

UNDERSTANDING THE JOURNEY:

SHARED EXPERIENCES FROM COMPANIES ON THEIR
TRANSITION TO 100% SUSTAINABLE PALM OIL



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[panda.org](https://www.panda.org)

THE WWF PALM OIL BUYERS SCORECARD

The scorecard assesses manufacturer, food service provider and retailer commitments and actions for sustainable palm oil and helps build a culture of transparency around palm oil use.

[palmoilscorecard.panda.org](https://www.palmoilscorecard.panda.org)

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SUMMARY

Achieving a sustainable palm oil industry has never been more urgent, but it remains shrouded in complexity.

In an effort to encourage shared learning and inspire further action, WWF asked companies included in our Palm Oil Buyers Scorecard to provide insights into their journey to 100% sustainable palm oil. In total, 34 companies responded.

The case studies reveal that companies face several common challenges in meeting their commitments to sustainable palm oil. As they seek to address ongoing barriers and drive continued progress well into the future, companies are encouragingly taking action both within and beyond their supply chain. But several solutions that are key to creating a sustainable palm oil industry are less commonplace — pointing to the various opportunities companies still have to achieve greater impact.

INTRODUCTION

Many companies have pledged to source 100% deforestation- and conversion-free palm oil by the end of 2020. But most are still a long way from meeting their targets.

In its 2020 edition, WWF's [Palm Oil Buyers Scorecard](#) found that while several companies are making commendable progress on sustainable palm oil by taking actions both within and beyond their supply chains, others – including brands whose products we consume daily – are doing little or nothing at all.

Supporting the development of a sustainable palm oil industry is within the reach of all companies. From the increasing availability of Roundtable on Sustainable Palm Oil (RSPO) certified sustainable palm oil (CSPO) to the ever-growing body of best practices on how to establish, implement and demonstrate progress on ethical supply chains, companies can leverage a variety of [platforms and tools](#) to take action in support of sustainable palm oil.

Nevertheless, it is important to recognise that creating a palm oil industry which benefits both nature and people is no small feat. The WWF scorecard assesses companies against key actions they should take to show their commitment to sustainable and deforestation- and conversion free palm oil. But it doesn't necessarily capture all the nuances and challenges of companies' transition towards 100% sustainable palm oil.

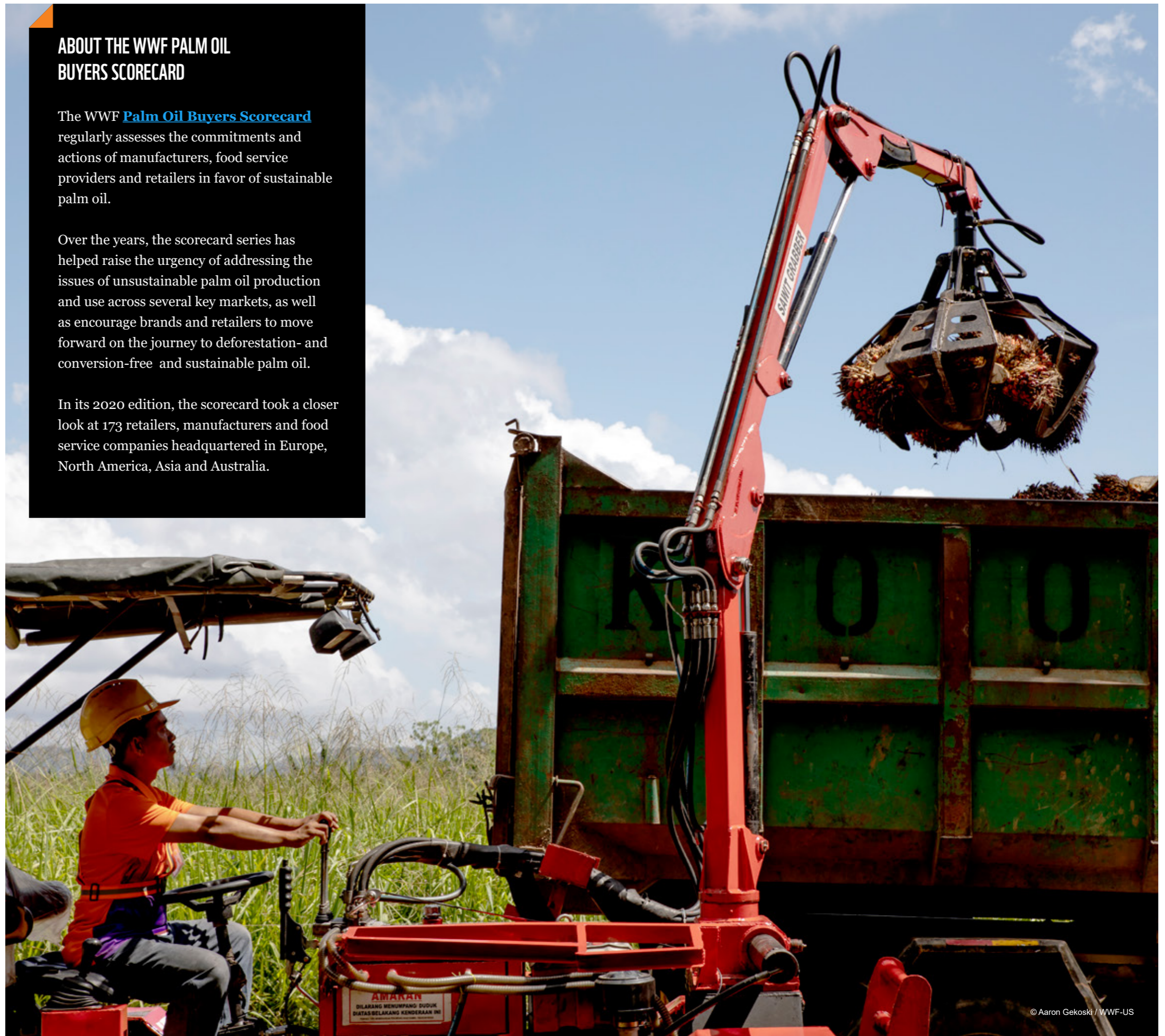
In an effort to support shared learning and the adoption of best practices, WWF asked companies that scored "Middle of the Pack" or higher in our latest scorecard to submit case studies detailing their journey to sustainable palm oil. Companies were encouraged to share their key achievements to date, challenges faced in meeting existing commitments, and their post-2020 plans.

