



## **Model Policy to Promote Socially and Environmentally Responsible Palm Oil**

Palm oil is the highest yielding oilseed crop and is among the world's most widely used and versatile vegetable oils.

The oil palm tree is primarily grown in Indonesia and Malaysia, which together account for about 85 percent of the world's production. Global growth and developments in processing technologies has led to an increase in demand for palm oil, which in turn has led to an increase in demand for farm and plantation land for crop cultivation. This increase has raised environmental and social concerns including forest conservation, peat land conversion, the need to protect watersheds, oil palm's contribution to global climate change, and the rights of Indigenous communities.

We believe that palm should be produced in a socially and environmentally responsible manner. As part of our commitment to conserve the environment and protect local communities, we integrate responsible palm oil procurement into our operational plans and policies. Together with non-governmental organizations (NGOs) and local communities, we actively monitor the impact of our palm oil suppliers on the environment and local communities.

As a buyer of palm oil, we believe that it is our responsibility to provide products that are 100 percent free of the destruction of rainforests or other natural ecosystems and their associated biodiversity. We also believe the production of agricultural commodities should not result in the violation of the rights or tenures of Indigenous Peoples and other forest dependent communities, or in significant negative impacts on the global climate system.

We recognize that the degradation and loss of tropical rainforests is one of the leading causes of global climate change, and that conversion of tropical rainforests to palm oil plantations is one of the leading drivers of tropical deforestation. Recognizing the urgency of the situation we commit to taking the following action to reduce the global footprint of our palm oil purchases on the world's remaining rainforests:

### **Our supply-chain commitments to our customers:**

1. We support the call for an immediate moratorium on any further deforestation or draining of peatlands for palm oil plantations.
2. We commit to conducting a comprehensive audit of the environmental and social impacts of our major suppliers' plantation operations and supply chains and to publicly disclose the results of the audit.
3. We commit to phase out any purchases of palm oil from suppliers or their parent companies that are converting forest lands, including High Conservation Value Forests (HCVF),

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peatlands, primary, secondary and other natural forests, to palm oil plantations by January 1, 2011.\*

4. We commit to sourcing palm oil from supplier plantations with a low carbon footprint, as indicated by: The phasing out of all palm oil supplies from plantations located on drained peatlands; Halt purchases from palm oil plantations on any lands that if cleared or drained would likely release more than 25 ton C/ha over a 25 year period; Support RSPO adoption of above producer criteria; and Support full consideration of indirect land use change impacts in the development and implementation of all relevant certification and government policies and regulations for agricultural commodities and biofuels.
5. We commit to providing only 100% identity preserved and fully-traceable/segregated palm oil to all our customers by 2012.
6. We commit to providing and trading only certified sustainable palm oil by 2015.
7. We commit to only purchasing from suppliers that are actively working to become RSPO certified. If suppliers are found to be seriously violating the RSPO's stated policies and criteria, we will publicly cancel our contract and add those suppliers to our "no trade" list.
8. We commit to being an industry leader to advance tough certification standards, objectively verifiable indicators and metrics, and strive to ensure that certification bodies such as the RSPO do no harm to rainforests, forest communities and the global climate. We support a rapid implementation of GHG emissions and New Plantings standards for RSPO certification criteria.
9. We commit to work with governments in countries with rainforests where palm oil is produced to advocate for sustainable palm oil development that ensures the protection of local communities, forest conservation, and responsible climate policies are mutually reinforcing.
10. We commit to working with all stakeholders to comply with our stated commitments in a timely manner.
11. We commit to the annual public reporting of our process working towards all of our corporate commitments, making comprehensive documentation available on our website for stakeholders in English and relevant local languages where applicable.

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\* All dates included in RAN's model policy are based on companies taking rigorous action as of January 1, 2010. Of course, all dates mentioned in this document should be adjusted by companies as they adopt this policy and bring palm oil commitments in line with each company's unique supply chain and market position.



**Commitments we demand from our palm oil suppliers: at their own oil palm plantations & processing facilities:**

1. We demand that suppliers meet growing palm oil demand without any further expansion on forest land, including High Conservation Value Forest (HCVF), peat lands, primary, and other natural forests for oil palm plantations by suppliers or their contract farmers.
2. We demand that suppliers commit to reducing GHG emissions from oil palm plantations, and restoration and re-wetting of all peat lands by 2015.<sup>1</sup>
3. We demand that suppliers commit to protecting biodiversity of all native species, including threatened and endangered focal species, and restoring critical habitats within oil palm plantations with a special focus on riparian zones and watersheds.
4. We demand that suppliers commit to limiting new plantings of oil palm to lands that will emit less than 25 ton C/ha over a 25 year period.
5. We demand that suppliers commit to respecting the Free, Prior, and Informed Consent (FPIC) of Indigenous People and other forest dependent communities. All consultations, negotiations, and land acquisitions will be documented and made public.
6. We demand that suppliers commit to resolving existing disputes on their plantations.
7. We demand that suppliers commit to ensuring that all palm oil coming into their processing facilities will be fully-traceable and will be produced in accordance with our stated policies.
8. We demand that suppliers commit to best practices for transparent auditing, monitoring, and public availability of all information, including third party audits. Information will include environmental and social assessment reports, standard operating procedures, and documentation of complaints and grievances. All information will be available on suppliers' website, in English and relevant local languages.

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<sup>1</sup> This commitment anticipates new policy and financing measures for accelerated peatland restoration becoming available as a result of REDD (Reducing Emissions from Deforestation and Degradation) related agreements in a new global climate accord under the UN Framework Convention on Climate Change.