be solved as soon as possible.

Without the RSPO Complaints System, there would be no mechanism putting pressure on palm oil companies and holding them to account. Filing complaints with local authorities, for example, does not have much impact. Submitting complaints through the RSPO, on the other hand, does. This is because companies risk certification suspension and this motivates them to take action.

One issue we feel the RSPO should address is the problem-solving process. The review of complaints is primarily desk-based with either limited or no investigation on the ground. In the past, we have often found that the supporting evidence provided by a company and evidence supplied by the complainant can be contradictory, which is why the RSPO should speak to communities directly and cross-check all evidence in the field. We would further recommend that the RSPO takes on more of a mediation role, ensures that the Complaints Panel is completely neutral, and continues monitoring for a specific time period after complaints are resolved. If we do not monitor, violations will continue to take place.

IMPACT FOR PEOPLE



Lessons & challenges

Improving social auditing mechanisms

Social auditing is vital for finding and tackling the worst forms of labour violation, especially given the palm oil industry's reliance on temporary and migrant workers who are vulnerable to below-minimum wages, passport removal, physical abuse and unsafe working conditions. Having reviewed and identified gaps in the application of existing audit methodologies, the RSPO will now work directly with auditors to improve quality and performance, ensuring the P&C are properly implemented and that every violation is identified, reported and addressed.

Ground truthing and increasing access to the complaints system

The RSPO Complaints Procedure has a built-in investigative component that provides for the commissioning of additional verification and investigation if further information is deemed necessary. However, we acknowledge that the majority of cases are currently not verified at ground level. The new ICS Procedures will expand on the ground truthing component by including a dedicated section on the investigation phase, and allowing the Complaints Panel to conduct or direct investigation into complaints. We also acknowledge our reliance on social NGOs and local partners to channel cases into the system. Improving access will be a key focus of the RSPO Complaints System revamp.



IMPACT ON OUR PLANET



Photo credit: RSPO & Jonathan Perugia

Oil palm cultivation continues to have a negative environmental impact, with deforestation remaining a lead cause for extreme concern.

For our purposes, deforestation is defined as the clearing of land covered by primary forest (i.e. untouched by human activity) or land that has contained high conservation value (HCV) areas.⁷ Deforestation, as well as the conversion of high carbon stock land areas (especially peatlands) increases the risk of fire and releases large amounts of greenhouse gases (GHGs). The development of HCV areas also threatens rare species with extinction and impoverishes local communities in the long term.

The RSPO is working with its members to eliminate the loss of HCV areas and to plan development in such a way to minimise net GHG emissions towards a goal of low carbon development. Key developments during the current reporting period include the update of the New Planting Procedures (NPP), endorsed by the RSPO Board in November 2015, as well as the launch of RSPO NEXT, a voluntary addendum criteria to the existing P&C.

⁷ HCV areas host protected species and biodiversity (HCVs 1-3), basic ecosystem services in critical situations (HCV 4), sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (HCV 5), and sites with cultural or national significance (HCV 6). For more information, visit: <https://www.hcvnetwork.org/about-hcvf/the-six-high-conservation-values>

IMPACT ON OUR PLANET

FOCUS ON: NO DEFORESTATION AND REDUCING GHG EMISSIONS

RSPO NEXT

Released in February 2016, RSPO NEXT contains a set of additional criteria and indicators, beyond those already built into RSPO certification, to which members must comply and have verified by an accredited Certification Body (CB) in order to prove they work with best practices in key environmental and social dimensions. RSPO NEXT has so far been received well in the market, but many stakeholders have called for the criteria to be included in the P&C.

In the context of deforestation, the RSPO P&C already prohibit the clearing of primary forests, HCV and extensive planting on peatlands. RSPO NEXT requires growers to go further and commit to a strict no-deforestation policy. Furthermore, development can only take place on mineral soils and low carbon stock areas. Low carbon stock areas are defined as those with (above and below ground) carbon stores, that would be lost by conversion to oil palm, smaller than that which would be sequestered within an oil palm crop and other set-aside areas within the management unit over the period of one rotation.⁸ This policy extends beyond company boundaries and incorporates the landscape approach (see page 40).



RSPO NEXT add-on criteria and indicators

The RSPO NEXT add-on criteria and indicators, including the eligibility and application framework, were developed by a working group of RSPO Board members including growers, processors and traders, retailers and social and environmental NGOs. The indicators are:

 No Deforestation	 No Use of Fire	 No Planting on Peat
 Reduction of GHGs	 Respect for Human Rights	 Transparency

⁸ Encouragement for growers to establish new plantings on mineral soils, in low carbon stock areas, and cultivated areas is already included in the P&C under the guidance for criterion 7.8.2.

Golden Veroleum Liberia

David Rothschild,
Executive Director



Golden Veroleum Liberia is an oil palm developer with a vision to develop the Oil Palm sector in Liberia in a sustainable manner. GVL is one of Liberia's largest investors, they hold the belief that oil palm development can and should be carried out responsibly and sensitively. GVL has been an RSPO member since August 2011.



The RSPO processes, such as the New Plantings Procedure (NPP), are quite rigorous. The NPP does identify HCV forests upfront and requires management and mitigation plans to be developed before new plantings can proceed. The HCV compensation process also facilitates remediation and reforestation.

However, from our perspective, there is a lack of consistency in the application of the RSPO P&C guidelines and processes. We would suggest there are weaknesses in the actual application of the P&C as we find there is a lack of clear definitions, operational guidelines and measurement methodologies. We believe that monitoring mechanisms are also largely inadequate because they currently depend mainly on audits, which may not be comprehensive, or worse, on complaints, some of which may be frivolous and yet consume significant resources and time to resolve.

The fact that there are industry-driven initiatives to address the deforestation issue – with many RSPO members participating or driving them perhaps illustrates the deficiencies in the current RSPO processes and activities.

As RSPO members, our hope is that RSPO can play a more active leadership role in driving the industry to adopt best practices, such as no deforestation, and in encouraging multi-stakeholder engagement, as well as harmonising the different methodologies – (e.g. GHG, HCSA and HCS+) so that there is one clear, consistent and accepted methodology in addressing the deforestation issue in the industry. Such a methodology should take into account the context of communities owning or utilising the forest, the outcomes desired by these communities and their active understanding and consent. It could consider local legislation and perhaps local definitions of forest cover without compromising core forest conservation standards. There should also be the consideration that in some of the world's most impoverished countries, responsible land development and agriculture are important and possibly the only viable alternatives for economic development.

Forest conservation issues and initiatives are complex and multidimensional, and GVL believes that RSPO can play an important leadership role in addressing the challenges. GVL management trusts that the observations and suggestions provided will be taken as constructive feedback to the RSPO in fulfilling its important role in improving standards in the oil palm industry.

IMPACT ON OUR PLANET

Updated New Planting Procedure

Introduced in 2009, the New Planting Procedure (NPP) ensures that all RSP0 requirements are taken into account before new plantations are developed. Under the NPP, all oil palm plantings developed after 1 January 2010 must meet specific criteria in advance of any land preparation or associated development. Specifically, proposed developments should not include primary forest or HCV areas, should not degrade fragile or marginal soils, and should not encroach on lands owned by local communities.

The NPP is implemented through a set of technical assessments and stakeholder engagements, including a Free, Prior and Informed Consent (FPIC) process. After these assessments are verified by an accredited

certification body, a notification is posted on the RSP0 website for a 30-day public consultation, together with summaries of the assessments. The NPP notification contains the findings of the assessment, details of the planned development and the management plan. The grower needs to address all comments received during this public notification. Furthermore, the grower may not commence any land preparation, nor any new planting or infrastructure development, before the end of the 30-day period or prior to official approval by the RSP0.

In November 2015, the RSP0 Board of Governors endorsed an updated New Planting Procedure. NPP 2015 was effective from 1 January 2016 (with a six months grace period) and became compulsory on 1 July 2016.

KEY UPDATES IN NPP 2015:

Compiles all previous
NPP DOCUMENTS
into one
procedural document

INCORPORATES NEW ELEMENTS

from the P&C 2013
(including **P&C 7.3, 7.8**)
as well as the required use of the High Conservation Value Resource Network (HCVRN) Assessor Licensing Scheme (ALS).

Provides clarification on
the new planting definition and application of
PRINCIPLE 7.

PROVIDES FURTHER CLARIFICATION,
including clearer language
surrounding guidance steps

Exempts conversions of land under livestock ranches
and agricultural crops since **1 January 2010**
from **verification** by a certification body.

Removes application of
requirements for on-going
plantings (plantings straddling
January 2010)

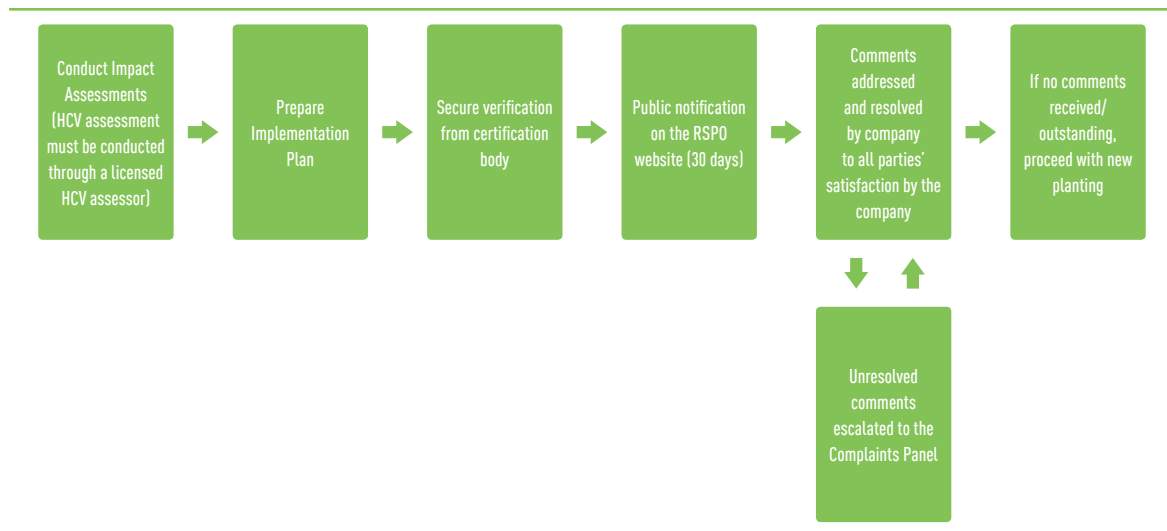
Requires independent
assessments for
developments covering
more than 500 ha.