ABOUT THE WWF PALM OIL BUYERS SCORECARD

The WWF [Palm Oil Buyers Scorecard](#) regularly assesses the commitments and actions of manufacturers, food service providers and retailers in favor of sustainable palm oil.

Over the years, the scorecard series has helped raise the urgency of addressing the issues of unsustainable palm oil production and use across several key markets, as well as encourage brands and retailers to move forward on the journey to deforestation- and conversion-free and sustainable palm oil.

In its 2020 edition, the scorecard took a closer look at 173 retailers, manufacturers and food service companies headquartered in Europe, North America, Asia and Australia.



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KEY FINDINGS

While participating companies make up only a fraction of the entire palm oil sector, the case studies provide a snapshot of the challenges companies face and approaches they have taken to make progress in their sustainable palm oil journeys. They also offer an insightful glimpse into the road that lies ahead and what remains to be done to transform the palm oil industry.

WWF analysis of the 34 case studies shows that:

ACHIEVEMENTS

The vast majority of respondent companies have a public, time-bound commitment to source 100% RSPO CSPO, although progress against this commitment varies. Most companies also highlight that they are

taking action beyond their own supply chain such as supporting smallholders, investing in conservation projects or engaging in landscape or jurisdictional approaches.

CHALLENGES

Various companies mention facing barriers linked to the complex nature of palm supply chains. Challenges most frequently cited include the accessibility of RSPO CSPO,

supply chain traceability, and the limited influence individual companies have over stakeholders along the palm oil supply chain.

SOLUTIONS

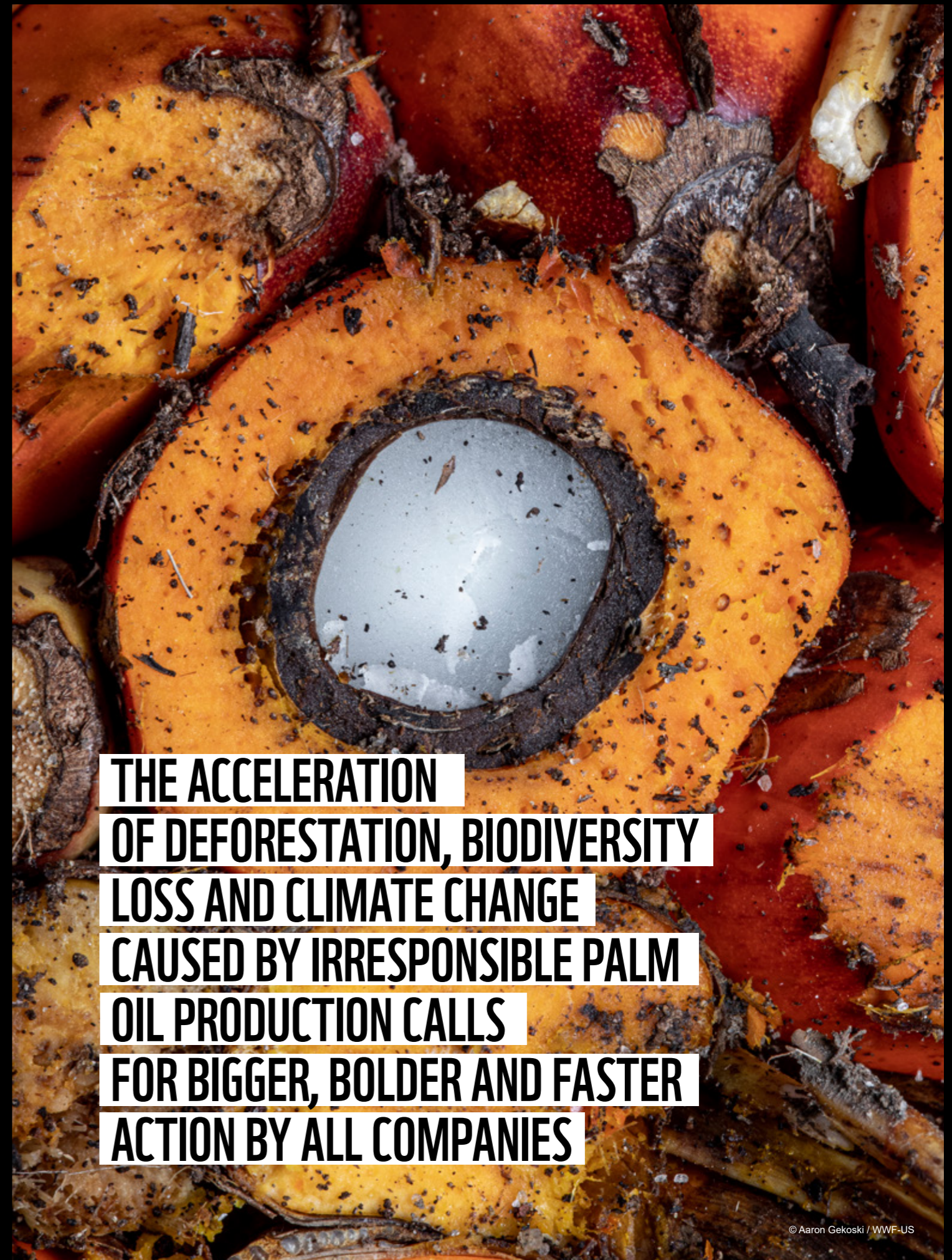
The most common ways companies report addressing these issues include sourcing RSPO CSPO, engaging with suppliers, and supporting on-the-ground projects in palm producing landscapes. However, many proven solutions are less commonplace. Less than

two-thirds of companies have requirements for their suppliers to source palm oil that is traceable to the mill or plantation, or that is deforestation- and conversion-free. Similarly, just over half of companies report that they are monitoring compliance of their suppliers.

