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WWF FAQ on the Review of the RSPO Principles & Criteria

The Roundtable for Sustainable Palm Oil (RSPO) Principles & Criteria Taskforce recently finalized the review of the RSPO Principles and Criteria for Sustainable Palm Oil Production (P&Cs), and a document agreed by consensus amongst all the participants in the P&C Taskforce has been produced. While the debates within the Taskforce meetings featured tough negotiating and compromise from all sides, at the end there was no sustained objection from any member of the Taskforce to the final text. The revised P&Cs were presented to and endorsed by the RSPO Executive Board in February, and will be voted on by the RSPO ordinary membership at an extraordinary General Assembly meeting of members on April 25, 2013 in Kuala Lumpur.

The final version of the revised P&Cs that will be voted on by the General Assembly can be found at <http://www.rspo.org/file/revisedPandC2013.pdf>

The following Q&A has been prepared to help clarify WWF's perspective on the outcomes of this review process for external parties.

Overview:

WWF took an active role in the review process of the RSPO Principles and Criteria, advocating for, among other changes, tighter rules for the identification and management of High Conservation Value areas, better controls of oil palm fruits obtained from external sources, stronger requirements for greenhouse gas emission reductions in palm oil production, a ban on planting oil palm on peat soils and stronger safeguards on dangerous pesticide use. WWF did not achieve all its goals. Although significant clarifications and improvements to the P&Cs were achieved WWF accepts that the final outcome is a compromise, because the P&C review was a consensus-driven, multi-stakeholder standard setting process. The RSPO aims to transform the industry as a whole. The P&Cs therefore need to retain widespread support from all RSPO members and not act as a niche standard that only a few companies can achieve.

Going forward, WWF will continue to work towards increasing the uptake by RSPO members of the most crucial safeguards proposed by WWF that were not yet adopted as mandatory requirements in the P&Cs during this review. WWF will do this within the framework of the RSPO, by requesting that responsible palm oil producers set clear performance standards for themselves within the RSPO certification system, while asking responsible buyers to build in additional "asks" into their sourcing criteria that reward these leading producers.

WWF asks all companies that source palm oil to make commitments to only buy RSPO certified sustainable palm oil (CSPO) and to start sourcing it now to help recognize and support the efforts the growers have done in adhering to the RSPO criteria and to provide a

further incentive to producers to maintain a commitment to the RSPO process and expand the market for certified sustainable palm oil.

Questions and Answers:

1) What was the process for the RSPO P&C Review and what was WWF's role?

Credible multi-stakeholder certification schemes are required to review the relevance and effectiveness of their standards every five years. This is an ISEAL requirement that is supported by WWF. The RSPO reviewed its standards (i.e. its Principles & Criteria) following the ISEAL code of good practice.

The RSPO P&C review process began in November 2011 with a public consultation on the standard. This was followed by three meetings throughout 2012 of a P&C Review Taskforce made up of nine grower representatives (three each from Indonesia, Malaysia and Rest of the World), four supply chain companies, four social NGOs and four environmental NGOs. There was a second public consultation on a first draft of the proposed revised P&C text in October-November 2012. This was followed by a final meeting in January 2013 during which the Taskforce formulated the final recommended text. This was presented to and endorsed by the Executive Board of the RSPO in February 2013 and will be voted on by all the RSPO ordinary members at a General Assembly on 25th April 2013 in Kuala Lumpur, Malaysia.

As with all RSPO working groups and taskforces, all RSPO-recognized stakeholder groups were present at the table and decision making for the RSPO P&C review was by consensus, which is defined as the absence of sustained objection to the final decision. There was no majority voting and all of the participants in the Taskforce support all of the text changes. That does not necessarily mean that members of the Taskforce would not have preferred other or additional wording – rather it means that all members agreed to 'live with' the final wording.

Since the original RSPO P&Cs were agreed in 2007, one purpose of the review was to ensure that that the standard is still relevant to and effective at delivering progress by palm oil growers on sustainability *now* – in 2013 and for the next five years until it is reviewed again. The standard review was also an opportunity to revisit unresolved issues that were not adequately addressed in the original standard, such as the use of hazardous pesticides and GHG emissions related to palm oil production.

The P&C review process was facilitated by ProForest, an independent 3rd party consultancy firm specializing in helping organizations, companies, governments and communities find equitable solutions for the sustainable management of natural resources.