A list of current NPP consultations can be accessed at rspo.org/certification/new-planting-procedures/public-consultations 

IMPACT ON OUR PLANET

The NPP 2015 process

1. Conduct Impact Assessments (HCV assessment must be conducted through a licensed HCV assessor)
2. Prepare implementation plan
3. Secure verification from certification body
4. Public notification on the RSPO website (30 days)
5. Comments addressed and resolved by company to the satisfaction of all parties
6. Unresolved comments escalated to the Complaints Panel
7. If no comments received/outstanding, proceed with new plantings



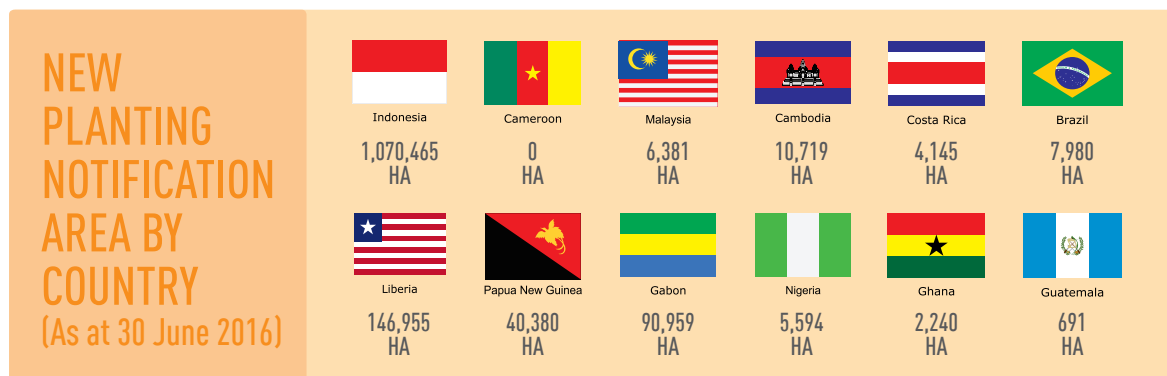
NPP Highlights

As at 30 June 2016, a total of 1,386,509 ha across 11 countries were subject to NPPs. In this reporting period:

- 14 NPP notifications were approved covering 40,023 ha in Indonesia, Malaysia and Papua New Guinea.
- Under the 14 NPP notifications approved in this reporting period, 9,849 ha has been proposed for HCV area.
- The first NPP was received from Guatemala (691 ha), while Cameroon has been removed from the current NPP area list.

Launch of the Assessor Licensing Scheme

All assessors conducting HCV assessments for the NPP must be licensed under the HCV Resource Network. This ensures that their methodologies follow a standardised procedure. As part of the process, HCV reports for NPPs must be submitted to the ALS, which was launched in October 2014. Of the 27 HCV reports submitted in this reporting period, 22 were related to NPP requirements.



WWF International

Adam Harrison,
Global Palm Oil Lead

WWF is the world's leading conservation organisation, working in 100 countries worldwide. WWF's work combines research, advocacy, and building partnerships across sectors and at all levels, to protect wildlife and endangered species. Adam Harrison is WWF's lead on palm oil, working with and putting pressure on the palm oil value chain to fund, produce and source the commodity sustainably and to influence government policies that shape the wider industry. He is also the lead in WWF on institutional support to the RSPO.



The RSPO has played an indispensable role in pushing the no deforestation agenda forward, in part by mainstreaming tools, such as the HCV assessment, which had and still has no legal recognition in the largest palm oil producing countries. The RSPO also pioneered a carbon assessment approach at a time when no one was working in the carbon sphere within the sector. While the various HCS initiatives are where the methods are being finalised, there is no doubt that the RSPO has had a significant influence towards getting no deforestation issues on the table.

The widespread adoption of no deforestation policies is promising, but only a start. A major challenge here relates to the industry being largely dependent on smallholders and small-medium sized independent companies, and a lack of control and traceability of illegal FFB sourcing. We recognise that RSPO is making some steps here through its FFB Legality and Traceability Task Force, which is currently looking at how mills can operate in different ways and start understanding where FFB is coming from.

Other crucial elements in the move to put no deforestation into practice is quality control of current processes required by RSPO members (e.g. HCV management), as well as consistent, comparable third-party verification of no deforestation commitments. We see that a big task for the RSPO now will be to work out what HCS means for FPIC, HCV and carbon, and how HCS can be integrated back into the RSPO's standards and procedures.

The quality of debate that the industry has had around no deforestation and the challenges of HCS has been much higher due to the 10 years of trust building facilitated by the RSPO. However, engagement with government in this debate has been limited. There is only so far that even the best performing companies can go when trying to function within policies that limit them. With the jurisdictional approach, it is clear that the RSPO is now starting to make progress on working with legislators, regulators, and policy makers. Expanding and strengthening these types of engagements will determine the success of conserving HCV and HCS areas in the long-term.

IMPACT ON OUR PLANET

HCV Remediation and Compensation Procedure

HCV assessments are critical for demonstrating compliance with the RSP0 P&C and the NPP. Despite P&C 7.3 explicitly prohibiting new plantings after November 2005 in primary forest or HCV areas, cases of land being cleared without due evaluation were still coming to light in 2014.

The RSP0 takes such breaches extremely seriously, but acknowledges that some have resulted from unfamiliarity with the P&C or the activities of previous landowners. Rather than pursuing immediate suspension, or excluding growers from the certification scheme, we launched a Remediation and Compensation Procedure (RaCP). This procedure requires producers to compensate for any land clearance without prior HCV assessment since November 2005—for example, by carrying out onsite or offsite remediation in partnership with the government, the community or with an NGO. The compensation plan must be proportionate to the habitat lost.

A one-year staged implementation of the RaCP was initiated in May 2014, designed to gather additional information and experiences in order to further refine the procedures. All RSP0 producers were given until the end of July 2014 to disclose any non-compliant land clearance, and until the end of September 2014 to submit a Land Use Change Analysis (LUCA). The RaCP was then revised in May 2015 to strengthen and further clarify dimensions on social liability and the submission of new planting Standard Operating Procedures (SOPs). All non-compliant land clearance disclosures and LUCA are now subject to these new requirements, which were endorsed in November 2015 following a 60-day public consultation.

The RSP0 is contacting members directly to offer guidance on the updated RaCP – including the compensation of social liabilities – and to communicate deadlines for submitting evidence that they have no outstanding social issues and have established SOPs relevant to NPP. As at 30 June 2016, we have 100 % full disclosure on non-compliant land clearance from our members who own or manage plantations. These members are now in various stages of the compensation process.

SDG Actions

RSP0

The RSP0 supports the SDGs



Goal 15: Life on land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and biodiversity loss.

Principle 5 of our P&C is dedicated to Environmental Responsibility and Conservation of Natural Resources and Biodiversity. It includes requirements on identification and mitigation of negative environmental impacts, enhancement of positive impacts, the preservation of rare, threatened and endangered species, and conservation of HCV Areas.

RSP0

The RSP0 supports the SDGs



Goal 6: Clean Water and Sanitation

Ensure availability and sustainable management of water and sanitation for all.

Principles 4, 5, 6 and 7 in the P&C contribute to various targets set out under SDG 6 for clean water and sanitation. For example, a water management plan is required by growers under principle 4, which covers: water use efficiency; wastewater minimisation; safeguarding surface and groundwater from contamination; providing access to adequate and clean water for workers and local communities; and ensuring that the use and management of water by the operation does not result in adverse impacts.

IMPACT ON OUR PLANET

SDG Opportunities

RSPO

The RSPO supports the SDGs



Goal 13: Climate action / Goal 15: Life on land

Take urgent action to combat climate change and its impacts / Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and biodiversity loss.



Long-term conservation and reduction in carbon emissions can only be achieved in partnership with governments, growers and communities. We will continue working with all actors to ensure HCS and HCV areas are identified and mutually recognised, and that alternative approaches that decouple socioeconomic development from deforestation and environmental degradation are developed.

Lessons & challenges

Peatland subsidence

Research by Wetlands International indicates that peatland subsidence caused by the development and drainage of peatlands in Indonesia and Malaysia, will lead to increased and prolonged flooding and loss of productivity in these land areas.⁹ This has disastrous consequences for habitats, communities and companies. The RSPO P&C strongly discourage peatland development, specifying that drainability assessments must be carried out before any replanting takes place, and that environmental degradation and GHG emissions are monitored and reported to the RSPO. RSPO NEXT goes further, explicitly prohibiting any planting on peat.



Photo credit: RSPO & Jonathan Perugia

The need for certification at landscape level

The causes of deforestation, HCV degradation and loss of community lands are interlinked. A meaningful response must address these challenges at a landscape level, where the multiple objectives of different land use types are considered, even beyond the concession areas of oil palm plantations. At the end of 2014, the RSPO began an

ambitious initiative to develop stakeholder-driven certification at a state level. This 'jurisdictional approach' involves the development of regulatory processes and policy frameworks supporting palm oil certification.

Haze in South East Asia

The haze in South East Asia – primarily caused by agricultural fires in Riau province in Sumatra and Kalimantan – continues to inflict extreme environmental, social and economic costs across Indonesia and surrounding countries. One of the worst and most prolonged periods of haze occurred in 2015 as a result of dry weather triggered by El Niño.

The RSPO considers the environmental pollution, destruction and health damage caused by these fires to be deplorable. In 2014, the World Resources Institute developed a mapping tool that identifies and locates fires in oil palm concessions and RSPO certified oil palm concession areas with a high level of precision.¹⁰ Within our capacity, we will continue to take firm action to investigate any hotspots and incidents potentially linked to RSPO members, and will demand corrective measures whether the fires are due to systemic issues or not.

We are also prepared to take remedial action against companies reported to be in non-compliance to the P&C which forbids open burning and requires that all members have standard operating procedures to manage fire. As the problem is widespread, and goes beyond palm oil production, we see there is a need for collective actions based on the contribution of all stakeholders. These actions should include the adoption of systematic solutions and the shaping of governance for the whole region.

⁹ Research on peatland subsidence carried out by Wetlands International can be accessed at <https://www.wetlands.org/publications/flooding-of-lowland-peatlands-in-southeast-asia/>.

¹⁰ The map is accessible at www.globalforestwatch.org. It identifies land concessions granted by governments, deforestation (and reforestation), active fires and plantations that have been certified as sustainable.