FUTURE PLANS

Looking to the future, there are encouraging signs that some companies are not only committed to removing deforestation and habitat conversion from their supply chains, but also to driving industry transformation. While nearly all companies plan to increase their RSPO CSPO sourcing or maintain 100%, three quarters state they plan to take action

beyond their own supply chains and support on-the-ground investment in palm producing landscapes. However the acceleration of deforestation, biodiversity loss and climate change caused by irresponsible palm oil production calls for bigger, bolder and faster action by all companies.

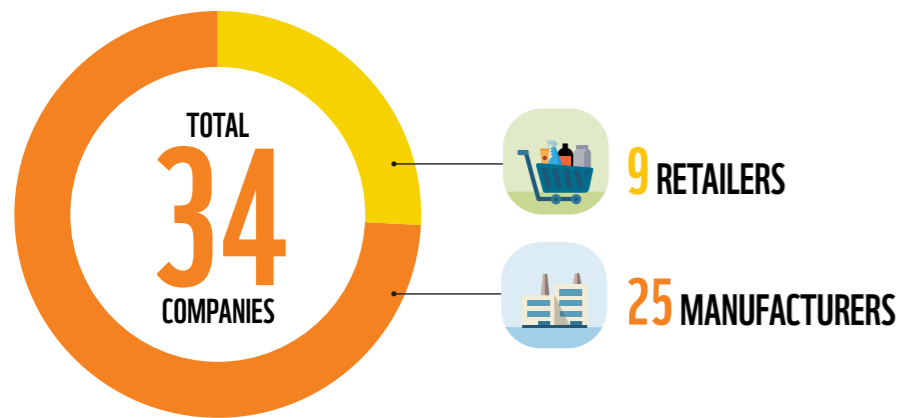


**THE ACCELERATION
OF DEFORESTATION, BIODIVERSITY
LOSS AND CLIMATE CHANGE
CAUSED BY IRRESPONSIBLE PALM
OIL PRODUCTION CALLS
FOR BIGGER, BOLDER AND FASTER
ACTION BY ALL COMPANIES**

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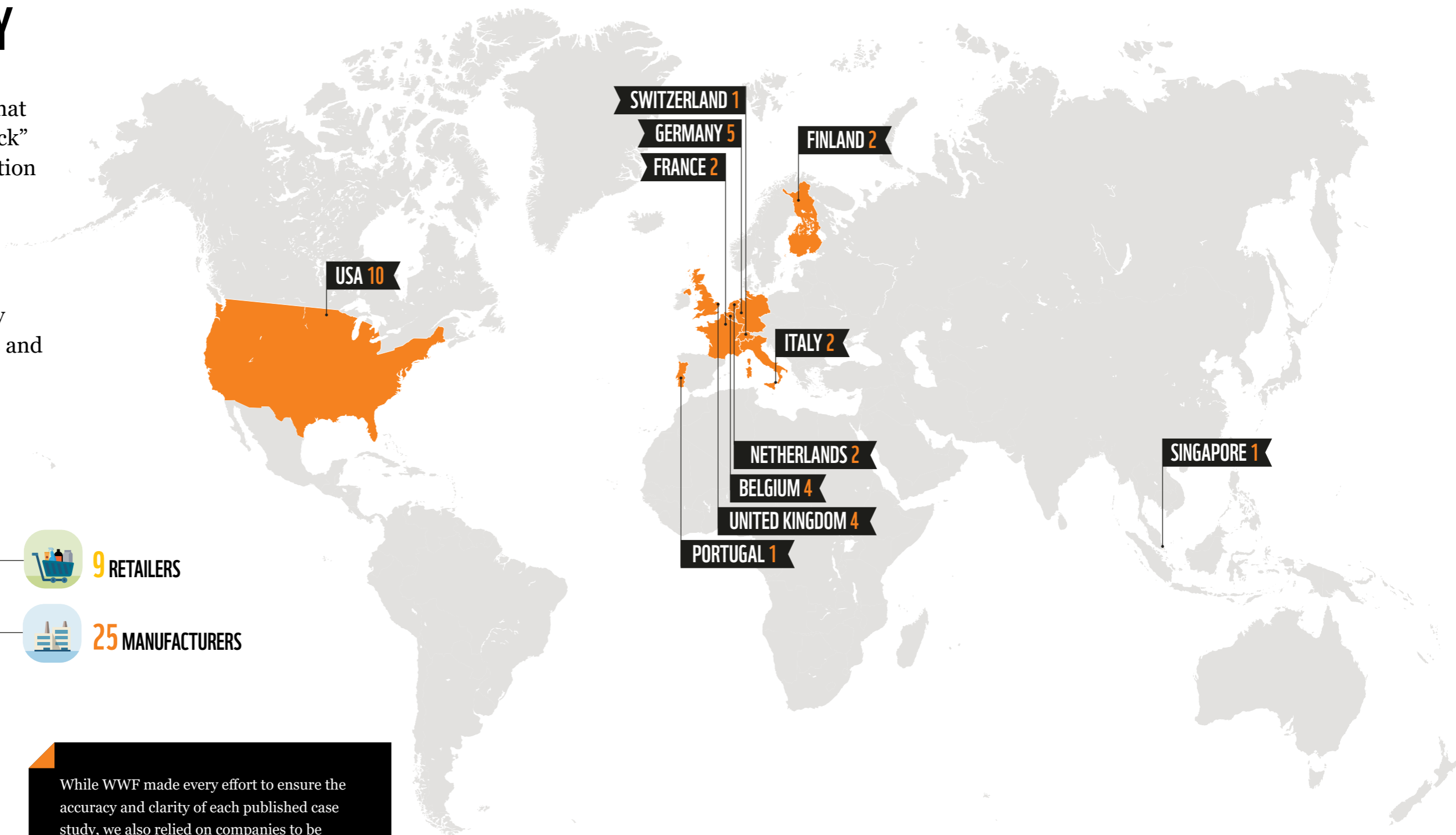
METHODOLOGY

WWF asked companies that ranked “Middle of the Pack” or higher in the 2020 edition of the Palm Oil Buyers Scorecard (i.e. with scores higher than 9 out of 22) to submit case studies detailing their key achievements, challenges and plans for the future.