WWF's Palm Oil Lead Adam Harrison represented WWF in the Taskforce.

WWF also submitted comments to the RSPO Secretariat, which were consulted extensively within the WWF network, to both public consultations. All comments to the P&C process are available here: http://www.rspo.org/en/principles_and_criteria_review

2) What changes to the P&C have resulted from the review process?

The most significant additions to the P&Cs are:

- a new criterion that requires growers to minimize GHG emissions from new plantings

- a new criterion on ethical business practices which requires companies to have and implement policies that counter corruption
- a new criterion requiring that a policy on human rights is in place and communicated to the whole company
- a new criterion banning the use of forced labour

There have also been numerous changes to existing criteria, indicators and guidance to update the effectiveness of the P&Cs and their relevance to the sustainability challenges facing oil palm cultivation.

Significant amongst these is a tightening of the wording on High Conservation Values (HCVs) which makes it clearer that it is the responsibility of growers not just to identify and set-aside high conservation values but also to manage them. In addition, peat has been designated as a fragile soil to be avoided in new developments. A requirement for mills to record the origin of independent sources of their Fresh Fruit Bunches (FFBs) has also been added.

In addition, several small changes have been made to rationalize and streamline the P&Cs such as numbering all indicators to make it easier to undertake consistent National Interpretations. The use of the words *shall* and *should* have been standardized throughout the P&Cs to show that the indicators are mandatory (in which case the word *shall* is used) and that the guidance is considered industry best practice but it is not a requirement of certification (in which case the term *should* is used).

3) Is planting on peat banned?

In the Taskforce negotiations, WWF pushed for a clear and complete ban on any palm oil planting on peat soils as a measure to eliminate a major source of potential GHGs and to conserve the environmental value of tropical peatlands. The compromise text in the proposed revised P&C states: “Extensive planting on ... peat, is avoided”. This is stronger than the 2007 text which did not mention peat at all at the level of criterion. However it falls short of the outright ban on peat that WWF wanted. That is why WWF will now ask palm oil growers and buyers to commit to ‘low carbon palm oil’ which would include a ban on peat.

The working groups developing the National Interpretations (NI) of the RSPO P&Cs are asked to define what *extensive* means in this context. If the NIs choose not to define this, then the definition in the generic RSPO P&Cs will stand. Within the upcoming National Interpretation processes, which must occur within one year of P&C ratification, WWF will lobby for a strict definition which makes it clear that it is not acceptable to plant on any individual patches of peat larger than 1 hectare and in total more than 1% of a development area.

While not the outright ban WWF had pushed for, this requirement, alongside the new requirement to assess the projected GHG emissions from new developments (including if they are on peat) using the Palm GHG, means that it will be clear to growers and other stakeholders alike that planting on peat has too great a GHG burden to be considered sustainable. There are still many parts of the industry that are in denial about the true climate impacts of developing peat – by ensuring that they now have to account for these emissions it makes it less easy for them to dismiss them as insignificant.

4) Are dangerous pesticides banned?

The agreed text of the P&Cs states that pesticides can only be used in ways that do not endanger health or the environment. This is further defined as needing to justify any use of pesticides, only using ones that are pest specific, and only using them as part of a planned integrated pest management system.

In addition to these general provisions pesticides that are categorized as World Health Organization Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat are not allowed, except in specific situations that will have to be identified in national Best Practice guidelines – either developed by NIs or already existing within a particular country. We do not at this time know whether this requirement will substantially reduce use of these substances. Each grower needs to develop a plan to minimise *and* eliminate these pesticides. So individual growers are now required to come forward with a deadline by when they will cease to use them.

WWF advocated for an out-right ban on the use of these pesticides, and some progressive growers have already phased out their use. The growers argued that they need to retain the ability to use them if no alternatives are available, ie. in *exceptional circumstances*. The National Interpretation processes will need to define what such *exceptional circumstances* will be. WWF would like to see the burden of proof being firmly on the growers to justify the use of these pesticides and to transparently report the use and phasing out of them according to the deadline. WWF will advocate for this in the National Interpretation process.

Alongside this criterion there are also others which stipulate the safe handling, storage and disposal of pesticides, including new indicators requiring growers to consult with neighbouring communities when applying pesticides by air.

5) Do the RSPO P&Cs now have stronger safeguards against GHG emissions from palm oil production?