IMPACT ON PROFITS & RSPO OUTREACH

DRIVING CHANGE THROUGH THE SUPPLY CHAIN



Photo credit: RSPO & Jonathan Perugia

Sustainable palm oil is increasingly recognised as not only economically viable, but also as profitable in its own right.

The RSPO celebrates the fact that more and more major players understand the benefits and are coming on board. But to drive real change, we need to ensure that sustainable practices and certification are workable and profitable for players at every level of the supply chain.

Supporting smallholders will be crucial in this respect. The RSPO recognises that certification is a big challenge for smallholders, and that many face day-to-day challenges that make it difficult to prioritise what may seem a complicated process with few immediate benefits.

During this reporting period, the RSPO has commenced work on a Comprehensive Smallholder Strategy, and has continued working to demonstrate that making sustainable palm oil the norm will be profitable for everyone.

FOCUS ON: SUPPORT FOR INDEPENDENT SMALLHOLDERS

Three million smallholders and small-scale farmers earn their living from palm oil. They may be small in terms of individual size, but their collective contribution to the global supply of palm oil is important. In 2015/2016, smallholders produced 0.96 million MT of palm oil - around 9% of total production globally.

Smallholders have specific challenges that make it difficult for them to operate sustainably. Lacking access to the latest knowledge and tools used by large producers, they typically have much smaller yields per unit of area, and this increases the likelihood that they will clear land to improve output. Lack of expertise also limits their ability to access new markets.

Working with smallholders therefore presents a significant opportunity to support the production of sustainable palm oil and reduce the risk of deforestation and environmental degradation. By facilitating smallholders' access to markets, and by sharing tools and knowledge to help them increase yields and profitability, we make sustainable palm oil a far more compelling proposition.

IMPACT ON PROFITS & RSPO OUTREACH



Photo credit: RSPO & Jonathan Perugia

How the RSPO works with smallholders

RSPO provides certification to match the needs of the two main smallholder types: independent smallholders, who are self-managed and not contractually bound to a mill, and scheme or associated smallholders, who are contractually bound to (and often directly supervised by the managers of) a mill, scheme or estate. Independent smallholders must be certified under RSPO Group Certification.

In March 2016, we launched the RSPO Management System Requirement and Guidance for Group Certification of Fresh Fruit Bunch. The document provides a step-by-step guide to the RSPO certification process for any Fresh Fruit Bunch (FFB) producers not managed by a mill-with-supply-base. This includes independent, associated smallholders (including scheme smallholders), outgrowers and all independent growers, regardless of the size of their plantations.

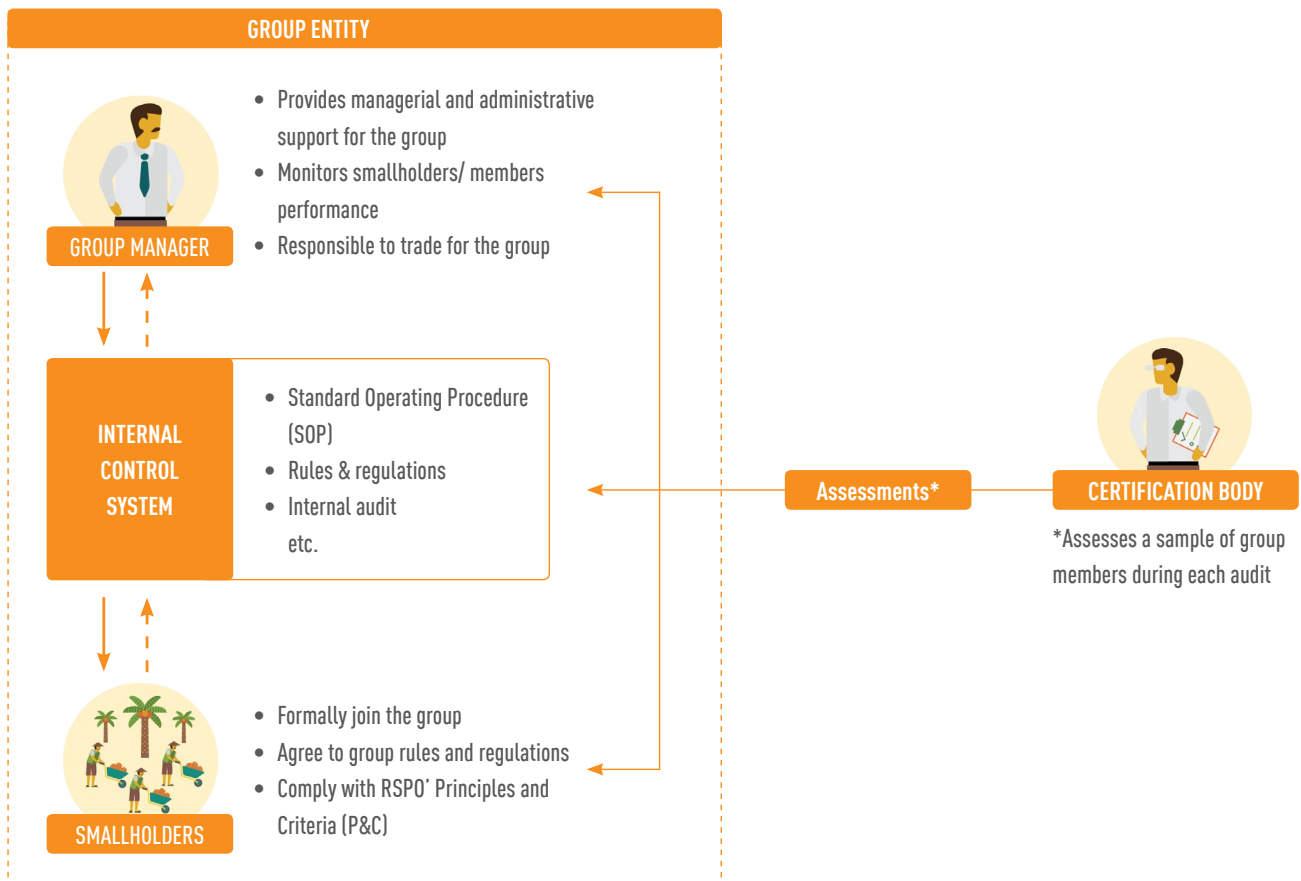


Figure: Group Certification Structure

IMPACT ON PROFITS & RSPO OUTREACH



RSPO Smallholders Support Fund

Certification can be a complicated exercise for smallholders. It requires training, guidance and administration – and all of these require funding. The RSPO Smallholder Support Fund (RSSF) has been established to support smallholders through the certification process while minimising costs.

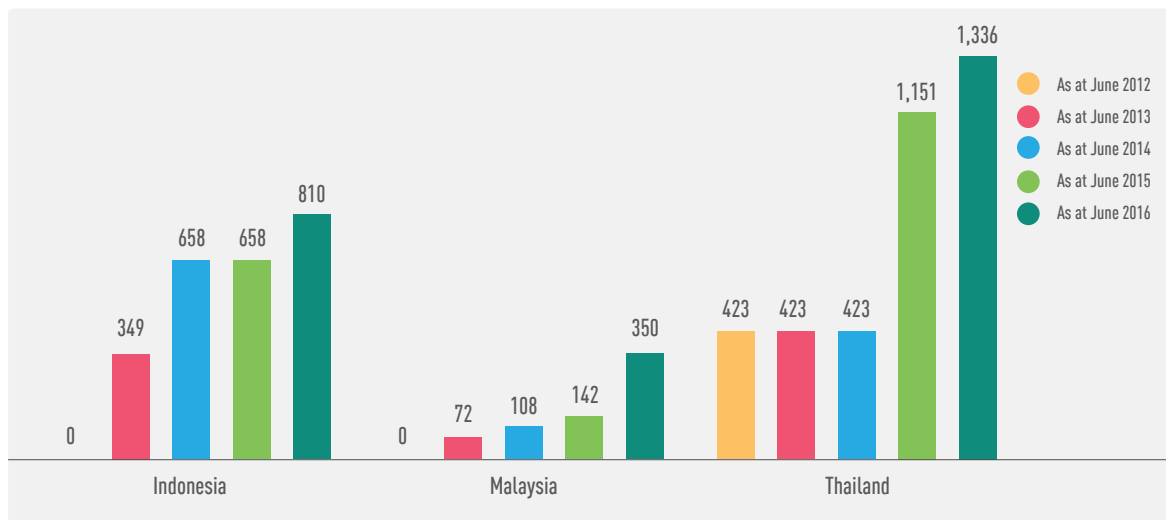
The RSSF is funded from 10% of income generated through the trading of CSPO. This provides support to cover audit costs, HCV and Social and Environmental Impact Assessments (SEIA), the development of internal control systems, as well as the tools and training to build capacity and bring more high quality FFB to the market.

Smallholder certification highlights (as at 30 June 2016)

- **11,880** ha certified in total under group certification for independent smallholders.
- **1,692** independent smallholders newly certified in the reporting period (1 July 2015 - 30 June 2016).
- **17** independent smallholder groups composed of 2,496 independent smallholders certified in Indonesia, Malaysia and Thailand.
- **146%** increase in certified independent smallholders in Malaysia since the last reporting period (1 July 2014 - 30 June 2015).
- **23% and 16%** increases in certified independent smallholders in Indonesia and Thailand respectively since the last reporting period (1 July 2014 - 30 June 2015).

NUMBER OF INDEPENDENT SMALLHOLDERS UNDER GROUP CERTIFICATION

2012 - 2016



Note to data: Just over 2,000 smallholders from the FELDA Segamat scheme (Malaysia) were included in the 2014 Impact Report as they were certified under the group certification scheme. However, for the sake of accuracy, we have decided to exclude these from future reporting. All figures are based on RSPO's official reporting period (1 July - 30 June) for each respective year.

IMPACT ON PROFITS & RSPO OUTREACH

RSPO Smallholders by the Numbers (As at 30 June 2016)



Taking action on smallholder needs

The RSPO's Guidance for Independent Smallholders on Managing HCV in Established Plantations has been a key achievement in making certification requirements actionable for small operators. The HCV management criterion has hitherto proved particularly challenging for smallholders.

Developed in collaboration between the HCV Resource Network and SHARP, a multi-stakeholder partnership that supports sustainable smallholder development, the guidelines offer a simplified approach to HCV management that incorporates basic but robust procedures for identifying, managing and monitoring potentially affected HCVs.