Respondent companies range from small palm oil buyers (e.g. less than 1,000 tonnes annually) to much larger ones (above 500,000 tonnes annually), and also purchase a variety of palm oil types including crude and refined palm oil (CPO), palm fruits, palm kernel oil (PKO), palm kernel expeller (PKE), and palm oil derivatives (PODs). Collectively the 34 companies that submitted case studies report sourcing approximately 3.5 million tonnes of palm oil annually.

While WWF made every effort to ensure the accuracy and clarity of each published case study, we also relied on companies to be transparent and truthful in their responses. The content of all case studies is strictly self-reported by companies, and therefore does not constitute or imply endorsement, sponsorship or recommendation by WWF.



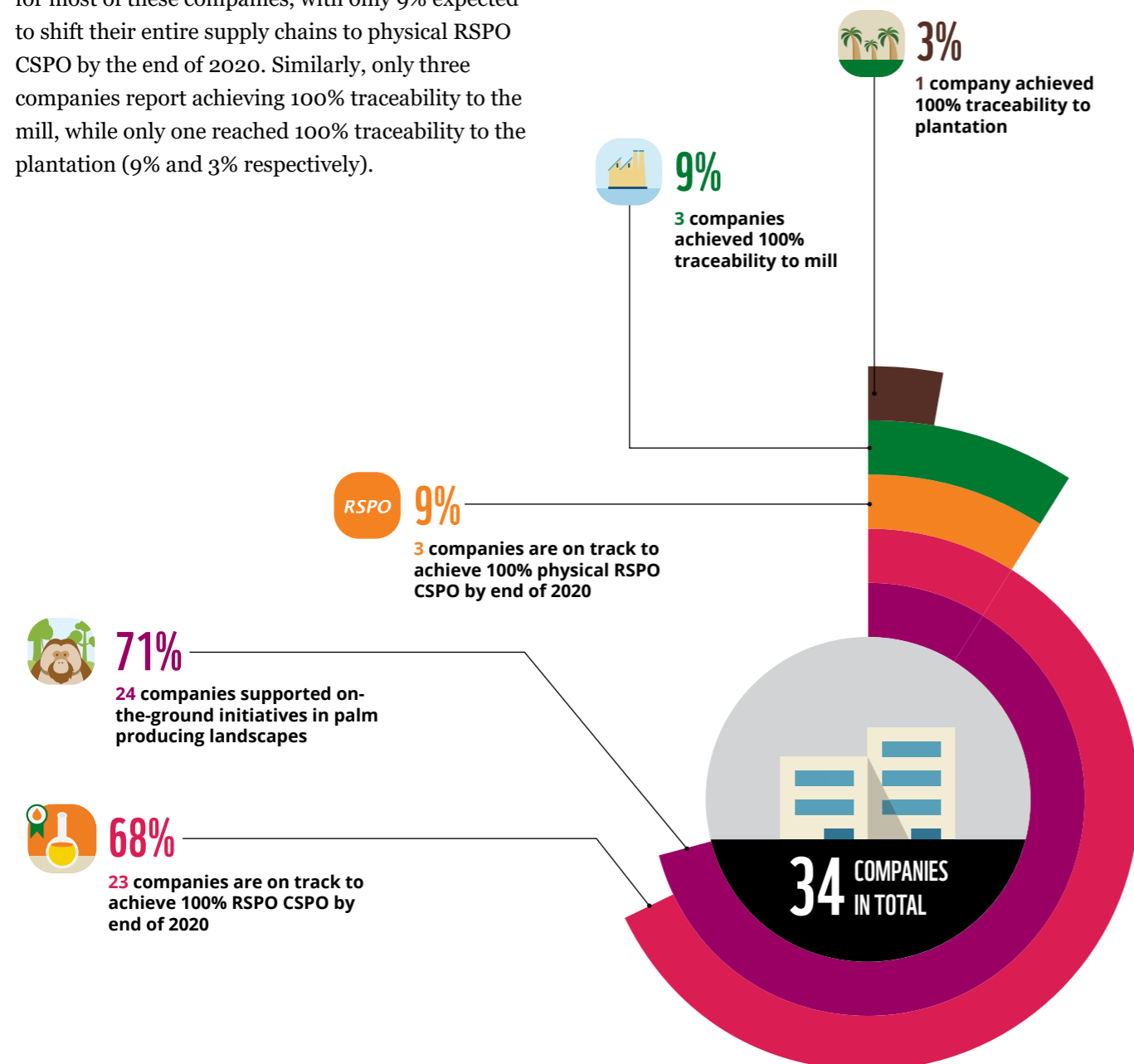
A TOTAL OF 34 COMPANIES SUBMITTED CASE STUDIES, INCLUDING 25 MANUFACTURERS AND 9 RETAILERS HEADQUARTERED IN EUROPE, NORTH AMERICA, AND ASIA

HOW FAR HAVE COMPANIES COME IN THEIR SUSTAINABLE PALM OIL JOURNEY?

The vast majority of respondent companies have aligned themselves with sustainable sourcing best practices, with 85% of the 34 companies stating that they have a public, time-bound commitment to source 100% RSPO CSPO.

However, achievements against this commitment vary. By the end of 2020, 68% of respondent companies report that all of their palm purchasing will be covered by RSPO certification. Yet sourcing 100% physical RSPO CSPO remains out of reach for most of these companies, with only 9% expected to shift their entire supply chains to physical RSPO CSPO by the end of 2020. Similarly, only three companies report achieving 100% traceability to the mill, while only one reached 100% traceability to the plantation (9% and 3% respectively).

Meanwhile, 71% of respondent companies report investing in on-the-ground initiatives in palm producing landscapes, including supporting smallholders, conservation projects or landscape/jurisdictional approaches.



WHAT OBSTACLES DO COMPANIES FACE IN SOURCING SUSTAINABLE PALM OIL?

When asked about the key challenges encountered in meeting their sustainability commitments, respondent companies most frequently cite difficulties linked to the complex nature of palm oil supply chains and palm-based products.

The vast majority (82%) of respondent companies mention the **accessibility of and demand for RSPO CSPO** as a major challenge preventing them from meeting their sustainability commitments. Two thirds (65%) report struggling with the limited availability of RSPO CSPO, particularly companies transitioning to RSPO Segregated supply chains and/or sourcing PKO, PKE or PODs. Over a quarter of companies (26%) also express concerns with the cost and complexities related to procuring RSPO CSPO. Finally, nearly a quarter (24%) of companies cite a lack of demand for sustainable palm oil in some of their primary markets as a key barrier preventing them from meeting their sustainability commitments.

