

Sustainable Palm Oil Manifesto

Our objective

Palm oil is a nutritious and versatile food product that is essential to the livelihood of millions of people in communities across Indonesia and Malaysia and growing in importance in the tropical belts of Africa, Latin America and other parts of the world.

As growers, traders and processors, non-governmental organisations, end-users and financial institutions, we are committed to ensuring sustainability in the entire chain from cultivation to consumption. In line with this commitment, we propose to enhance the RSPO Principles and Criteria (P&C) with three specific objectives:

- i) To build traceable and transparent supply chains;
- ii) To accelerate the journey to no deforestation through the conservation of high carbon stock (HCS) forests and the protection of peat areas regardless of depth, and
- iii) To increase the focus on driving beneficial economic change and to ensure a positive social impact on people and communities.

In line with this commitment, we invite all growers, traders, processors, non-governmental organisations, end-users, financial institutions and other industry stakeholders to be a part of this drive to achieve these stated objectives.

We can transform the palm oil sector into a sustainable industry. This can be done through sustainable operations, innovation, constructive dialogue and close cooperation between key players and industry stakeholders with indigenous peoples and local communities.

We are firmly committed to the RSPO and its P&C as the foundation of sustainability in the palm oil industry and we will work to ensure that the palm oil we produce, trade, process, consume and finance are in line with the following principles:

1. No Deforestation

- There will be no development of areas classified as high carbon stock (HCS) forests once HCS has been defined.
- In the interim, we will fully adopt the RSPO Criterion 7.8 to minimise greenhouse gas (GHG) emissions from new developments.
- There will be no development in high conservation value (HCV) areas.
- We are committed to stop the practice of burning in the preparation of new plantings, re-plantings or other developments.
- The emission of GHG will be progressively reduced on existing plantations and operations.
- We will adhere to all relevant national legislation as well as the RSPO or equivalent certification.

2. Protect Peat Areas

- There will be no new development on peat lands, regardless of depth.
- We are committed to applying Best Management Practices in existing plantations on peat lands.
- In areas that are found to be unsuitable for replanting, plans will be made to rehabilitate them for alternative uses.

3. Drive positive socio-economic impact for people and communities

- We will respect and support the Universal Declaration of Human Rights.
- We will recognise the rights of all workers, including contract, temporary and migrant workers.
- We will facilitate the inclusion of smallholders, out-growers and small fresh fruit bunch (FFB) suppliers into the supply chain.
- We will respect land tenure rights.
- We will respect the rights of indigenous and local communities to give or withhold their free, prior and informed consent (FPIC) to the utilisation of lands to which they hold legal, communal or customary rights.
- We will work with all parties to resolve verifiable complaints and conflicts through an open, transparent and consultative process.

Our Commitment

We will – collectively and as specific groups comprising growers, traders and processors, end-users, financial institutions, non-governmental organisations and not-for-profit organisations – work together to uphold the principles contained in this manifesto.

As a collective group

As stakeholders in the palm oil industry, we commit to no deforestation, protecting peat areas and ensuring positive socio-economic impact on communities. This commitment will apply along the entire supply chain – from production, trading, processing, use and financing – and to all stakeholders including third parties.

As responsible growers

We commit to no deforestation and protecting peat land. We will drive positive socio-economic impact for people and communities in the plantations we own and manage. This commitment extends to smallholders and out-growers, whether contracted or independent from whom we source FFB and/or other palm products.

In plantations where we do not have controlling stakes, we will do our utmost to promote adherence to and implementation of the principles of this manifesto.

We will require our direct suppliers to comply with RSPO's P&C and take immediate remedial action to correct any violations. Regardless of remedial action and subject to any legal requirements, we will not do business with serious repeat violators of the RSPO's P&C. The sourcing decisions and any plans for implementation of the above however, shall be unilaterally determined by each grower. We will ensure that all our requirements and actions will comply with applicable laws and regulations (including national laws and any requirement to obtain any approval, consent, exemption, exclusion, permit or licence from any relevant authorities).