The RSPO Comprehensive Smallholder Strategy

A resolution to develop a specific smallholder strategy was adopted at the 2015 General Assembly. The strategy should define the role that mills, markets, local authorities and the RSPO can play in creating an enabling environment where smallholders can work sustainably and support transformation in the palm oil sector. The resolution states that the strategy and its action plan must be completed within one year.

The RSPO has so far established a number of structures (including the Smallholder Working Group and Smallholder Support Fund), regulations (including group certification, verification scope as 'mill and supply base', and grace periods for scheme smallholders) and other approaches (jurisdictional approach to certification) to support host communities and smallholders.

Our next steps will be to learn more about the particular needs of smallholders as well as the challenges they face. This will enable us to develop a flexible approach that can be tailored towards the diverse needs of small operators in different regions. Complex factors such as gender, family and community relations must also be addressed in order to support transition and growth. In line with these ambitions, we organised a series of workshops in Q3 and Q4 2016 where the working group and independent experts provided input for five-year regional action plans. Workshops were hosted in Indonesia, Honduras, Ghana and the Netherlands.

The Comprehensive Smallholder Strategy is scheduled for finalisation at the end of 2016. The strategy was presented to the RSPO Board of Governors in November 2016. The subsequent action plan will be developed following the approval of the strategy by the Board of Governors.

IMPACT ON PROFITS & RSPO OUTREACH



Understanding the impact of RSPO certification on livelihood & sustainability – evidence from independent smallholders in East Malaysia

To better understand the impact of certification on smallholders' livelihoods, the RSPO funded a 2015 study by the Institute of Agricultural and Food Policy Studies (IKDPM). Field observations and surveys were carried out in Bintulu (Keresia) and Sandakan (Sapi) districts, with a total of 76 and 100 smallholders being interviewed in these areas respectively.

Sufficient evidence was found to conclude that RSPO certification has a positive impact on the social and economic wellbeing of smallholders, as well as on their surrounding environment. A number of recommendations were also made to ensure that these benefits are sustained over the long-term.

Study findings:

- **A high level of awareness:** smallholders are generally aware of certification, and would be motivated by economic incentives (e.g. premium pricing and farm yield improvements).
- **Improved working relationships:** in Keresia, certification

enhanced interaction between plantation companies and independent smallholders.

- **A spill-over effect:** non-certified smallholders emulate the best practices adopted by their certified counterparts and benefit from infrastructure provided by plantation companies.
- **A return on investment:** some certified smallholders experience higher economic returns compared to non-certified smallholders. Mean annual household income for certified smallholders in Keresia is almost 25% higher than that of non-certified smallholders – with bigger yields and farm size also being relevant factors.
- **Environmental improvement:** some certified smallholders perceive an improvement in their surroundings post-certification (e.g. better waste management and less pollution).
- **Less and safer chemical use:** certified smallholders are better trained in the use of fertilisers and pesticides, increasing safety and reducing harmful substances in the environment.
- **A catalyst for social wellbeing:** RSPO certification may improve social structures, facilities, working conditions, lifestyle and education, as well as cooperation among farmers.

Key recommendations:

- **Extension services are vital:** beyond certification, smallholders need continuous education and support to keep improving their productivity and achieve the full benefits.
- **Premium prices drive certifications:** premium pricing of FFB and transparency in the pricing and payment mechanism attract more smallholders to become certified. To support this, certified mills could transfer some of the premium they receive to certified smallholders.
- **Group managers are key:** they need to play an active role in organising certified smallholders, not only for certification, but also to guide and build business decision making capacity.

SDG Actions

RSPO

The RSPO supports the SDGs



Goal 2: Zero hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

RSPO supports smallholders by providing the framework through which they can obtain RSPO certification. Certification creates an opportunity to gain access to markets, improves farm management, increases yields through best practices and can thereby raise household incomes.

SDG Opportunities

RSPO

The RSPO supports the SDGs



Goal 5: Gender equality

Achieve gender equality and empower all women and girls.

Our approach to smallholders should include a strong focus on improving livelihoods for women. This has not yet been made an explicit RSPO focus, yet it should be integral considering the central role women play in small-scale farming in many countries around the world.

Yayasan SETARA Jambi

Rukaiya Rafiq,
Director



SETARA Jambi is a local non-governmental organisation launched in May 2007. It focuses on promoting sustainable palm oil in Jambi and South Sumatra.



Photo credit: RSPO & Jonathan Perugia

The RSPO has made a strong effort to support smallholders, especially independent smallholders. We recognise the RSPO's success in developing a sustainability standard for smallholders, and the importance and value of the RSPO Smallholders Support Fund (RSSF). In Indonesia, for example, the number of RSPO certified independent smallholders has significantly increased this past year. On the other hand, there are still many challenges to be addressed regarding implementation of these standards on the ground.

From our perspective, the success of the RSPO's goal of making sustainable palm oil the norm will depend on the participation of smallholders. Tackling the issues they face and providing solutions requires a deep understanding of the various contexts in which smallholders operate.

The RSPO is making advances through the launch of new guidelines for smallholder group certification and the release of RSPO NEXT. While these are encouraging developments, we also see that these initiatives may add more complexity, and may not be fully applicable to independent smallholders.

We hope to see the RSPO evaluating its progress with smallholders and developing an understanding of the situation in the field prior to revising future guidelines. For example, the RSPO could develop a work plan to engage with smallholders on the ground regularly (ideally every six months). Regarding the RSSF, we would recommend that the procedure to access the fund is simplified and socialised beyond the national level (Indonesia).

IMPACT ON PROFITS & RSPO OUTREACH

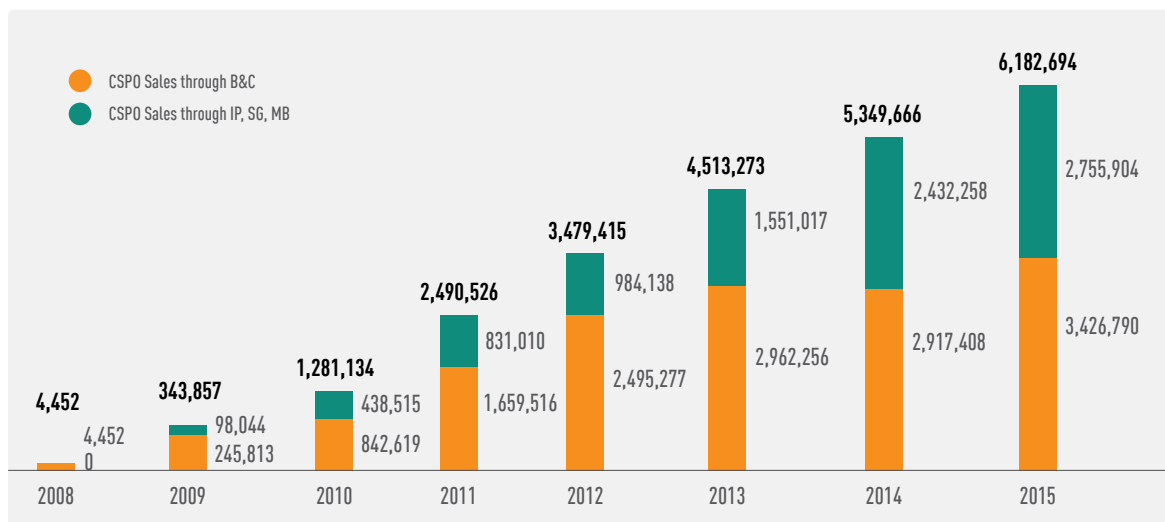
FOCUS ON: MARKET OUTREACH AND GENERATING DEMAND

Market uptake progress

Demand for CSPO has continued to grow, with overall sales of CSPO growing by 16% to over 6 million MT as at December 2015. From 2014 to 2015 (calendar year), physical sales of CSPO increased by 13%, while sales of palm oil covered by the Book & Claim (B&C) system increased by 17%.

The proportion of CSPO sold as a percentage of CSPO produced has decreased slightly in the first half of 2016, but is still close to the halfway mark at 45.7%, compared to just over 50% in the last reporting period.

ANNUAL SALES OF CSPO (MT) (2008 - 2015)



Note to data: All figures are based on calendar year (e.g. 1 January - 31 December).

Deadlines approach for National Commitments

National Commitments are initiatives set up to define and pursue sustainable palm oil goals at a country level. They are established independently of the RSPO and are led by industry players, governments or both.

December 2015 was the deadline for achieving 100% CSPO for several European National Commitments. According to data collected by the RSPO, Germany, France, the Netherlands and the UK have all made significant progress towards reaching their targets (see page 48 for further information). It should be noted that National Commitments hold varying market shares, and may cover more than food or retail sectors.

The RSPO has publicly pledged and is fully committed to help build a 100% CSPO European market by 2020. We support all National

Commitments by acting as a platform for sharing knowledge on membership and market performance data, announcing commitments via the RSPO Annual Communications of Progress, as well as campaigning on key sustainability issues.

The RSPO publishes data and progress updates on national commitments at rspo.org/certification/national-commitments

Driving regional targets with an expanded market outreach

We have continued to tailor RSPO outreach activities based on CSPO uptake targets for each region. By 2020, Europe is targeted to reach 100% CSPO, Malaysia and Indonesia 50% CSPO, India 30% CSPO and China 10% CSPO. To facilitate focus and provide assistance in key regions, RSPO has set up additional offices in China and Latin America and now has representatives in India, Thailand and the USA.

IMPACT ON PROFITS & RSPO OUTREACH



REGION



EUROPE

The third biggest palm oil market and home to some of the world's biggest brands and companies, Europe is a key strategic region for driving global transformation.

ACHIEVEMENTS



Increased commitment to source 100% sustainable palm oil by 2020:

- Amsterdam Declaration supporting a Fully Sustainable Palm Oil Supply Chain by 2020 signed by UK, the Netherlands, Germany, France, Denmark and Norway at a summit convened by the Dutch Government in December 2015. More countries are expected to join soon.

More policies focused on palm oil sustainability:

- A feasibility study of policies to end "imported deforestation" caused by commodities including palm oil was launched by the European Commission in early 2016.
- The European Parliament is working on a non-binding motion for a resolution on sustainable palm oil.
- The environmental and social impacts of unsustainable palm oil production have been discussed in the German Federal and Italian Parliaments.