Supply chain traceability is identified by 68% of companies as a key challenge, with some companies reporting that they source palm oil from hundreds or thousands of mills and plantations. Such complex

The accessibility of and demand for RSPO CSPO and supply chain traceability were the two most common challenges inhibiting companies from meeting their sustainability commitments.

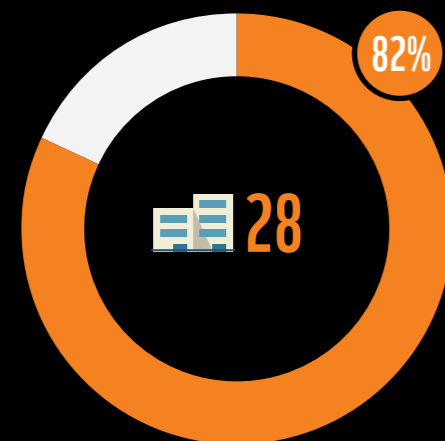
supply chains can make it difficult for companies to trace palm oil back to its source, and hinder efforts to prevent, identify and address environmental and social issues within their supply chain.

Limited upstream influence is the third most common challenge companies cite, with nearly a third (29%) of participating companies, including a majority (78%) of all retailers, highlighting the difficulty to influence their suppliers to transition to sustainable palm oil. Retailers — such as grocers, department stores and specialty shops — are at the end of the palm oil supply chain, typically purchasing products that contain variable amounts of palm oil or palm-based ingredients rather than the physical oil itself. This can make it challenging for them to directly engage with upstream suppliers and ensure sustainability standards are met.



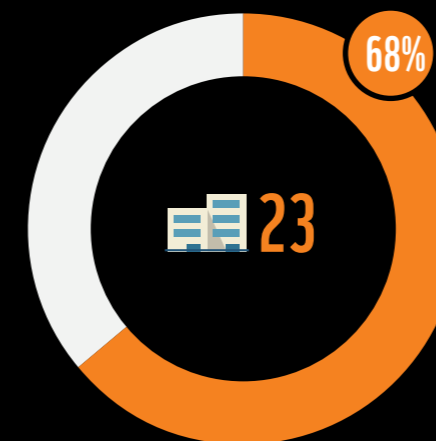
KEY CHALLENGES REPORTED BY COMPANIES

Accessibility of and demand for RSPO CSPO

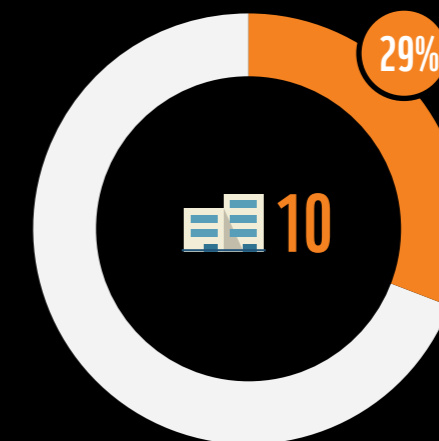


- 65%** 22 companies mention struggling with the limited availability of RSPO CSPO
- 26%** 9 companies report concerns with the cost and complexities of procuring RSPO CSPO
- 24%** 8 companies cite lack of demand for sustainable palm oil as a key barrier

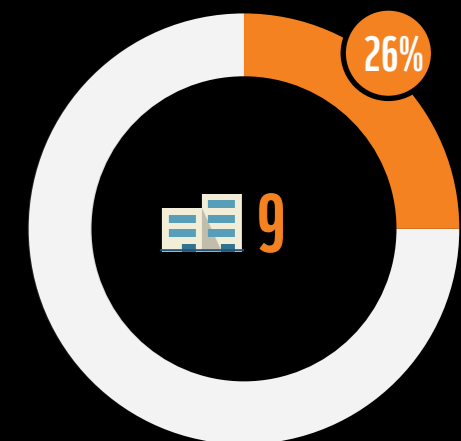
Traceability



Limited upstream influence



Smallholder inclusion



HOW ARE COMPANIES ADDRESSING THESE CHALLENGES?

Companies are leveraging a variety of approaches both within and beyond their own supply chains to overcome key barriers to achieving their sustainable palm oil commitments. But many proven solutions are less commonplace.

Almost all (94%) respondent companies view **RSPO certification** as a clear pathway to achieving their sustainability commitments. **Awareness raising and engagement with suppliers** on sustainable palm oil is also a common approach that the majority of companies (79%) report taking. This typically entails fostering collective dialogue with suppliers in purchasing sustainable palm oil, building supplier capacity to source sustainable palm oil, and/or providing financial support to support the transition to more sustainable supply. Across the case studies, there is little variation in the importance placed on supplier engagement by companies of different sizes, across sectors, or geographies.

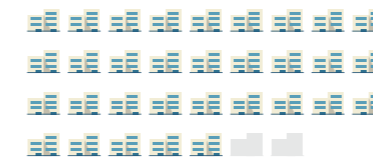
However, many companies are still not exerting their influence across their supply base. Less than two-thirds (59%) of respondent companies report putting in place **sustainability requirements for their suppliers**. These include requirements for suppliers to provide palm oil that is traceable to the mill (50%) or plantation (18%) and deforestation-free (47%). Similarly, only 53% of companies report that they have invested in systems to monitor and manage compliance of their suppliers with environmental and social commitments, such as satellite monitoring and human rights verification protocols.

Some companies, including small users of palm oil, report that their engagement efforts led to some of their suppliers transitioning to 100% RSPO CSPO for all their supply, rather than just the volumes sourced to them. This is an encouraging sign that even relatively small buyers of palm oil can influence their suppliers and make a significant difference.

Companies are increasingly taking action beyond their supply chains, with 71% of companies already investing in **on-the-ground projects** in palm producing landscapes. In particular, 56% of companies report that they are currently supporting smallholders through capacity building and/or financial investments. These actions are crucial to help smallholders transition to more sustainable production practices.

