



Department
for Environment
Food & Rural Affairs

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UK statement on sustainable palm oil

2 year on progress report

December 2014



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In October 2012, UK sector associations with a significant membership interest in the supply or use of palm oil made a statement of their various commitments to sourcing sustainable palm oil under the overall heading “The United Kingdom is working towards achieving 100% sourcing of credibly certified sustainable palm oil by the end of 2015”. This is an update of the progress made by the organisations involved since the publication of the first progress report in November 2013.

What is palm oil?

Palm oil is the world’s most used vegetable oil. It is a cheap and efficient commodity. Palm oil and palm kernel oil are widely used as frying facts and in biscuits, margarine, snacks and bakery products. They are also used in the production of biodiesel, in animal feed, and soaps and other cleaning products and cosmetics. Palm kernel meal is used widely in animal feed. Fractions and derivatives of palm oil also have a wide range of uses.

The UK statement covers both palm oil and palm kernel oil, and the relevant sectors are also working to encourage sustainable sourcing of other palm products including palm kernel meal and palm derivatives.

What is sustainable palm oil?

There is no one definition of sustainable palm oil. For the energy and transport sectors sustainability is legally defined in the EU Renewable Energy Directive and Fuel Quality Directive. Other sectors are free to use their own definitions. The contributions from the sector associations explain what sustainability means for them.

In practice, the market for sustainable palm is dominated by the Roundtable for Sustainable Palm Oil (RSPO) and so the term commonly means product certified to RSPO standards and criteria. There are 4 supply chain models for RSPO Certified Sustainable Palm Oil (CSPO)

- **Identity preserved** - CSPO is segregated and a batch of certified palm oil can be traced from farm to factory to retailer.
- **Segregated** - CSPO is kept segregated from non-certified palm oil, but is blended with other batches of CSPO and cannot be traced back to a specific plantation.
- **Mass balance** - CSPO is mixed with conventional palm oil, but quantities are monitored administratively so that claimed volumes are matched.
- **Book and claim (GreenPalm)** - CSPO is not kept apart. Instead producers using sustainable business practices who are unable to access segregated or mass balance CSPO supply chains (e.g. because they only produce small volumes of CSPO) earn certificates, which they then sell to users (retailers, manufacturers) so that claimed volumes are matched. The CSPO they produce feeds in to a normal mill with normal, uncertified palm oil. The producers are then able to sell their credits via the green palm platform and earn a premium for their CSPO. Manufacturers and retailers, who are similarly unable to access segregated CSPO supply chains, but

wish to contribute to the production of CSPO, are able to cover the palm oil found within their products with credits.

What progress has been made?

Alongside this statement we are publishing estimates for 2013 of:

- total UK palm oil consumption
- amounts of RSPO certified segregated and mass balance palm oil imported, and
- amounts of GreenPalm book and claim certificates purchased by UK companies.

Who is involved?

The organisations who have signed up to the statement represent Government, oil processors and distributors, food and drink manufacturers, retailers, animal feed manufacturers, contract catering and hospitality sector, renewable energy sector, cleaning products industry, speciality chemicals sector, WWF and ZSL.

A progress statement from each of the organisations involved is included below. The organisations have started from different places and they face different challenges. Some are making rapid progress, and others are finding the transition more difficult.

Next steps

There is still plenty to be done as we approach 2015. Areas of focus for further action on sustainable palm oil are the hospitality sector, small and medium sized enterprises and palm oil derivatives.

Progress statement from each organisation that signed up in October 2012 and 2013

Agricultural Industries Confederation (AIC)

During the year the Agricultural Industries Confederation (AIC) has met with GreenPalm and the UK Feed Fat Association to discuss potential opportunities for the feed industry to move towards using sustainable palm oil.

Following these discussions a significant step forward was made when the AIC feed sector committee confirmed that their companies would purchase sustainable palm oil for all new contracts procured from autumn 2014. As a result of this commitment, by the end of 2014, a substantial proportion of the palm oil used by the feed industry will be sustainable.