WWF publicly asked for transparent and mandatory reporting of GHG emissions associated with existing and new developments using the RSPO's Palm GHG tool (see below) and *if there was no commitment on the use of the Palm GHG tool*, then we asked for specific performance standards including a 10% reduction target per year on emissions from existing plantations and zero-net emissions for new plantings accompanied by immediate public reporting on targets.

The members of the Taskforce did reach consensus on the need to use the tool (or an RSPO endorsed equivalent) that the RSPO has been developing to estimate and report current emissions from both existing plantations and mills and, more significantly, for projected emissions from new developments. This tool, called Palm GHG, is a life-cycle analysis of the major sources of emissions from the plantation (including land use change and land use, fertiliser and energy use) and mills (waste ponds). The required use of this tool (or an alternative that uses the same defaults and calculations) means that all RSPO growers will be reporting to the same standard and using the same default figures, bringing greater transparency and comparability to certified growers.

WWF also asked that mandatory public reporting on GHG emissions by RSPO growers begin as soon as the new P&Cs take effect. However, the Taskforce compromised on a requirement

stipulating that the growers only need to report to the RSPO until the end of 2016, after which public reporting will be mandatory.

Because GHG reporting is required (at least to the RSPO), palm oil buyers should ask for disclosure of this information through their sourcing requirements. This will enable them to decide whether individual growers or plantations meet their criteria for 'low-carbon oil palm oil.' This means that the market has an important role to play in demanding transparency immediately and in driving down the emissions associated with palm oil. The market must now put pressure on the industry to map out low-carbon development paths. This is a key message from WWF to the industry moving forward.

6) Will the new P&Cs require RSPO certified millers to identify all sources of FFB entering their supply chains?

There has been clear progress from RSPO growers on certification of their own estates and some have started to support, in compliance with the RSPO P&Cs, the certification of groups of smallholders formally associated with their estates. However, it is increasingly clear that the uncontrolled sourcing of Fresh Fruit Bunches (FFBs) from independent third party smallholders which enter into the supply chains of RSPO members is a huge and unknown risk to the RSPO and the credibility of growers and users of palm oil as well as to the environment and communities. In the P&C review process, WWF asked for a new criterion to ensure that FFB is sourced with due diligence and in particular that millers should ensure that FFB is not being sourced from illegally occupied areas such as National Parks. The Taskforce agreed in principle that this is an issue that the RSPO needs to resolve but felt that suitable tools were not yet available to require full due diligence at this stage.

While this is disappointing, the Taskforce did agree to add a new indicator requiring mills to record the origin of FFB bought at the mill gate and endeavor to trace it back to its actual origin. The Taskforce also asked the RSPO and its Executive Board to ensure that this issue is fully resolved in the future.

7) What are WWF's views on the outcomes of the process? Are the RSPO criteria robust enough to deliver on its vision?

WWF did not achieve a number of the outcomes it wanted in the P&C review process. However, WWF is just one stakeholder among many in the RSPO, and the nature of a multi-stakeholder process is that all parties need to agree on key issues. By definition every stakeholder group has had to compromise.

WWF would have preferred clear black and white performance standards for the criterion dealing with GHGs and pesticides that describe how sustainable palm oil is produced. Just as the existing criteria make it clear that companies must not clear or damage high conservation value areas, we would have liked clear standards banning clearance or cultivation of peat soils and high-carbon habitats. If the P&Cs contained a comprehensive set of clear performance standards it would be abundantly clear that certification against the RSPO P&Cs would ensure that the palm oil in question was produced sustainably. Unfortunately, not all of the members of the Taskforce were willing to accept such changes at this time. That means we are now in the position of having to consider the RSPO P&Cs only as a framework within which responsible growers can tackle key sustainability impacts such as GHG emissions rather than a 'proof' of sustainability in itself.

WWF sees the RSPO and the P&Cs as tools to help transform the entire industry and not necessarily to establish a best standard that only a niche number of growers can achieve. Therefore, WWF felt it was appropriate to agree to changes that introduce the need to estimate and report GHG emissions -- even without a hard performance standard on 'acceptable GHG emission' -- rather than to derail the whole process, which would have meant maintenance of the status quo without any measures dealing with the climate impacts of new plantings being incorporated into the P&Cs.

The WWF position is that the revised P&Cs are a framework and tool box to show responsible growers how to work towards sustainability. The concessions made in the final text have taken away any excuses to further delay certification and WWF now expects all grower members to actively pursue the certification of all their holdings.