Finally, 62% of companies cite participation in action-oriented **sustainability platforms and multi-stakeholder collaboration** as key to addressing sector-level challenges and meeting their sustainability goals. A total of 26 unique organizations or multi-stakeholder platforms are mentioned within the case studies, pointing to the diversity of stakeholders that companies are collaborating with to support the transformation of the palm oil sector.

KEY APPROACHES REPORTED BY COMPANIES TO OVERCOME CHALLENGES IN MEETING THEIR SUSTAINABILITY GOALS



94%
Increasing RSPO certification



79%
Engaging suppliers



59%
Adopting requirements for their suppliers



71%
Investing in on-the-ground projects



53%
Monitoring supplier compliance



62%
Collaborating with other stakeholders



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THE ROAD AHEAD

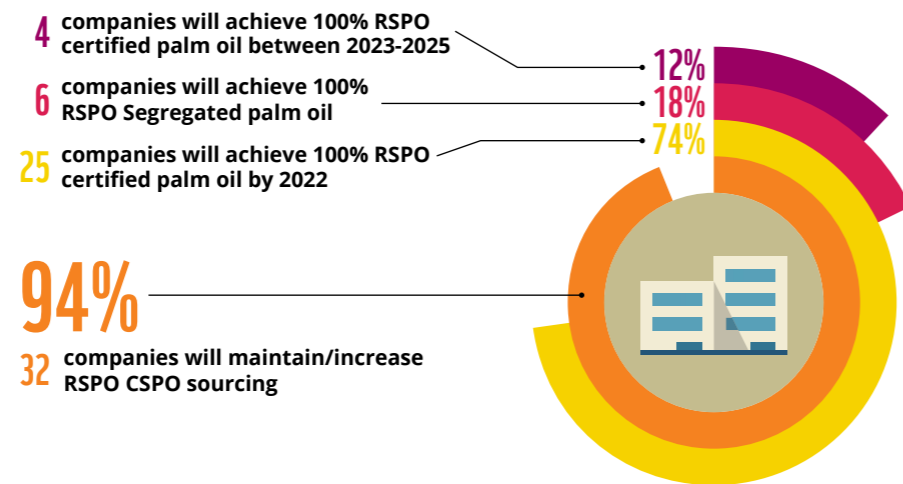
Looking to the future, companies have shared some encouraging plans which demonstrate their commitment to driving sustainability both within and beyond their supply chains. But the acceleration of deforestation, biodiversity loss and climate change caused by irresponsible palm oil production calls for bigger, bolder and faster action by all companies.

Almost all respondent companies (94%) state their intention to increase their **sourcing of RSPO CSPO**, or maintain 100%. Recognising that time-bound commitments are key to spurring meaningful action, nearly three quarters (74%) of companies represented in the case studies expect to be 100% certified by 2022, while an additional 12% are committed to source 100% RSPO CSPO between 2023 and 2025. However, less than a quarter (18%) of companies report plans to

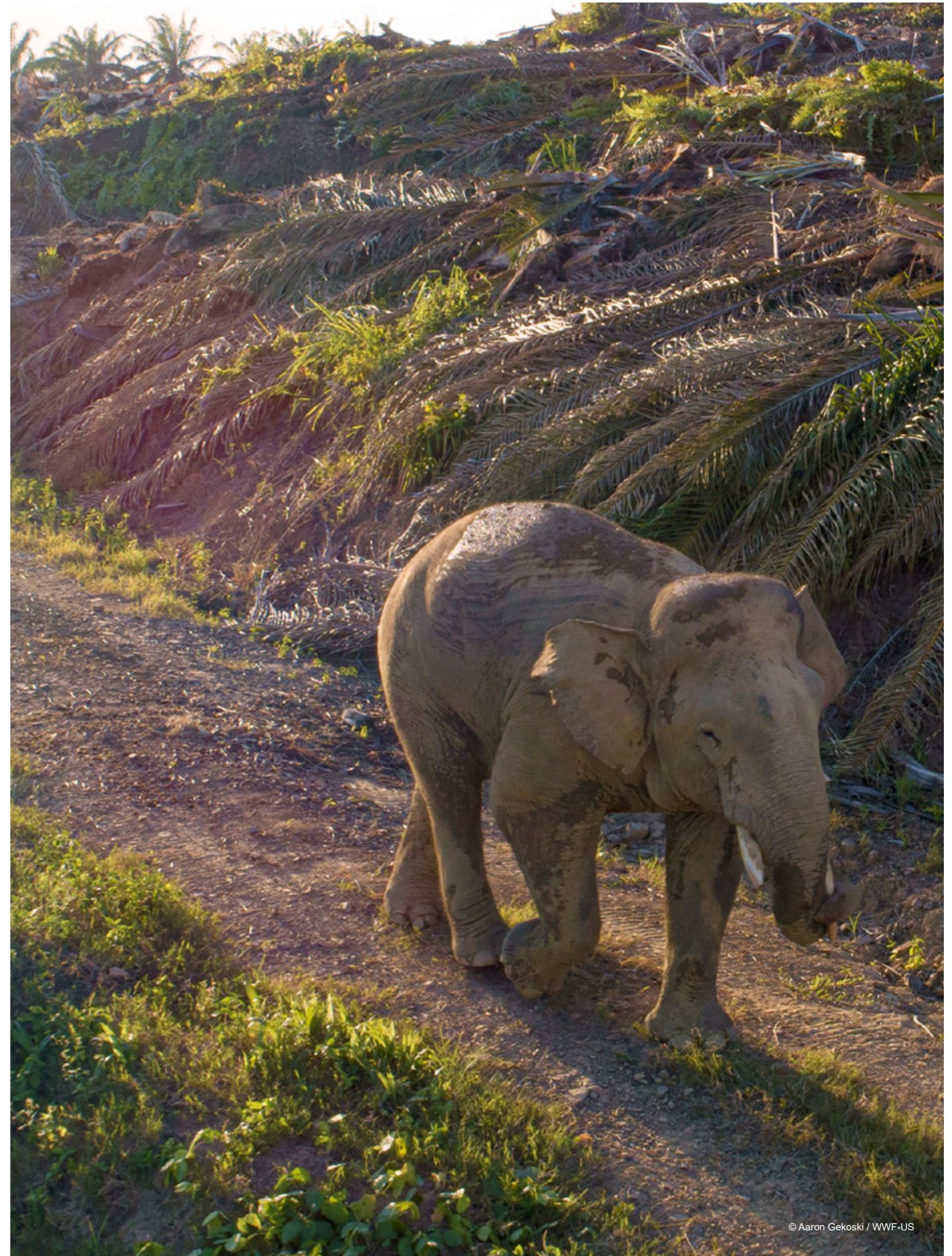
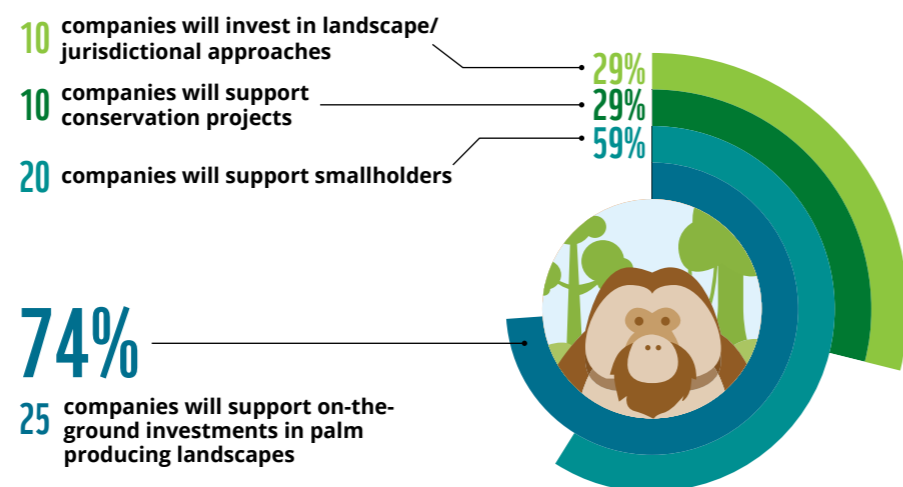
transition to 100% Segregated or Identity Preserved RSPO CSPO, the supply chain models that provide greater assurances to stakeholders that the palm oil they source is not linked to deforestation or other environmental or social risks.