We will fund, lead and execute independent research to determine high carbon stock (HCS) thresholds. Once defined, these thresholds and the relevant implementation strategies will be adopted. We envisage that it will take six months to complete this research in Southeast Asia, and 12 months in areas that require further field tests and study, namely Africa.

In the interim, we will immediately implement RSPO Criterion 7.8 to minimise GHG emissions associated with new developments.

As responsible traders and processors

We will source our supply only through networks that are transparent and traceable back to known origins¹. This commitment will be extended to our subsidiaries, refineries and mills that we own and manage. We will do our utmost to influence all third party suppliers to make the same commitment.

We will require our direct suppliers to comply with RSPO's P&C and take immediate remedial action to correct any violations. Regardless of remedial action and subject to any legal requirements, we will not do business with serious repeat violators of the RSPO's P&C. The sourcing decisions and any plans for implementation of the above however, shall be unilaterally determined by each trader and processor. We will ensure that all our requirements and actions will comply with applicable laws and regulations (including national laws and any requirement to obtain any approval, consent, exemption, exclusion, permit or licence from any relevant authorities).

Once the independent HCS framework has been defined and adopted by growers, we will work with them to adopt the thresholds of carbon stocks recommended in the framework.

As responsible end users

We are committed to this manifesto and will support growers, traders and processors that have signed up to and are implementing the principles of this manifesto. In line with this, we will source our supplies only through networks that are transparent and traceable to known origins.

We will require our direct suppliers to comply with RSPO's P&C and take immediate remedial action to correct any violations. Regardless of remedial action and subject to any legal requirements, we will not do business with serious repeat violators of the RSPO's P&C. The sourcing decisions and any plans for implementation of the above however, shall be unilaterally determined by each end user. We will ensure that all our requirements and actions will comply with applicable laws and regulations (including national laws and any requirement to obtain any approval, consent, exemption, exclusion, permit or licence from any relevant authorities).

As responsible financial institutions

We are committed to this manifesto and will support growers, traders and processors that have signed up to and are implementing the principles of this manifesto.

We will require our direct suppliers to comply with RSPO's P&C and take immediate remedial action to correct any violations. Regardless of remedial action and subject to any legal requirements, we will not do business with serious repeat violators of the RSPO's P&C. The sourcing decisions and any plans for implementation of the above however, shall be unilaterally determined by each financial institution. We will ensure that all our requirements and actions will comply with applicable laws and regulations (including national laws and any requirement to obtain any approval, consent, exemption, exclusion, permit or licence from any relevant authorities).

¹**Known Origins** refers to an inbound supply chain capability to identify the origin of Palm Oil used in the manufacturing of our products to a known and identified universe of originating Crude Palm Oil Mills.

As responsible non-governmental organisations and not-for-profit organisations

We will act responsibly and support companies that sign on to this manifesto. We will constructively challenge them and hold them accountable for any violation of these principles. We are committed to helping these companies implement the principles of this manifesto in their operations by providing them with accurate and verifiable input and information in a transparent and objective manner.

We, the undersigned, urge all those with a vested interest in driving a transformation that will lead to a more sustainable palm oil industry to support and sign this manifesto. We want a commitment to no deforestation while promoting positive socio-economic impact for people and communities.

The Roadmap and Next Steps

Each signatory will prepare its own time-bound plan to implement these principles in its own organisation within 12 months of signing this manifesto. Each signatory is free to adopt a reasonable time-frame to enable it to achieve its objectives. Signatories will publish their time-bound plans and file regular progress reports.

Signatories will develop their individual sets of additional indicators for this manifesto that can be audited to demonstrate its implementation.

For the avoidance of doubt, this Manifesto shall be construed and implemented subject to Principle 2 of the RSPO P&C on the need for compliance with all applicable local, national and ratified international laws and regulations. In accordance with Principle 2 of the RSPO P&C, the signatories hereto shall at all times adhere to all local and international laws and requirements and this obligation shall include, amongst others, the obtaining of any and all approvals, consents, exemptions, licenses, permits or exclusions from any relevant national or international authorities, bodies or organizations wherever applicable or necessary.

Compliance with the principles of this manifesto can be determined by an independent third party audit against the RSPO P&C with additional indicators – that are still to be finalised.