Transformation of the food and retail sector in key markets:

- Food industries in the Netherlands and Germany achieved 84% and 79% RSPO certification respectively.
- French Alliance members achieved 96% of the target to use 100% CSPO by December 2015.¹¹
- Leading retailers in the UK achieved the target to source 100% CSPO at the close of 2015.¹²
- Norway, Sweden, Denmark and Italy have established industry commitments on CSPO.

Annual RSPO European Roundtable conference:

- Conferences in Berlin (2013), London (2014), Amsterdam (2015) and Milan (2016) have been highly successful, gathering several hundred representatives from the industry, NGOs, academia, local governments and governments from palm oil-producing countries.

A new communication strategy for Europe:

- The Palm Oil Debate was launched on The Guardian newspaper website in 2014 in partnership with Guardian Sustainable Business. The page drives consumer awareness on the impact of conventional palm oil production and enhances the credibility of CSPO. It receives on average 28,000 unique visitors from up to 50 countries every month.
- The interactive "From rainforest to your cupboard: the real story of palm oil", one of the Palm Oil Debate's most successful features, has been viewed by hundreds of thousands of people.

A more positive public profile for RSPO in Italy:

- The RSPO succeeded in raising awareness about CSPO and disentangling a discussion about CSPO from the nutritional debate through proactive media and stakeholder engagement.

CHALLENGES & NEXT STEPS



Our next challenges are to engage industry sectors that are not yet working towards 100% CSPO and to encourage companies to shift from GreenPalm certificates (Book & Claim) to 100% physical palm oil (Mass Balance, Segregated or Identity Preserved).

To tackle these challenges in 2016–2017, the RSPO will prioritise four work streams:

1. Engaging with stakeholders in new markets (e.g. Spain and Poland) and new industry sectors (e.g. animal feed) to increase CSPO uptake.
2. Promoting RSPO NEXT among RSPO members and potential members in Europe.
3. Encouraging more countries to sign the Amsterdam Declaration, working with the European Commission and Parliament on the palm oil and deforestation resolution, and engaging policymakers in other countries where palm oil is high on the agenda.
4. Reaching broader audiences by educating mainstream media on the complex issues surrounding palm oil production (e.g. the RSPO organised a visit to a sustainable palm oil plantation in Thailand for European journalists in November 2016).

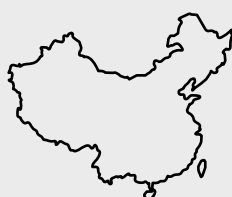
¹¹ <https://www.huiledepalmedurable.org/bilan-2015-perspectives-a-lhorizon-2020>

¹² <http://www.4-traders.com/news/BRC-British-Retail-Consortium-RETAILERS-LEAD-BY-EXAMPLE-WITH-SUSTAINABLY-SOURCED-PALM-OIL--23088273/>

IMPACT ON PROFITS & RSPO OUTREACH



COUNTRY



CHINA

Although the third largest importer of palm oil worldwide, China's uptake of CSPO remains low. RSPO's vision is to achieve 10% CSPO uptake in China by 2020.

ACHIEVEMENTS



First meeting of the RSPO China Steering Committee

- First offline meeting hosted by RSPO for members and key players in China in May 2016.

Greener supply chains on the agenda at APEC

- On 29 July 2016, RSPO China delivered a speech at the APEC Annual Conference on Green Supply Chains.

First RSPO China Forum

- The first RSPO China Forum took place on 13 July 2016, gathering all palm oil stakeholders in the country together to promote sustainable palm oil.

'Say Yes to Sustainable Palm Oil' campaign launched

- RSPO China's first public campaign went live in Beijing and Shanghai in August 2016 as part of a collaboration with City Shop.

Media roundtables on sustainable palm oil

- Between May and August 2016, RSPO China conducted 3 media roundtables to engage and educate on palm oil issues.

A growing RSPO membership

- Between August 2014 and August 2016, RSPO memberships in China increased from 28 to 55, while the number of certified facilities has increased from 33 to 71.
- Sino-Grain, one of China's top 3 state-owned palm oil importer and manufacturers, joined the RSPO as a member in May 2016.

New collaboration with CQM-PCC

- A Memorandum of Understanding has been signed between RSPO and CQM-PCC, the leading state-owned certification body, to jointly enhance RSPO certification in China.

CHALLENGES & NEXT STEPS



Public awareness about palm oil and sustainable palm oil is very low. At the same time, international consumer goods manufacturers are reluctant to communicate about RSPO to the public in China while Chinese consumer brands are more concerned about the costs rather than the benefits of buying CSPO. The Government could also play a more proactive role in palm oil related policy and regulations.

To address these challenges, RSPO China will prioritise the following activities:

1. Conducting a mapping study of the palm oil supply chain in China.
2. Developing case studies of RSPO members in different sectors.
3. Undertaking a consumer survey on palm oil and sustainable palm oil in China.
4. Launching a new public campaign.

IMPACT ON PROFITS & RSPO OUTREACH



COUNTRY



INDIA

India is one of the biggest palm oil consumers in the world, accounting for more than 9.7 million MT in 2015/2016 alone. With such a large market, Indian companies have the potential to influence producers towards better practices by demanding CSPO under RSPO standards for sustainable production.

ACHIEVEMENTS



Substantial rise in members and certifications

- As of May 2016, India has 46 RSPO members and 10 companies have attained RSPO supply chain certification since 2013.
- Many of these companies have multi-plant certifications, taking the total number of certified units to 18 in 2016.

New RSPO representative

- RSPO appointed a representative in India in 2015. This has helped establish a local connection and better traction with local actors.

CHALLENGES & NEXT STEPS



The rise in certifications has not corresponded with an increase in the volume of CSPO demanded or procured by the market. Analysis by WWF-India indicates that India's palm oil market is fundamentally different from brand-focused western markets, and that traditional transformational models based on consumer awareness and brand pressures do not work. There has been little movement on GreenPalm certificates since 2014 despite their very low cost. Companies are also reluctant to pay any premium for CSPO, which means certified suppliers are struggling to move stocks at prices that would recoup some of the certification and purchasing costs.

The RSPO has set a challenging target of 30% CSPO uptake in India by 2020, and 2017 will be the building phase towards this target. The two main objectives set by RSPO's India office will be:

1. Initiating National Interpretations (NIs) of the RSPO P&C.
2. Domestic Certification (RSPO P&C) for palm oil producers in India.

Furthermore, the RSPO will continue to work closely with partners including the WWF and Centre for Responsible Business in order to drive awareness on sustainable palm oil.

IMPACT ON PROFITS & RSPO OUTREACH



COUNTRY



INDONESIA

Over the last decade, RSPO in Indonesia has focused on CSPO production and improving grower performance. Our focus has now shifted to include strengthening our strategy towards consumers and increasing CSPO uptake in the market.

ACHIEVEMENTS



Consumer study and awareness activities:

- Our 2015 consumer study revealed very low awareness about all forms of palm oil. However, 27% of respondents said they would support CSPO-based products.
- In 2015, RSPO became a partner of WWF Indonesia's consumer campaign #BeliYangBaik to increase consumer awareness and use of sustainable palm oil products.

Certification scheme studies

- A joint study by the RSPO and the ISPO Commission was published in February 2016 identifying similarities and differences of the two sustainable palm oil certification schemes.

Strengthening grievance systems and accountability

- We have continued supporting Indonesian companies to develop their own grievance systems and facilitating more collaboration between these companies and NGOs.
- A CIFOR report published this year indicates that Indonesia's RSPO members are more easily held accountable and respond faster to complaints, even without the intervention of the RSPO.

Assurance on digital data

- Despite growers concern on the legal repercussions of releasing digital data on concession boundaries (mandated in Resolution 6g of GA10 RSPO in 2013), the Secretariat has been able to collect data on concession boundaries for 42 members in Indonesia.

CHALLENGES & NEXT STEPS



The three key challenges in Indonesia are: the need to educate consumers and drive demand for sustainable palm oil products; to help that under-represented local stakeholders become fully engaged (especially local civil societies, local-indigenous communities, and workers); and to ensure Indonesia's smallholders gain access to the CSPO market and are empowered and incentivised to make sustainable palm oil their business.

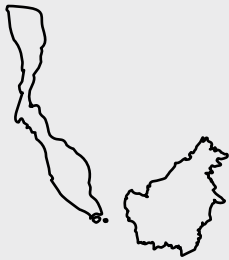
To address these challenges, RSPO Indonesia will focus on the following key activities:

1. Supporting consumer outreach by engaging buyers in different segments and by driving exposure to the RSPO trademark. For the next 12 months, RSPO in Indonesia will target groups of young and urban-female consumers, and develop constructive messaging towards these groups.
2. Increase RSPO's access in reaching workers and labour groups, women, local communities and indigenous peoples through intermediary organisations at national, regional and local levels.
3. Providing continuous support to all initiatives and stakeholders targeting increased certification among smallholders (including harmonisation of the generic standard of Group Certification for FFB production with the endorsed National Interpretation).
4. Conducting studies to strengthen the implementation of RSPO P&C, including a legal review of existing regulations, and CSPO uptake studies that analyse market structure and economic, social and environmental impact.
5. Working to build capacity to prevent and handle complaints more effectively.

IMPACT ON PROFITS & RSPO OUTREACH



COUNTRY



MALAYSIA
SINGAPORE
THAILAND
MYANMAR

ACHIEVEMENTS



Malaysia, Singapore, Thailand & Myanmar

The RSPO's focus in these important markets remains on driving engagement and building relationships with key stakeholder groups, including governments, NGOs, industry bodies and consumers.

Malaysia: Enhancing government relations

- RSPO is working in partnership with PEMANDU (Performance Management Delivery Unit), a division of the Prime Minister's office, which is pursuing the idea of dual certification (i.e. both RSPO and Malaysian Sustainable Palm Oil).
- PEMANDU is also working with RSPO and the Malaysian Palm Oil Board (MPOB) on a project to have 75,000 smallholders in Peninsular Malaysia certified for both RPSO and Malaysian Sustainable Palm Oil (MSP0).

Singapore: Engaging opinion leaders

- RSPO in Singapore is developing ties with key influencers of consumer markets and policies, including the Singapore Environment Council (SEC). Activities have included organising supply chain workshops for Unilever.

Thailand: Reaching out to industry associations

- RSPO Thailand has established contact with the Thai Palm Oil Board and other industry-related associations.

Myanmar: Securing support from government and potential new members

- RSPO is engaging with the Myanmar government over its intention to further develop the oil palm industry in southern regions. RSPO has participated in a workshop organised by Flora & Fauna International (FFI), followed by engagement with key government officials and representatives of existing oil palm plantation companies.