Lord de Mauley has written to AIC members recently to encourage the remaining members of AIC not currently taking action on sustainable palm oil to do so.

British Association for Chemical Specialities (BACS)

The main palm products used by British Association for Chemical Specialities (BACS) members are palm derivatives, with palm kernel oil being the dominant source of the derivatives used. The supply chain for the processing and further processing steps carried out by multiple derivative producers to manufacture a large range of derivatives is highly complex and suppliers are not yet able to provide users with confirmation that all the oils the materials are derived from are from sustainably managed plantations.

British Hospitality Association (BHA)

The British Hospitality Association (BHA) is the National Trade Association for the hospitality industry whose membership includes major Hotel chains, restaurants and contract caterers such as Hilton, IHG, Mitchells and Butler, Dominos, Whitbread, Sodexo, Baxter Storey as well as small and medium sized enterprises.

The BHA has continued to work with its members to move towards 100% procurement of sustainable palm oil but in doing so we recognise the barriers created by the complexity of supply chains and the need to ensure complete traceability. The BHA will continue to raise awareness amongst our members particularly small to medium enterprises through regular communication within our business update and website and membership meetings.

Sodexo – who are one of the world's largest contract caterers – confirm that currently only 0.01% of all cooking oils and 0.01% of all margarine products (based on volume) contain palm oil that is not sustainably certified. All high volume cooking oils are either pure rapeseed or sunflower oils and all high volume margarine lines contain palm oil from either Mass Balance sources or covered via purchases of GreenPalm certificates. Over the last 12 months Bartlett Mitchell Contract Caterer SME have moved towards further supporting

the use of sustainable palm oil throughout its business where possible. Bartlett Mitchell's main supplier Olleco supply Bartlett Mitchell with 90% of all its cooking oil, which contains palm oil that is certified as being from a sustainable source.

British and Irish Association of Zoos and Aquariums (BIAZA)

In 2014 the British and Irish Association of Zoos and Aquariums (BIAZA) produced a policy statement confirming that it supports the UK commitment for sourcing 100% certified sustainable palm oil by 2015. A membership-wide survey to establish the needs of the member zoos and aquariums has led to the development of a plan for a palm oil awareness campaign based around the palm oil labelling legislative change in December. This campaign will be aimed both at BIAZA members and also their visiting public.

BIAZA's palm oil subgroup will be producing a number of resources including sustainable procurement guidelines, pdf posters, and information leaflets for the public and graphics for use in and around exhibits for circulation before December, and will aim to provide a workshop for members in 2015. BIAZA has joined with a range of partner organisations in writing to Lord de Mauley, to discuss the importance of a Government led public awareness initiative before the introduction of the statutory labelling.

British Retail Consortium (BRC)

Leading British Retail Consortium (BRC) members¹ sourcing palm oil aim to be using 100% certified sustainable palm oil by the end of 2015². An essential component of this strategy is the use of robust but practical supply chain standards, specifically that of the Roundtable Sustainable Palm Oil (RSPO) which we recognise as the only credible global multi-stakeholder platform operating in the market today³. Progress towards our goal continues. As of 2013-2014, BRC Members were sourcing 87% sustainable palm oil, 66% of which was certified physical palm oil.

Barriers to uptake

Although BRC members continue to make good progress in increasing their uptake of physical CSPO, we believe that changes to the RSPO membership requirements are needed to encourage further market transformation and enable us to achieve our 2015 goal. The problem is that under current RSPO rules, each company needs to become a member before supply chain can be certified. However, for many small users, there is little interest in RSPO membership given the additional costs and resources required, particularly where palm oil is only a by-product or very minor ingredient.

¹ BRC Members in support of this commitment are those that are members of the RSPO and have signed up to A Better Retailing Climate.

² The 2015 target refers to palm oil and palm kernel oil.

³ Any other certification schemes will need to be third-party certified and be equivalent to RSPO criteria to be considered credible and to carry a sustainability claim.