The Open Invitation

This is an open invitation to all stakeholders, and we hope that our industry partners will sign up and work together to transform the palm oil industry and make it a sustainable one.

ANNEX: DEFINITIONS

1. No Deforestation

High Conservation Value (HCV) areas:-

“High Conservation Value Areas” refers to the areas necessary to maintain or enhance one or more High Conservation Values (HCV), where a HCV is a biological, ecological, social or cultural value of outstanding significance or critical importance. Specific reference on HCV is referenced in the Criterion 5.2 and 7.3 of the RSPO Principles & Criteria for the Production of Sustainable Palm Oil 2013. Natural forest areas that are not identified as HCV could be regarded as High Carbon Stock (HCS) Forests.

High Carbon Stock (HCS) Forests:-

An independent in-depth study and consultation process will be commissioned by signatories to determine HCS definitions based on the following guidelines:

- a) An accepted methodology of calculating HCS is established and standardised.
- b) Industry accepted HCS definition is established for different geographies, with scientific studies and empirical data to support the facts, the results of which shall be made publicly available.
- c) To achieve the long-term protection of HCS forest areas and ensure pragmatic implementation, a range of HCS strata will be developed to account for social, economic and political factors in different geographies and economic developments, e.g. the development needs of fragile economies should not be compromised or hampered.
- d) A robust accreditation process will be established to appoint independent HCS assessors once definitions are agreed upon and finalised.

With reference to Criterion 7.8 of RSPO P&C and guidance notes on “New plantation developments are designed to minimize net greenhouse gas emissions”, full implementation of the criterion and guidance includes:

- i) A commitment to publish reports on the projected GHG emissions associated with new developments using the Palm GHG tool or an RSPO approved equivalent. It is recognised that these emissions cannot be projected with accuracy with current knowledge and methodology.
- ii) A commitment to plan development in such a way as to minimise net GHG emissions towards a goal of low carbon development (noting the recommendations agreed by consensus of the RSPO GHG WG2)

- iii) A commitment to only plant new developments in low carbon stock areas defined by the RSPO as those areas with (above and below ground) carbon stores, where the losses as a result of conversion to oil palm are equal to or smaller than the gains in carbon stock within the new development area including set aside areas (non-planted areas) over the period of one rotation.

Progressively reduce greenhouse gas emissions on existing plantations:-

Referenced in Criterion 5.6 of the RSPO P&C GHG reduction or equivalent tools.

2. Protect Peat Areas

Peat refers to soil that contains more than 65% organic matter. Consideration will be given where there are patches (<20ha) of peat within development areas where the cultivation of such areas using Best Management Practices (BMPs) would have little or no impact on the hydrology and function of adjacent areas, and where it is impracticable to leave such patches undeveloped. Areas larger than 20ha will need to be independently assessed to justify development, for example in instances where the conservation of the peat land may be threatened regardless of set-aside.

For existing plantations on peat, BMPs are defined as those included in Criterion 4.3 of RSPO Manual on Best Management Practices for existing oil palm cultivation on peat', June 2012. (http://www.rspo.org/file/RSPO_BMP_1_Update_24_April_2013_small.pdf)

Peat restoration is defined as restoring natural vegetation and drainage regimes on peat where feasible, and working with experts, stakeholders and communities to implement best practices set out in the RSPO Manual on BMPs for Management and Rehabilitation of Natural Vegetation Associated with Oil Palm Cultivation on Peat, 2012. (http://www.rspo.org/file/BMP_manual_2_update_24_april_2013_small.pdf)

3. Drive Positive Socio-Economic Impact for People and Communities

Universal Declaration of Human Rights. <http://www.un.org/en/documents/udhr/index.shtml>

Respect the rights and title of indigenous and local communities, and including the Free, Prior and Informed Consent (FPIC) of indigenous and local communities to activities on their customary lands where plantations are developed. Refer to the FPIC and RSPO: A Guide for Companies.

http://www.rspo.org/file/FPIC%20and%20the%20RSPO%20a%20guide%20for%20companies%20Oct%2008_cover.pdf