CHALLENGES & NEXT STEPS



Combatting haze, engaging governments and educating consumers about CSPO are the key challenges for RSPO in Malaysia, Singapore, Thailand and Myanmar.

These RSPO offices are undertaking a number of activities in response, including:

1. RSPO in Singapore is engaging with and acting as advisor to PM Haze, an NGO working with the WWF and the Singapore Institute of International Affairs (SIIA) on a consumer campaign called #XtheHaze.
2. RSPO in Malaysia is building ties with local NGOs that have traction with local consumers, for example MENO (Malaysian Environmental NGOs), whose members and spokespeople include public figures that are raising awareness and building public support for RSPO and CSPO.

IMPACT ON PROFITS & RSPO OUTREACH



COUNTRY



UNITED STATES
OF AMERICA

CANADA

With more than 200 RSPO members, as well as many headquarters from which multinational corporations direct sourcing policies for their worldwide operations, North America is becoming a key focus market for the RSPO.

ACHIEVEMENTS



First dedicated US representative appointed

- Strengthening the RSPO's presence in the USA, we appointed a New York City-based representative in July 2016. The role will involve the coordination of RSPO outreach activities as well as stakeholder engagement on key issues related to sustainability in the palm oil supply chain.

CHALLENGES & NEXT STEPS



Our new US representative faces two key challenges: misconceptions about palm oil and a general lack of awareness about the RSPO and its broader aims.

Key activities for addressing these issues will include:

- Driving awareness of the RSPO by supporting existing RSPO membership, recruiting new members, and educating key stakeholders from the business community, government and civil society.
- Reaching out and engaging US consumers, manufacturers, retailers and media on what palm oil is, why CSPO is important, the differences between sustainably sourced and conventionally sourced palm oil, and the benefits of a fully certified supply chain.

IMPACT ON PROFITS & RSPo OUTREACH

RSPo Trademark

The RSPo trademark is a globally recognised sustainability label that signals the use of RSPo-certified sustainable palm oil in the production of a product. Its purpose is to create awareness and support ethical decision making among consumers.

In June 2016, the RSPo launched a new crowd-sourced mobile phone application called the RSPo Trademark App, which allows consumers wherever they are in the world to find, shop and upload RSPo certified products bearing the RSPo Trademark.

As of September 2015, all new members receive a trademark license, provided that they return a signed a license agreement to the RSPo. To use the RSPo trademark on a product, members must also be supply chain certified. The data presented here is representative of supply chain certified member licenses only.

As at 30 June 2016:

- 412 companies hold a trademark license, 112 more than in the last reporting period.
- Germany, France and the UK are the top 3 countries for trademark licenses.
- Total licenses have increased steadily since 2011, with the highest number issued in 2015.
- The number of licenses issued in the first half of 2016 is only just short of the 2015 annual total¹³.

By country, Italy saw the greatest increase in trademark licensing, from 3 in the last reporting period to 27, while Spain's increased from 3 to 19. This places Italy 6th and Spain 9th in the top ten list of most licensed countries, pushing out Australia (8th in 2014) and Indonesia (10th in 2014).

The significant increase of licenses in 2015 is largely explained by the aforementioned change in the license issuing process that occurred during the reporting period. Therefore, the large growth in trademark licenses in 2015 does not necessarily reflect a significant increase in RSPo labelled products in the market.

TRADEMARK LICENSE BY COUNTRY

(As at 30 June 2016)

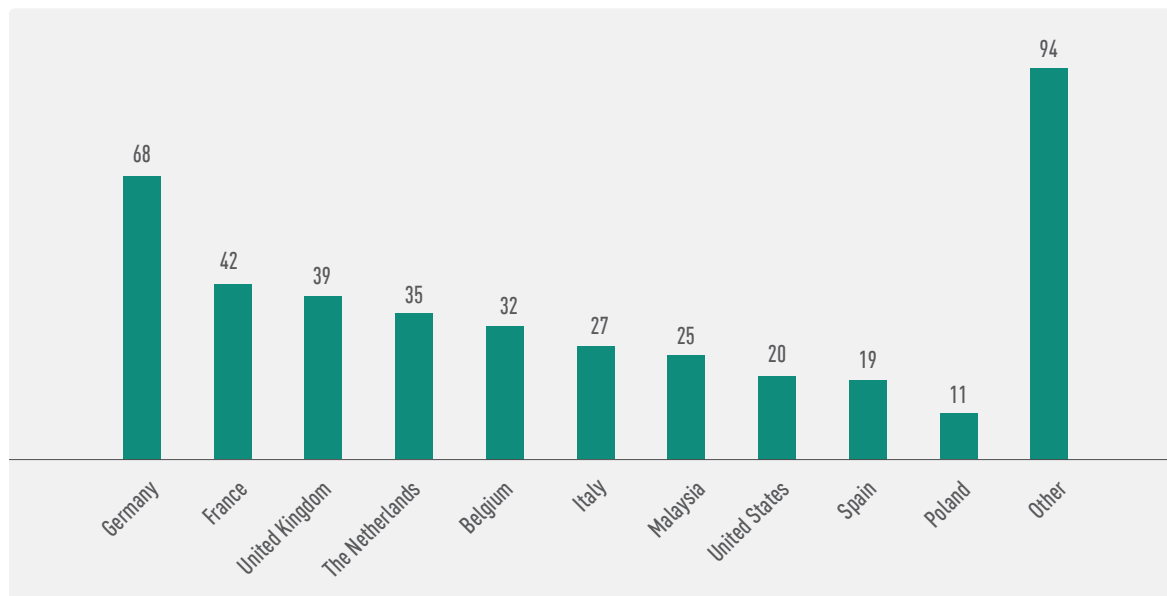


Photo credit: RSPo

¹³ Trademark license data is based on calendar year (e.g. 1 January – 31 December).

IMPACT ON PROFITS & RSPO OUTREACH

SDG Actions

RSPO

The RSPO supports the SDGs



Goal 12: Responsible consumption and production

Ensure sustainable consumption and production patterns.

We offer guidelines for sustainable palm oil production through the P&C. We also drive consumer, government and industry awareness about sustainable palm oil. We support national initiatives by acting as a platform for knowledge sharing, and, through our regional offices, we increasingly engage with policymakers and industry leaders on regional targets for CSPO uptake.

SDG Opportunities

RSPO

The RSPO supports the SDGs



Goal 17: Partnerships for the goals

Strengthen the means of implementation and revitalise the global partnership for sustainable development.

There is a significant opportunity to strengthen our position as a multi-stakeholder initiative and leverage our network in order to facilitate all-party collaboration towards real transformation in the palm oil industry.

#GOODBADPALMOIL – DRIVING CONSUMERS AWARENESS

Consumer choice plays a vital role in making sustainable palm oil the norm. But many people are unaware that the palm oil contained in the products they buy can be produced in more – or less – sustainable ways. Supported by bloggers in the US and Europe, we ran a social media campaign throughout May 2016 to highlight the difference between 'good' and 'bad' palm oil.

The campaign, which combined art and videos, went viral on **#GoodBadPalmOil**. Over 2 million impressions of content were delivered and the video received 339,000 views. While 55% of site traffic was from the USA – the target market – it was also popular among UK and Australian visitors, many of which were likely drawn by the numerous blogs reporting on the campaign.

Building on this momentum, we will continue running the campaign in the US and expand its reach to cover urban centres in Australia and the UK. We also plan to tailor the campaign to urban centres in other markets, potentially in India or China.



IMPACT ON PROFITS & RSPO OUTREACH

NEW STUDY: MAKING THE CONNECTION BETWEEN SUSTAINABILITY AND PROFIT

When palm oil companies began certifying their plantations in 2008, many anticipated large profits generated from the premium attached to CSPO sales. This assumption was based on the value of GreenPalm certificates traded under the B&C system, which decreased between 2010 and 2015. Many companies used this as the only indicator of financial benefit – without considering other indicators, such as increased yields due to better practices and lower costs through management and resource efficiencies – and therefore do not associate RSPO certification with profitability.

To tackle this perception, the RSPO undertook a study¹⁴ examining two types of indicators for profitability: financial indicators, such as FFB price or CPO price, and operational indicators, such as improved yields, greater extraction rate and greater efficiency. The objective was to identify which other indicators of profitability best correlate with sustainability, with sustainability being measured as the proportion of a company's plantations under RSPO certification. The study was carried out for palm oil produced in certified plantations in Malaysia and Indonesia in 2013 and 2014.

Data was collected from 34 palm oil growers using a combination of annual reports, questionnaires and face-to-face interviews. The surveyed group consisted of both RSPO members and non-members.

The study found:

- **Average CPO selling price is the best indicator correlating profit and sustainability:** transition from a lower to a higher selling price occurs between 20% and 40% certification.
- **More certified plantation = more profitability:** In 2014, the average CPO selling price for growers with over 40% RSPO certified plantations was higher than for growers with less than 20% certified plantations (a statistically significant difference of RM 158/MT).
- **More certified plantation = more productivity:** FFB yield, oil extraction rate and net CPO yield per area were significantly higher for companies with more than 40% of their plantations certified (1.28 MT/ha or 35%) than companies with less than 20% certified.
- **More certified plantation = higher revenue:** companies with less than 20% of their plantations certified had an average revenue of RM 8,400/ha, while growers with more than 40% of RSPO certified growing areas had an average revenue of RM 12,100/ha (a statistically significant increase of 45%).
- **This relationship appears to be independent of other factors:** no similar correlation was observed between average CPO price and: (1) the size of a company's downstream activities, (2) the overall land bank size or (3) the area of mature plantations.

¹⁴ Correlating Economic and Financial Viability with Sustainability for Palm Oil Plantations was conducted in 2015 by Dr. Steffen Preusser, and was commissioned by the RSPO.

“...Every Ringgit invested in complying with RSPO-based sustainability generated, on average, an additional RM 150 in CPO revenue in 2014”



Lessons & challenges

Challenging negative consumer perceptions

Consumer perceptions of palm oil are increasingly negative due to a growing awareness of the devastating environmental and social impacts that can result from its production. Some countries have boycotted palm oil altogether, causing major brands to exclude it from their sourcing. Yet, awareness about sustainable palm oil and the benefits that could be gained by transforming the industry remains very low. This is why we are working to re-balance the conversation, educating consumers about sustainable palm oil and our vision for making it the norm.