Without the necessary supply chain certification, for retailers and consumer goods manufacturers cannot claim (or report) on the palm oil used in product. As a result, we believe there is more CSPO in our supply chains than currently accounted for. We are therefore recommending that RSPO removes the membership requirement for small users. This is in line with ISEAL Alliance members' standards, which do not require companies to be members in order to certify their chain of custody.

Business Services Association (BSA)

The Business Services Association (BSA) is a policy and research organisation that brings together all those who are interested in delivering efficient, flexible and cost-effective services across the private and public sectors. Membership includes large contract catering service providers operating in schools, hospitals, prisons, military bases and workplaces in every region of the UK.

The BSA launched their statement in October 2012 and over the past 3 years has increased communications to members on issues around sourcing sustainable palm oil and work being undertaken through Defra including the UK National Statement. The BSA works with Service Providers, Contract Caterers and Cleaning Services. Members have put palm oil high up the agenda and have had numerous discussions about this over the last year. The BSA has had regular discussions with members over supply chain traceability and the complex supply chains. BSA members continue to recognise the importance of promoting sustainability in the way services are delivered and the products they source and will look to organise a roundtable with the Central Point of Expertise on Timber in the year ahead.

The main issue contract caterer's face as they endeavor to move towards 100% sourcing of sustainable palm oil is the complexity of supply chains and, therefore, the traceability of ingredients, particularly when they are a component part of complex products. These are issues the BSA will continue to explore with members in partnership with expert organisations.

Chilled Food Association (CFA)

The Chilled Food Association (CFA) recognises the use of palm oil is generally very limited in chilled prepared foods, resulting in the chilled sector not being a significant user. The CFA is committed to using certified sustainable palm oil or Greenpalm certificates to cover all relevant products. CFA Members have been working with the major UK multiples who are already committed to using only sustainable palm oil by 2015. CFA Members producing the small numbers of chilled foods sold under their own brands are also committed to only sustainable palm oil usage by 2015.

Greencore plc's chilled operations used 402.2 tonnes of palm oil in 2013, all being GreenPalm certificated. Greencore now has RSPO certification across 8 of its chilled sites and is working with their many suppliers to ensure they are certified. Fresh, coated and added value poultry products producer Moy Park has identified all the ingredients that

contain palm oil and the percentage usage. Moy Park's aim is to use palm oil only when absolutely necessary and for it to be from a fully sustainable source. This means that its supply chain at each stage in the process must gain accreditation. Total consumption from November 2013 to end of October 2014 will be 1031 tonnes. Total RSPO Certified segregated and mass balance palm oil was zero tonnes, total Green Palm was 889 tonnes. 143 tonnes for 2013 was not certified sustainable. Moy Park are looking to gain accreditation by the end of 2014.

Food and Drink Federation (FDF)

The Food and Drink Federation (FDF) continues its efforts to encourage and support manufacturers on the use of sustainable palm oil. Working with the Central Point of Expertise on Timber (CPET), FDF has produced a guide setting out a simple step-by-step process to help food and drink manufacturers of all sizes source 100% certified sustainable palm oil (CSPO). FDF is now developing a supporting webinar with CPET to help inform manufacturers about practical issues around sustainably sourcing palm oil.

Many FDF members are active members of RSPO and have long-standing public commitments to source 100% CSPO by 2015 or sooner. We have seen continued progress in the last 12 months with a growing number of companies, including both larger buyers and SMEs sourcing 100% CSPO using available RSPO supply chain mechanisms.

Having achieved their original commitments, leading manufacturers have announced revised targets and action plans on palm oil sustainability. Examples of these include time-bound commitments to using only 100% traceable CSPO and action plans to source palm oil that doesn't contribute to deforestation or destruction of peat land.

Challenges remain, not least the lack of availability of certified sustainable derivatives. Increasing demand and continued collaborative action between suppliers, manufacturers and retailers in the UK palm oil supply chain may help to improve this situation, however the UK acting alone cannot completely transform the market and the highly complex derivatives supply chain.