Certification on its own cannot solve all the environmental and social problems linked to irresponsible palm oil production. Encouragingly, many companies (74%) report plans to take action beyond their supply chains through **on-the-ground investment** in palm producing landscapes. While more than half of companies have chosen to focus their future efforts on supporting smallholders (59%), others report plans to invest in landscape or jurisdictional approaches (29%) or conservation projects (29%).

REPORTED POST-2020 PLANS WITHIN COMPANIES' SUPPLY CHAIN



REPORTED POST-2020 PLANS BEYOND COMPANIES' SUPPLY CHAIN



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CONCLUSION

All companies that source palm oil have a responsibility to take action to ensure that their own supply chain is sustainable and free from deforestation and conversion of natural ecosystems. They also play a critical role in supporting the transformation of the industry as a whole, ensuring that palm oil production benefits both people and nature.

TO ACHIEVE THIS, COMPANIES SHOULD:

- Join the RSPO and actively contribute to their vision of making sustainable palm oil the norm.
- Make an ambitious public time-bound commitment to buy only RSPO CSPO and ideally Palm Oil Innovation Group (POIG)-verified oil.
- Increase uptake of RSPO CSPO including transitioning to physical supply chains with Segregated or Identity Preserved oil and supporting independent smallholders through the purchase of Independent Smallholder credits.
- Ensure commitments and actions cover the entire corporate group, apply to all countries where the group operates, and cover all the types of palm oil used.
- Source only from suppliers that adopt and implement a deforestation- and conversion-free policy.
- Understand the supply chain, requiring suppliers to have traceability to the palm oil mill and where necessary — to monitor and manage environmental and social risk — the plantation level.
- Ensure transparency by reporting on palm oil sources and usage, as well as on progress and actions at least annually.
- Participate in action-oriented initiatives and advocacy, and invest in on-the-ground action which supports a sustainable palm oil industry, including projects focused on the conservation and restoration of biodiversity at risk from or impacted by unsustainable palm oil; forest restoration; and smallholder farmer inclusion and sustainability.
- Support policy action in producer and consumer countries to tackle deforestation and conversion and to create and enforce legislation requiring legal and sustainable palm oil production.
- Undertake public communication and outreach on sustainable palm oil.
- Use the Accountability Framework to ensure adherence to the above.



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APPENDIX: CASE STUDIES

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| 23 | BASF | 47 | General Mills | 71 | S Group |
| 25 | Beiersdorf AG | 49 | Henkel AG & Co. KGaA | 73 | TESCO PLC |
| 27 | Boots UK | 51 | Jerónimo Martins Group | 75 | The Co-operative Group |
| 29 | Carrefour | 53 | Johnson & Johnson | 77 | The Estée Lauder Companies |
| 31 | Colgate-Palmolive Company | 55 | Kellogg Company | 79 | The Hershey Company |
| 33 | Colruyt Group | 57 | L'Oréal | 81 | Unigrà |
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| 41 | Ferrero | 65 | PepsiCo | | |

ALDI Nord



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APPROACH AND KEY ACHIEVEMENTS

As an international company with global supply chains, we are aware of our responsibility to respect human rights and protect the environment. ALDI Nord was the first food discounter to join the Global Compact of the United Nations (UN) in 2017, and we are addressing climate protection as a priority in our agenda, including in our [Palm Oil Purchasing Policy](#).

Our target of using 100% Roundtable on Sustainable Palm Oil (RSPO) certified sustainable palm oil from physical supply chain options in our own-brand products was reached in 2019 for food products; our total certification rate is currently at 98.6% (Identity Preserved 0.1%, Segregated 61%, Mass Balance 37%, Book & Claim 1%).

ROADBLOCKS AND SOLUTIONS

The challenges which come with the conventional cultivation of oil palm are multidimensional and entrenched within complex supply chains. In the non-food sector in particular, our direct influence and the availability of derivatives and fractions from physical supply chains are partly limited. Moreover, achieving supply chain transparency is challenging, wherever middlemen are involved. For this reason we are currently working on a data system for our supply chains in order to improve transparency and positively influence human rights and environmental issues.