Leading in partnership

Our ability to transform the palm oil sector will depend on the involvement and commitment of all actors that have a stake in its sustainable future. One of our next key challenges will be to ramp up efforts to drive collaboration between governments, the private sector and other key players as we work towards regional targets – then our global target – of 100% CSPO.

Realising the big potential of smallholders

Convincing smallholders that sustainable palm oil is good for business could be a tipping point in the transformation to a 100% CSPO market, but many challenges stand in our way. The sheer number of smallholders makes traceability extremely difficult at present. Tools, agricultural best practices and technical training tailored to the needs of small farmers are also in short supply. Furthermore, the direct cost of certification could actually disadvantage smallholders if they cannot achieve equal access to new markets.

IKEA Purchasing

Tomas Lundin,
Category Area
Sustainability Manager



Photo credit: RSPO & Jonathan Perugia



IKEA is a major global retailer in furniture and home living. IKEA has a well-established sustainability strategy - People and Planet Positive - and sees significant overlap between its own objectives and the UN Sustainable Development Goals. IKEA is committed to ensuring that the palm oil used in its products is grown and processed in a responsible and sustainable way.

IKEA fully supports the RSPO, and we believe that the standard is currently the best tool available to achieve change in the palm oil sector. IKEA does not source palm oil directly, so we work closely with our suppliers to make sure the palm oil used in our products is sourced according to our requirements. Although we are a relatively small industry user, we are committed to working with RSPO certification.

However, the challenges with palm oil remain immense. Deforestation, peatland development, and human rights issues are urgent concerns that are not covered to the necessary extent at present. This is why IKEA's Position on Palm Oil, released in 2014, included additional requirements for suppliers to go beyond RSPO certification, ensuring no deforestation and no planting on peat.

Another challenge is that, sometimes, certification schemes and industry requirements, can risk excluding smallholders. This is something that we want to avoid. We therefore welcome that the RSPO is taking extra steps to develop a comprehensive smallholder strategy, in addition to RSPO NEXT.

Within the next two years, we hope to see the RSPO further improving its chain of custody requirements. For IKEA, being able to verify as far down the chain as needed is crucial, and we try to do this for all our materials. We need to be able to say we are doing everything we can to verify our supply (beyond desktop verification). For palm oil, this means going all the way to mill or plantation level.

BASE DATA AND NOTES

Unless otherwise specified, all figures and results presented in the body of the report are based on data extracted from the RSP0's official reporting period: 1 July 2015 – 30 June 2016. This timeframe does not apply to data from other sources (e.g. independent research studies commissioned by the RSP0), which may have a calendar year basis (e.g. 1 January 2015 – 31 December 2015). Figures presented in the Base Data tables below may also differ from figures presented in the body of the report, as the majority of the data presented for 2012-2015 have been updated to ensure they are inclusive up to 31 December 2015.

Indicator	Breakdown	Unit	2016	2015	2014	2013	2012
Membership							
Total		Number of Members	2,941	2,282	1,631	1,178	838
By Country	United Kingdom		378	330	200	131	106
	Germany		372	279	208	147	97
	Netherlands		191	146	119	92	69
	Malaysia		128	109	117	95	87
	Indonesia		115	103	109	88	70
	France	Number of Members	143	127	106	86	73
	United States		200	138	89	70	46
	Belgium		106	89	62	44	24
	Australia		114	80	53	0	0
	Italy		158	113	52	29	0
	Others		1,036	768	516	396	266
By Membership Type	Ordinary		1,373	1,151	991	829	695
	Associate	Number of Members	1,458	1,032	540	309	142
	Affiliate		110	99	100	103	104
Certified, production, uptake							
Area	Production Area	Ha	2,187,784	2,773,999*	2,633,583*	1,978,110	1,526,273
	Certified Area	Ha	2,830,355	3,463,598*	3,159,277*	2,653,058	2,105,433
	HCV Area	Ha	157,115	144,967	NA	NA	NA
Annual Production Capacity	CSPO	MT	10,850,196	12,886,070	11,955,234*	9,792,185*	8,184,200
	CSPK	MT	2,444,103	2,996,574	2,713,935*	2,244,312*	1,896,702
Supply	CSPO	MT	6,259,831	12,130,775	10,998,913*	8,735,843*	6,724,236
	CSPK	MT	1,440,480	2,780,291	2,531,369*	2,030,746	1,570,070
Sales	CSPO Sales through SG, MB, IP	MT	1,894,181	2,755,904	2,432,258	1,551,017	984,138
	CSPO Sales through B&C	MT	964,044	3,426,790	2,917,408*	2,962,256	2,495,277
	Total CSPO Sales	MT	2,858,225	6,182,694	5,349,666	4,513,273	3,479,415
Uptake	CSPO Sales/ Supply	MT	45.7%	51%	48.6%*	51.7%	51.7%

Notes to data:

- Membership data for 2012-2016 is based on RSP0's official reporting period (i.e. taken as at 30 June of each respective year).
- All 2016 data presented under "Certified, production, uptake" are inclusive up to 30 June 2016. All 2012-2015 data presented under "Certified, production, uptake" are inclusive up to 31 December 2015.
- All figures presented under "Certified, production, uptake" are inclusive of schemed and independent smallholders certified under group certification schemes.
- Figures marked with an asterisk have been updated for the 2016 report to be inclusive up to 31 December 2015, and may therefore differ from corresponding figures presented in the RSP0 Impact Update Report 2015.

BASE DATA AND NOTES

Indicator	Breakdown	Unit	2016	2015	2014	2013	2012
New Planting Procedures							
NPP area (by country)	Indonesia	Ha	34,609	332,372	828,470	NA	NA
	Liberia	Ha	-	48,470	98,485	NA	NA
	Cameroon	Ha	-	-	69,975	NA	NA
	Papua New Guinea	Ha	2,591	-	67,179	NA	NA
	Malaysia	Ha	2,823	3,558	-	NA	NA
	Gabon	Ha	-	23,780	51,178	NA	NA
	Cambodia	Ha	-	-	10,719	NA	NA
	Nigeria	Ha	-	-	5,594	NA	NA
	Costa Rica	Ha	-	-	4,145	NA	NA
	Ghana	Ha	-	2,240	3,715	NA	NA
	Brazil	Ha	-	7,448	1,223	NA	NA

Note to data: All 2016 figures presented for NPP area are inclusive up to 30 June 2016. All 2012-2015 figures are inclusive up to 31 December 2015.

Indicator	Breakdown	Unit	2016	2015	2014	2013	2012
Trademark							
Total Trademark		Number of Licenses	412	300	181	NA	NA
By Stakeholder Groups	Consumer Goods Manufacturers		175	128	79	NA	NA
	Processors & Traders	Number of Licenses	86	77	51	NA	NA
	Supply Chain Associates		135	77	36	NA	NA
	Retailers		7	9	9	NA	NA
	Growers		9	7	6	NA	NA

BASE DATA AND NOTES

Indicator	Breakdown	Unit	2016	2015	2014	2013	2012
Trademark							
By Country	Germany	Number of Licenses	68	54	40	NA	NA
	France		42	27	20	NA	NA
	United Kingdom		39	24	17	NA	NA
	The Netherlands		35	24	15	NA	NA
	Belgium		32	22	11	NA	NA
	Italy		27	-	-	NA	NA
	Malaysia		25	28	21	NA	NA
	United States		20	24	16	NA	NA
	Spain		19	-	-	NA	NA
	Poland		11	14	5	NA	NA
	Others		94	58	27	NA	NA
By Year		Number of Licenses	89	111	98	51	29
Complaints							
Complaints Success Criteria	Complaints resolved/closed	% age	10%	39.3%	40%	36.1%	28%
	Average time to close a complaint	Days	312	685	604	414	455
	Actions plans or remedial works undertaken		NA	NA	NA	12	6
	Members suspended or voluntarily withdrew after complaint verified		1	1	2	1	2

Note to data: Trademark license and Complaints data for 2012-2015 is based on calendar year (1 January 2015 – 31 December 2015). Data presented for 2016 is taken as at 30 June 2016.

BASE DATA AND NOTES

Indicator	Total Certified Area	Total Production Area	Total CSPO	Total CSPK	Total FFB	Produced	CSPO Supply (monthly)
P&C certification							
Mills and Supply Base(s)	2,818,475	2,176,606	10,805,245	2,433,170	47,817,141	900,437	202,764
Group Certification for Smallholders (SHG)	11,880	11,178	44,951	10,933	237,630	3,746	911

Note to data: All figures in the above table are taken as at 30 June 2016.

Indicator	Total Certified Area	Total Production Area	Total CSPO	Total CSPK	Total FFB	Produced	CSPO Supply (monthly)
Countries with P&C certification							
Brazil	129,234	48,855	180,891	37,564	968,881	15,074	3,130
Cambodia	24,831	11,811	25,861	5,914	137,850	2,155	493
Colombia	39,565	28,391	110,216	21,655	546,264	9,185	1,805
Costa Rica	47,658	43,192	170,668	38,678	737,198	14,222	3,223
Ghana	20,826	11,256	30,669	6,874	137,478	2,556	573
Guatemala	20,835	18,892	107,252	10,778	539,583	8,938	898
Honduras	20,888	20,113	76,053	17,109	340,006	6,338	1,426
Indonesia	1,545,269	1,228,653	6,414,232	1,433,143	27,495,123	534,519	119,429
Côte d'Ivoire	9,323	9,323	4,486	1,090	66,130	374	91
Madagascar	2,234	1,087	860	497	4,233	72	41
Malaysia	754,812	593,691	2,957,976	683,723	13,710,465	246,498	56,977
Papua New Guinea	181,736	141,720	661,837	159,444	2,819,455	55,153	13,287
Soloman Islands	8,361	7,311	35,000	7,900	151,983	2,917	658
Thailand	12,903	12,311	29,245	8,801	162,492	2,437	733

Note to data: All figures in the above table exclude data for independent smallholders certified under group certification, but are inclusive of schemed smallholders certified under group certification. All figures are taken as at 30 June 2016.