Federation of Wholesale Distributors (FWD)

The Federation of Wholesale Distributors (FWD) is the member organisation for UK wholesalers operating in the grocery and foodservice markets supplying independent retailers, caterers and private businesses. Our members manage the distribution of goods around the UK with a total value of over £28billion. They make a significant contribution to the UK economy, employing 70,000 people directly, and support employment in associated industries by supplying 1million SMEs around the country.

FWD published its statement of intent on its website in October 2012. FWD members producing food sold under their own brand banner are committed to using only sustainable palm oil by 2015. Progress towards this continues to be made.

FWD foodservice members with public sector contracts are committed to compliance with the Government Buying Standards. FWD will continue to work with its members to move towards 100% procurement of sustainable palm oil. We will continue to raise awareness of the sustainable palm oil pledge among our members through our communications and meetings.

National Edible Oils Distributors' Association (NEODA)

The National Edible Oils Distributors' Association (NEODA) is the trade association representing edible oil and fat refiners, processors, distributors and other sundry activities within the UK.

All NEODA refiner/processor members have RSPO membership, are committed to sustainability and offer a full range of certified products. NEODA members are committed to supporting the UK Government's initiative of working towards achieving 100% sourcing of certified sustainable palm oil by the end of 2015.

Members will continue to offer sustainable palm oil, (under whatever name or format it is sold), packed and distributed by members, from an approved RSPO supply chain. The key challenge continues to be to encourage uptake and expand the market to accelerate the progress towards meeting the commitments of sustainability by 2015.

Post-2015, the NEODA logo will not be used on palm products unless the oil is from an approved sustainable source.

Renewable Energy Association (REA)

The Renewable Energy Association (REA) is a UK trade association representing British renewable energy producers and promoting the use of renewable energy in the UK. This includes producers and suppliers of biofuels for the transport, power and heat sectors.

The REA has been and continues to be an enthusiastic supporter of the DEFRA Sustainable Palm Oil initiative. In the transport sector provisional statistics released by the Department for Transport on 7 August 2014 for the year April 2013 - April 2014 show that the share of biofuels (bioethanol and biodiesel) in transport fuel in the UK was 3%. Within this 3%, 0.7% came from palm oil (0.02% of total fuels). All of this has been sustainably sourced as biofuels must meet mandatory sustainability criteria in order to count towards the UK's renewable energy targets. It should be pointed out that UK biofuels producers do not use palm oil at all for the production of biodiesel. The negligible quantities of palm oil biodiesel recorded are blended by fuel suppliers.

In the power and heat sectors the use of bioliquids from palm oil is nil. In both sectors, as in the transport sectors, strict sustainability rules apply.

Seed Crushers and Oil Processors' Association (SCOPA)

The Seed Crushers and Oil Processors' Association (SCOPA) members are committed to moving towards 100% sustainable palm oil sourcing. Our members are all large multinational companies and long-standing RSPO members. Their individual global and national commitments and progress have been publically stated.

SCOPA members encourage the use of certified sustainable palm oil, both individually with their customers and collectively in support of the UK initiative. As 2015 approaches we are seeing increasing interest from customers for certified sustainable supplies and we welcome the increased demand for mass balance and segregated product. For palm oil this demand can generally be met, but we should caution that palm kernel oil and particularly palm fractions present more of a challenge for mass balance and segregated supply options.

We continue to believe that market based mechanisms are the most effective means to drive greater uptake of sustainable palm oil and emphasise that all RSPO approved supply chain options are important to this transition both in the UK and world-wide.

Sustainable Restaurant Association (SRA)

The Sustainable Restaurant Association (SRA) is an organisation whose membership represent a broad spectrum of the hospitality industry including independent restaurants, groups and chains, contract caterers, universities, retail centres, train & aviation caterers all united in their commitment to sustainability.

The SRA issued a press release about its stance on palm oil and remains committed to the 2015 target.

The SRA encourages, and assists, restaurants to produce sustainable palm oil sourcing policies to promote their intentions and actions for sustainable palm oil sourcing to their customers, suppliers and fellow restaurants.

