

## **Resolution 6c**

### Proposed Resolution to be adopted at the 11th General Assembly of the Roundtable on Sustainable Palm Oil (RSPO)

20<sup>th</sup> November 2014

#### **TITLE: RESOLUTION TO ENABLE MARKET UPTAKE OF PHYSICAL RSPO CERTIFIED SUSTAINABLE PALM OIL**

**Submitted by:** Aldi SOUTH Group, Boots UK, Carrefour, Coles Supermarkets Pty Ltd, Coop Switzerland, Delhaize Group SA/NV, Federation of Migros Cooperatives, Marks and Spencer plc, Royal Ahold NV, Soapworks Ltd, Waitrose Limited, Wal---Mart Stores Inc, Woolworths (Proprietary) Limited

#### **Introduction:**

Current RSPO rules require that companies seeking supply chain certification first become members of RSPO. To obtain RSPO membership takes at least 6 weeks to achieve, costs a minimum of €100 per year for small users of palm oil (those using less than 500 metric tons per year) and brings additional RSPO reporting requirements.

Complex supply chains lead to RSPO certified sustainable palm oil (CSPO) leakage from the system. Palm oil is an insignificant ingredient for many companies in the supply chain. For example, production facilities manufacturing highly processed products, where palm oil is only a by-product or very minor ingredient, have no interest in becoming an RSPO member. For these companies, the cost and time-consuming requirements of RSPO supply chain certification *plus* RSPO membership are too onerous.

As a result, small users find it easier and cheaper simply to reformulate products without palm oil ingredients in order to fulfill their customers' demands to source only CSPO. Moreover consumer goods manufacturers and retailers at the far end of the supply chain, who are sourcing CSPO ingredients in their products, cannot claim this.

We welcome the RSPO Supply Chain Certification (SCC) Review conducted in 2014, which has consolidated related documents and smoothed out confusing rules in the RSPO SCC standard and system. However a further step is needed to encourage uptake of physical CSPO throughout the supply chain.

#### **Resolution:**

In the light of RSPO's vision to transform markets to make sustainable palm oil the norm:

Recognizing that to transform markets requires physical flows of RSPO certified sustainable palm oil (CSPO) through complex commodity supply chains;

Acknowledging that RSPO reports of market uptake of CSPO at approximately 50-55% does not encourage growers to certify increased areas of palm oil production;

Noting that in reality considerably greater volumes of CSPO are being sold or lost from the supply chain;

We call on the 11<sup>th</sup> General Assembly of the RSPO to resolve that:

**RSPO removes the membership requirement, which is a barrier to achieving supply chain certification.**

**Benefits** of adopting and implementing this resolution include:

- Growers are encouraged to certify increased areas; and are able to continue to increase the palm oil market, rather than see it restricted by unnecessary CSPO rules.
- Increased market uptake and promotion of CSPO via physical supply chains.
- Strengthens the base of RSPO membership, focusing on members who are actively committed to contributing towards RSPO's vision and mission.
- Aligns with ISEAL<sup>1</sup> Alliance standards, which do not require companies to be members in order to certify their chain of custody.
- Reduce cost and time delays of applying for RSPO membership in addition to supply chain certification. Reduce burden on RSPO Secretariat of administering up to 600 Supply Chain Associate members, which costs more than the membership income of €100 p.a. per member.

**Potential risk** to RSPO presented by this resolution, which we encourage members to consider:

- Potential financial impact: membership income from small users represents less than 3% of the RSPO membership budget (note <sup>2</sup>). The possible reduction in this income source represents minimal downside risk, when compared to the significant benefits to RSPO.

#### **Implementation**

- This resolution simply requires the words "shall be a member of the RSPO" to be deleted from clause 5.3.1 of the revised Supply Chain Certification Standard – to be adopted by the Board of Governors on 21st November 2014.

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<sup>1</sup> ISEAL is the global association for sustainability standards, formerly called the International Social and Environmental Accreditation and Labelling Alliance.

<sup>2</sup> At September 2014, there are 606 Supply Chain Associates, who use less than 500 metric tons per year of palm oil ingredients. The financial impact – even if all the current Supply Chain Associates decided not to renew their membership of RSPO – would therefore be limited to approx. MYR 252k (€60k) in 2014--15. This represents less than 3% of the RSPO membership income budget of MYR 8.5 million, and just 0.8% of the total income budget for 2014-15.