GLOSSARY

Accreditation Services International (ASI)	:	One of the world's leading accreditation bodies for sustainability standards systems, including the RSPO. Founded in 2006, ASI is a full member of the ISEAL Alliance
Annual Communication of Progress (ACOP)	:	Reports submitted by RSPO members to gauge their progress towards 100% RSPO-certified sustainable palm oil. These reports are mandatory for Ordinary and Affiliate members, and are submitted each year
Best Management Practice (BMP)	:	Practical guidelines to enhance oil palm management
Book and Claim (B&C)	:	The book and claim system allows for the transfer of RSPO certified oil palm through tradable certificates to actors in the palm oil supply chain
Certification Body (CB)	:	Organisation that provides third party auditing and certification services related to a product, process or system, and which can issue a certificate of compliance
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 Principles & Criteria
Crude palm oil (CPO)	:	A type of unrefined vegetable oil obtained from the fruit of the oil palm tree
Dispute Settlement Facility (DSF)	:	RSPO in-house mediation service that facilitates the sharing of information, contacts, know-how and experiences relevant to palm oil production dispute cases (where at least one party is an RSPO member). The DSF also supports and facilitates communities and other stakeholders to use mediation as an effective means to resolve disputes
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
Fresh Fruit Bunch (FFB)	:	Bunch harvested from the oil palm tree. Each bunch can weigh from 5 to 50 kilogrammes and can contain 1,500 or more individual fruits
HCS Convergence Process	:	An agreement process between the governing bodies of two methodologies, the HCS+ Science Study and the High Carbon Stock Approach, which concluded in November 2016. The process aimed to achieve agreement on one single, coherent set of principles for implementation of companies' commitments to "no deforestation" in their palm oil operations and supply chains
HCV Assessor Licensing Scheme (ALS)	:	A process created by the HCV Resource Network aimed to improve the consistency and quality of High Conservation Value (HCV) assessments and assessment reports. The scheme issues licences to lead HCV assessors with relevant qualifications and experience, provides for an HCV Assessment Manual and reporting templates, and evaluates the HCV assessment reports produced by licensed assessors
Hectares	:	A unit of measurement equivalent to 10,000 square metres, or 100m x 100m
High Carbon Stock Approach (HCSA)	:	A methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed
High Conservation Values (HCV)	:	The concept of High Conservation Values Forest (HCVF) was first developed by the Forest Stewardship Council (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

Glossary

Identity Preserved (IP)	:	The Identity Preserved (IP) supply chain model assures that RSPO certified palm oil is kept separate from oil that is not RSPO certified. This oil can be physically traced back to its plantation of origin
Independent Appeals Mechanism (IAM)	:	A procedure that will form a part of the RSPO Complaints System, setting out the mechanism for receiving, evaluating and resolving appeals. The procedure will apply exclusively to appeals filed against the outcome of a complaint handled by the RSPO Complaints Panel
ISEAL Alliance	:	Global membership association for credible sustainability standards, who work together to improve the impact and effectiveness of current and potential future members
Jurisdictional Approach	:	In this report, the Jurisdictional Approach refers to the certification of palm oil production implemented at the provincial level using a model of rural development that is aimed at reducing deforestation and greenhouse gas emissions while also improving the welfare of society and recognising the rights of the indigenous communities
Mass balance (MB)	:	Supply chain model that allows certified claims to be transferred from one oil palm product to another either through physical blending or administratively under strictly controlled circumstances
Metric Tonne (MT)	:	A unit of mass equivalent to 1,000 kilogrammes
National Interpretations (NI)	:	Indicators and guidance adapted from some or all of the criteria in the international RSPO Principles & Criteria that are applicable at the national level for a number of countries that palm oil is produced in
New Planting Procedures (NPP)	:	Provides guidance on how and under what conditions new oil palm plantings should be carried out
Oil palm	:	A species of palm (<i>Elaeis guineensis</i>) and the principal source of palm oil. It is native to west and southwest Africa, but is now cultivated in over 26 countries. Ideal growing conditions occur up to 10 degrees either side of the equator
PalmGHG	:	A calculator developed by the RSPO Greenhouse Gas Working Group (2010-2011) and further refined and improved by the RSPO Emission Reduction Working Group to estimate and monitor net greenhouse gas emissions from estate and mill operations including GHG emissions from any land use changes
Palm Kernel Oil (PKO)	:	Oil extracted from the kernel or core of the palm fruit
Palm Oil	:	Edible oil extracted from the fruit of the oil palm. Palm oil is one of the few highly saturated vegetable fats. It remains semi-solid at room temperature and is suitable for a wide variety of applications. Palm oil is an ingredient in a large number of packaged products found on supermarket shelves, including margarine, baked goods, chocolate, ice cream, soaps and cosmetics. It is also used as fuel for cars and power plants
Paraquat	:	The trade name for N,N'-dimethyl-4,4'-bipyridinium dichloride, the organic compound with the formula $[(C_5H_4N)_2]Cl_2$. It is one of the most widely used herbicides, used to destroy green plant tissue on contact

Glossary

Peat	:	Peat is an accumulation of rotting plant material, forming in wetlands or peatlands
Peatland subsidence	:	The lowering of soil surface as a result of peat shrinkage and loss of carbon due to oxidation and erosion
RSPO Complaints Panel	:	High-level body that handles complaints against RSPO members
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
Segregation (SG)	:	The Segregation (SG) supply chain model assures that RSPO certified oil palm products delivered to the end user come only from RSPO certified sources
Smallholders	:	Farmers growing oil palm on a plantation of less than 50 hectares
United Nations Sustainable Development Goals (SDGs)	:	A set of 17 aspirational global goals to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities

REFERENCES

BBC. (2015, October 26)

What causes South East Asia's haze? BBC. Retrieved from <http://www.bbc.com/news/world-asia-34265922>

HCV Resource Network. (2016)

The HCV Assessor Licensing Scheme. Retrieved from <https://www.hcvnetwork.org/als/>

HCV Resource Network. (2016)

The Six HCVs. Retrieved from <https://www.hcvnetwork.org/about-hcvf/the-six-high-conservation-values>

High Carbon Stock Approach. (n.d.)

The High Carbon Stock Approach. Retrieved from <http://highcarbonstock.org/>

ISEAL Alliance. (2016)

Impacts Code. Retrieved from <http://www.isealalliance.org/our-work/defining-credibility/codes-of-good-practice/impacts-code>

Mallet, P., Maireles, M., Kennedy, E., & Devisscher M. (2016, April)

ISEAL Report: How sustainability standards can contribute to landscape approaches and zero deforestation commitments. Retrieved from ISEAL Alliance website: http://www.isealalliance.org/sites/default/files/ISEAL_Standards%20Contributions_to_Landscape_Approaches_April16_Final.pdf

Preusser, S. (2015)

Correlating Economic and Financial Viability with Sustainability for Palm Oil Plantations. Retrieved from RSP0 website: <http://www.rspo.org/news-and-events/announcements/the-correlation-between-economic-and-financial-viability-with-sustainability-for-palm-oil-plantations-study>

RSP0. (2016, April)

RSP0 Next Guidance Document. Retrieved from <http://www.rspo.org/certification/rspo-next>

RSP0. (2015)

Impact Update 2015. Retrieved from www.rspo.org/publications/download/f4aad4e0d5fabf

RSP0. (2015, November)

Remediation and Compensation Procedure (RaCP) Related to Land Clearance Without Prior High Conservation Value (HCV) Assessment. Retrieved from <http://www.rspo.org/news-and-events/announcements/update-on-the-endorsement-of-the-rspo-remediation-and-compensation-procedures-racp>

RSP0. (2015, November)

RSP0 New Planting Procedure. Retrieved from <http://www.rspo.org/certification/new-planting-procedures>

RSP0. (2014)

Roundtable on Sustainable Palm Oil: Impact Report 2014. Retrieved from www.rspo.org/publications/download/44e17dfcbd31e04

RSP0. (2013)

Principles and Criteria for the Production of Sustainable Palm Oil. Retrieved from <http://www.rspo.org/key-documents/certification/rspo-principles-and-criteria>

RSP0. (n.d.)

Smallholders Hub. Retrieved from <http://www.rspo.org/smallholders>

RSP0. (n.d.)

Sustainable Palm Oil. Retrieved from <http://www.rspo.org/about/sustainable-palm-oil>

RSP0. (n.d.)

The Palm Oil Debate. Retrieved from <http://www.rspo.org/about/palm-oil-debate>

REFERENCES

RSPO. (n.d.)

#GoodBadPalmOil. Retrieved from <http://www.rspo.org/about/goodbadpalmoil>

Sidique, S.F., Sheng, T.Y., Djama, M., Rizal, C.K.M., Sadili, D.S., & Zainalabidin, S.M. (2015)

The Impacts of RSPO on the Livelihood of Smallholders: Case Studies in East Malaysia. Kuala Lumpur, Malaysia: RSPO and Institute of Agricultural and Food Policy Studies (IKDPM).

Sustainable Palm Oil Transparency Toolkit. (n.d.)

Companies scorecard and interactive map. Retrieved from <http://www.sustainablepalmoil.org/companies/#scores>

The Royal Society. (2015)

SEnSOR Programme Research. Retrieved from <http://www.sensorproject.net/sensor-programme-research/>

United Nations. (2016)

Sustainable Development Goals. Sustainable Development Knowledge Platform. Retrieved from <https://sustainabledevelopment.un.org/sdgs>

United Nations. (2016)

[Sustainable Development Goal Icons]. Retrieved from <http://www.un.org/sustainabledevelopment/news/communications-material/>

Wetlands International. (n.d.)

Flooding of lowland peatlands in Southeast Asia [Factsheet]. Retrieved from <https://www.wetlands.org/publications/flooding-of-lowland-peatlands-in-southeast-asia/>

World Health Organization. (2010)

The WHO Recommended Classification of Pesticides by Hazard and Guidelines to Classification 2009. Retrieved from http://www.who.int/ipcs/publications/pesticides_hazard/en/

World Resources Institute. (2016)

Global Forest Watch Interactive Map. Retrieved from <http://www.globalforestwatch.org/>

CONTACT RSPO

We value the feedback of our stakeholders.
If you have questions about this report or our impact, please contact:

Impacts and Evaluation Division
Roundtable on Sustainable Palm Oil (RSPo) Secretariat
Unit A-37-1, Menara UOA Bangsar
No.5 Jalan Bangsar Utama 1
59000 Kuala Lumpur

T: +6 03 2302 1500 E: rspo@rspo.org

www.rspo.org

The RSPO is an international non-profit organization formed in 2004 with the objective to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

www.rspo.org

Impacts and Evaluation Division

RSPO SECRETARIAT

Unit A-37-1, Menara UOA Bangsar
No.5 Jalan Bangsar Utama 1
59000 Kuala Lumpur
Malaysia

T: +603 2302 1500

E: rspo@rspo.org

RSPO

Roundtable on Sustainable Palm Oil