The SRA currently provides members with a factsheet on purchasing sustainable palm oil products and researches alternative suppliers of SPO for member restaurants. The SRA are also working with the Rainforest Foundation to provide more resources and information for the food service industry.

UK Cleaning Products Industry Association (UKCPI)

The majority of members of the UK Cleaning Products Industry Association (UKCPI) are already long standing members of the RSPO. The preferred definition of sustainability for the cleaning products sector is use of one of the four supply chain mechanisms that are approved by the RSPO, i.e. physical purchase of identity preserved, segregated, or mass balance CSPO and purchase of GreenPalm certificates via the Book and Claim scheme.

In addition some companies are also implementing measures to ensure sources of palm oil and palm kernel oil are certified fully traceable and do not contribute to deforestation. Given the complexity of the palm oil supply chain a target date of 2020 is envisaged for this latter commitment.

UK Government

The UK Government has been working closely with CPET throughout the year to continue to run the palm oil support service to advise Government procurers, suppliers to Government and other priority sectors, (hospitality, animal feed, small and medium sized enterprises) on the procurement of sustainable palm oil⁴.

CPET held a palm oil event to raise awareness about sustainable palm oil procurement for Government procurers on 5 March 2014. CPET worked with the Ministry of Justice to produce a 2-page document highlighting key issues. CPET also presented at the Government Sustainable Development Practitioners Forum on 27 June 2014. Additionally CPET assisted the FDF in August/September in launching a guide to CSPO and launch of a Webinar in October.

Following the amendment of the Government Buying Standard (GBS) for food and catering in October 2012, to include a new requirement about sourcing sustainable palm oil, palm kernel oil and derivatives, all food and catering products bought by central Government must meet sustainability requirements by the end of 2015. This commitment is now supported by the report by Peter Bonfield “A Plan for Public Procurement of Food and Catering Services” published on 21 July 2014, which has put in place a “balanced scorecard” that supports the application of the GBS, and rewards suppliers for operating to higher standards. The Plan also seeks to bring together the food and drink industry, public procurers, researchers and farmers, going beyond central government and to the wider public sector, to adopt a different approach to procurement that puts a stronger emphasis on such “quality factors”.

The UK Government also participates in the RSPO's “national endeavours” meetings, alongside EU partners and other organisations. This group has developed guidance to others wishing to organise national palm oil initiatives and we contributed input and examples from the UK experience. Defra and CPET attended the second RSPO European Summit in London on 3-4 June to present UK progress and hear about the launch of new palm oil initiatives in Sweden and Denmark.

The UK recently joined the Tropical Forest Alliance, a new partnership with governments and companies such as Unilever. The Alliance aims to promote sustainability in the palm oil, paper, soya and beef industries, as these four commodities account for a large share of global deforestation.

⁴ <http://www.cpet.org.uk/palm-oil-folder>

The UK Government is working with governments, private sector, scientists and civil society in a range of countries to incentivise sustainable palm oil production and reduce carbon emissions from that sector.

UK Petroleum Industry Association (UKPIA)

UK Petroleum Industry Association (UKPIA) reported the Department for Transport (DfT) published statistics on 7th August 2014 covering biofuels used to meet the Renewable Transport Fuel Obligation (RTFO).

<https://www.gov.uk/government/statistics/biofuel-statistics-year-6-2013-to-2014-report-4>

The report covers the year April 15th 2013 to April 14th 2014 and Table RTFO 05 from the data table shows that of 631 million litres Biodiesel in road fuel just 12 million litres came from Palm oil.⁵ A note attached to the table stresses that this data is for fuel information received by the DfT as of 15 June 2014 and is not final. The final report for 2013/14 will be published in Feb 2015.

All biofuels used for the RTFO have to meet the Renewable Energy Directive (RED) carbon and sustainability criteria (those standards were introduced in December 2011).