Beyond that the new P&Cs provide directions and tools for progressive growers to show their commitments to sustainability, for example by actions such as phasing out of dangerous pesticides, immediate public reporting of GHG emissions or implementing zero-net carbon loss for new developments (see below). Over the next years these WWF wants to see a significant uptake of these measures by responsible growers and they should be firmly integrated in the next P&C review.

The vision of the RSPO is to transform the whole palm oil industry to one that is sustainable. The current P&Cs are a pragmatic step forward and have broad support by all member categories. However the P&Cs will only be able to transform the industry if they are implemented robustly. For this to happen the RSPO needs to police them and the wider membership also need to play their part.

Not only do the growers need to adhere to the P&Cs and set themselves challenging performance targets within them, but palm oil buyers need to demand CSPO from growers that have set themselves such challenging standards.

8) If the RSPO is the framework within which a company can set itself performance standards, what is WWF asking progressive companies to do in order to demonstrate leadership?

Because the review failed to accept strong, tough and clear performance standards within the P&Cs on issues like GHGs and pesticides it is, unfortunately, no longer possible for producers or users of palm oil to ensure that they are acting responsibly simply by producing or using CSPO. Instead WWF is now asking progressive companies to set and report on particular performance standards within the framework of the new RSPO P&Cs.

Responsible growers are those that not only certify all of their palm oil production against the RSPO Principles & Criteria but who also take the following further actions:

- immediate public reporting of GHG emissions from existing and new plantations using Palm GHG;
- for new oil palm developments: full implementation of the New Plantings Procedure and zero-net land use emissions over a single rotation, which will exclude cultivation on peat-soils and clearance of high carbon stock areas;

- for existing plantations and mills: significant annual GHG emissions reduction targets , essential measures should include the treatment of mill effluent to eliminate methane emissions and the restoration of any plantations on peat at the end of the current rotation;
- an end to the use of pesticides that are categorized as World Health Organization Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat;
- only buying FFB from known sources, in particular no FFB originating from land illegally occupied or that is within any sort of designated or protected areas such as national parks;

The rest of the palm oil value chain – from investors to retailers – must also make parallel commitments to only do business with growers that take these extra actions. Traders and processors because of their unique position in the supply chain now have a greater responsibility to act transparently and to ensure that their customers know where their palm oil is coming from.

To avoid the burden of extra auditing and verification WWF is proposing that the RSPO help stakeholders to understand which members are acting responsibly. They can do this by ensuring that relevant, reporting and auditing of these actions are incorporated into its existing systems including the annual reports, its New Planting Procedure notifications and its public certification reports.

So while the revised P&Cs are not perfect, on balance WWF believes that they are a step in the right direction and give progressive parts of the industry the right tools to demonstrate that they are acting more sustainably.

WWF will now invite progressive companies along the whole oil palm supply chain who share our belief that the industry can show leadership in sustainability to discuss with us how to make these commitments and actions a reality.

9) Why is WWF still supporting the RSPO, and what is needed for WWF to step out of the RSPO?

It is a fact that a number of WWF's key asks were not taken up in this review of the P&Cs and this is disappointing. WWF had hoped for more foresight from producers in continuing to improve the RSPO P&Cs to ensure that they clearly and comprehensively describe sustainable palm oil. On the issue of GHGs what we now have in the P&Cs is a system that enables and allows responsible companies to perform sustainably and demonstrate that performance – but it does not yet require them all to do so. This leaves the industry in a position where responsible operators along the whole supply chain need to be setting their own targets and performance standards and making their own commitments 'within the RSPO P&Cs' that ensure they are acting sustainably.

Over the next 12 months WWF will evaluate if the process of National Interpretations is rigorous and that it does not weaken the generic P&Cs.

In the coming months and years WWF will closely track how RSPO members implement the new P&Cs and we will push for the RSPO to be transparent about how members are progressing.

Meanwhile, WWF is undertaking a multi-commodity research project to measure the impacts of certification. This will include quantifying the conservation impacts of the RSPO and other multi-stakeholder initiatives that WWF is involved in. If we see over time that RSPO does not contribute substantially to the preservation of high conservation areas within priority places, we will have to critically evaluate our future involvement in the RSPO.

Likewise, if we come to the conclusion that RSPO does not embrace the concept of continual improvement or if NGO concerns are consistently put aside, we will have to reconsider our engagement.



For further information, contact Carrie Svingen (csvingen@wwf.panda.org)