World Wildlife Fund (WWF)

During the last year the main focus of WWF's work has been with major grower companies in producer regions (Indonesia and Malaysia). This work has focussed on better management practices and support to move towards RSPO certification. We have also published two pieces of work looking at the role that palm oil mills in Indonesia have in driving illegal land use conversion by independent producers that they source raw materials from. This work illustrates the risks within the supply chain but also the need for the industry to implement due diligence along the entire supply chain from field to mill to end user. One stream of this work focuses on smallholder production and WWF Indonesia has helped the first group of independent smallholders to get RSPO certification in Indonesia.

WWF has had a growing focus on 'new frontiers' for palm oil production and in particular the Congo Basin countries. WWF in collaborating with the Government of Cameroon to develop a national palm oil development strategy that will be aligned with the RSPO standard.

Elsewhere WWF's main focus is on major consumer regions – Indonesia, India, China, EU and US. In particular we work with major multinationals operating in these markets to encourage them to source RSPO certified palm oil. Recent results have included the use of RSPO certified palm oil by Carrefour in their own-brand cooking oil in Indonesia. Across

⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/340055/rtfo-2013-14-year-6-report-4.xls

Europe WWF colleagues are participating in a number of national platforms (France, Germany, Netherlands and Belgium) and working directly with companies to shift their sourcing to CSPO.

WWF was a founding member in November 2012 of the Palm Oil Innovation Group (POIG) of NGOs and RSPO member producers who have since developed a Charter based on the RSPO standards and best practice that is being used to verify best practice by palm oil producers. POIG seeks to support the RSPO by showing innovation and leadership in the industry and by ensuring that this gets taken up by the wider RSPO membership. POIG is seeking support from leading retailers and manufacturers who also seek to transform the industry.

HCS (high carbon stock) assessments have been the focus of much of the debate around responsible palm oil recently and has been a part of many of the company commitments we have been seeing. WWF has joined Greenpeace, TFT and a number of companies using the HCS tool to establish a steering group which aims to develop the tool further and eventually to oversee the use of the tool by wider industry to ensure consistency and quality control over how it is used. The steering group also aims to integrate HCS with other tools like high conservation value assessments to ensure they build up into a practical but credible approach to cutting the link between commodity production and damaging deforestation.

Like our work on POIG, part of the reason for this work on HCS is to ensure that efforts by individual companies and sectors are brought back together to be consistent and complimentary rather than to create the sort of confusion and competition that we have seen recently. The scale of the challenges facing palm oil (and soy and pulp and paper) are such that we need to make sure stakeholders are working together to transform these sectors.

Zoological Society of London (ZSL)

The Zoological Society of London (ZSL) has been engaging the palm oil industry and its supply chain via our Sustainable Palm Oil Platform (www.sustainablepalmoil.org) and the launch of our new Sustainable Palm Oil Transparency Toolkit (SPOTT), an investor-targeted online resource centre that assesses oil palm growers on the information that they make publicly available.

Embedded in the Sustainable Palm Oil Platform, the Transparency Toolkit will provide guidance for the Environmental and Social Governance (ESG) process undertaken by investors, financiers and manufacturers, via an indicator framework of expectations for grower best practice and the performance of the world's largest oil palm growers against this framework.

The 48 indicators – framed as simple questions about best practice and its disclosure – address compliance with RSPO reporting requirements, and additional policies, plans and statements on landbank and environmental management; fragile, marginal and peat soils; zero burning, greenhouse gas emissions, and traceability, which expand upon RSPO

criteria to provide more robust assurance for stakeholders on the sustainability of company operations.

The Transparency Toolkit concept was first presented by ZSL at the RSPO European Summit in June 2014, in a session co-presented with the World Resources Institute (WRI) and RSPO, as part of an ongoing collaboration to promote transparency for RSPO members.

The inaugural launch of ZSL SPOTT in November 2014 will target asset managers as a user-group, featuring 25 of the largest oil palm grower companies publicly listed by market capitalisation, and a percentage performance score that focuses on grower disclosure of information necessary to assess best practice.

The Toolkit also includes a live newsfeed from Thomson Reuters and incorporates a Google mapping tool showing companies' concession site boundaries and other variables relevant to the indicators such as recent fires and forest loss, with data provided by WRI's Global Forest Watch.