Since 2017, ALDI has been supporting a smallholder project in Côte d'Ivoire in order to pave the way for sustainable palm oil cultivation. Implemented in close cooperation with our business partner, The Solidaridad Network, the project builds on an existing RSPO initiative and focuses on the protection of natural forests and environmentally friendly cultivation methods. Solidaridad offers intensive training to coach smallholders and other stakeholders on how to protect nature. This has a positive impact not only on the environment, but also on the availability of sustainable palm oil and the livelihoods of smallholders.

POST-2020 ACTION PLANS

Following up the implementation of our target, we want to improve the level of traceability for our complex palm oil supply chain as well as the awareness of our suppliers through dialogues and guidance. Furthermore, together with suppliers and relevant stakeholders, we are seeking solutions to increase the availability of RSPO Certified Sustainable Palm Oil, specifically derivatives and fractions.

The issue of deforestation is of great importance to us. Forests are climate protectors; they absorb large amounts of the global CO2 emissions and also serve as habitats for numerous animal and plant species. This is why we have prioritised the issue of deforestation in our latest [sustainability strategy](#) and are working together with ALDI South internationally on comprehensive measures and a concrete target to make an impactful contribution in key areas of forest protection. We are particularly interested in supporting the sustainable procurement of palm oil and soy, as these commodities contribute significantly to global deforestation and the associated risks. We sent out a clear signal of support in June 2020 by signing the WWF Cerrado Soya position paper.

In order to be successful in the area of forest conservation, we will have to bundle our commitment even more strongly in the future and work together with partners such as politicians, NGOs, suppliers and stakeholder or trade initiatives to improve transparency and effectiveness. Without this joint commitment, it will not be possible to achieve sufficient impact.



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ALDI SOUTH Group



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APPROACH AND KEY ACHIEVEMENTS

The ALDI SOUTH Group decided to support sustainable palm in 2011 based on our [Corporate Responsibility Principles](#) and our stakeholders' expectations.

Our key achievements include **reaching 100% Roundtable on Sustainable Palm Oil (RSPO) certified palm**, including derivatives and fractions (D&F), from physical supply chains (Mass Balance, Segregated, Identity Preserved) by the end of 2018 for our global operations; productive **collaboration** with actors in our own supply chains, and pre-competitively with other retailers (Retailers' Palm Oil Group [RPOG] and Palm Oil Transparency Coalition [POTC]), including developing and improving the first importer assessment; and **developing and implementing our approach to smallholder inclusion** in 2017, including participating in the RSPO Smallholder Standing Committee, supporting a [project](#) in Côte d'Ivoire (2017-2021) to pave the way for sustainable palm cultivation among 2,100 smallholders as well as purchasing RSPO Independent Smallholder credits.

ROADBLOCKS AND SOLUTIONS

Key challenges we encountered during our journey to sustainable palm oil were linked to the **complexity of the palm supply chain**.

A major obstacle we faced was the **limited availability of RSPO physically certified derivatives and fractions** for non-food products. In order to meet our global commitment to reach 100% certified palm from physical supply chains, we closely collaborated with our ingredient suppliers. We conducted surveys at the global level in order to obtain concrete information about the availability of D&F from physical supply chains and the challenges linked to their procurement. In addition, we have set up an e-learning module for our suppliers, comprising general information about the palm supply chain, certification, reporting and D&F.

To promote transparency and encourage progress beyond certification, we have taken the road of pre-competitive collaboration: As a founding member of the POTC, we seek to encourage major international importers — as they play a central role in the palm oil supply chain — to review and revise how they are

tackling deforestation and exploitation in their palm oil supply chains.

POST-2020 ACTION PLANS

We will increase our share of **RSPO Segregated palm oil** within the next few years. As market realities differ from one country to another, different national milestones are in place. In Germany, we reached an 84% share of Segregated palm oil in 2019. In the UK, we aim to reach a share of more than 80% Segregated palm oil by the end of 2021. We will continue to leverage our presence in **markets outside of Europe** (United States, Australia, China) to make sustainable palm the norm by setting an example with our palm policies, raising awareness and pushing for transition.

As **smallholder inclusion** is a crucial topic for us, we will keep up our three-pillar smallholder approach mentioned above.

We are currently conducting a **deforestation-risk assessment** in order to improve the measures we have taken to limit deforestation in our supply chains. Results and concrete recommendations are expected by the end of 2020 and will lead to further engagement.

We will also continue to contribute to the next **RSPO Principles & Criteria** revision with the aim of further strengthening RSPO's approach towards zero deforestation and exploitation and increasing its applicability.

We believe that our continuous work with **POTC** and its outcomes (trader assessment, public report) go far beyond our own supply and are instrumental in tackling the biggest lever in the palm supply chain (importers). We review and strengthen the trader questionnaire annually, aiming for "clean global supply." Internally, we are developing ways to improve the integration of the POTC results into buying. We think developing joint solutions through transparency coalitions to address key bottlenecks in supply chains, such as traders, is a blueprint applicable to other commodities such as cocoa and soy.

We are supportive of the planned **European Union legislation** to halt deforestation in order to introduce a level playing field and to establish certified palm as the norm.



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APPROACH AND KEY ACHIEVEMENTS

Palm kernel oil (PKO) and to a lesser extent palm oil are our most important renewable raw materials. We therefore aim to ensure that they come from certified sustainable sources. BASF joined the Roundtable on Sustainable Palm Oil (RSPO) in November 2004 and since 2012 we have been offering our customers a broad portfolio of RSPO Mass Balance certified materials.

In 2011, we published our first [Palm Commitment](#), which was renewed and extended in 2015 to include No Deforestation, No Peat, No Exploitation (NDPE) requirements outlined in our [Palm Sourcing Policy](#). The latter incorporates forest and peat conservation, as well as requirements for free, prior and informed consent (FPIC), social impact assessment and human and labor rights.

In 2018, we initiated a portfolio shift and began offering palm-based specialty cosmetic ingredients that are exclusively RSPO certified.

ROADBLOCKS AND SOLUTIONS

Around 19% of the global oil palm production was certified by the RSPO in 2019. More than 13 out of 76 million metric tons of palm oil are certified sustainable and predominantly enter the food chain. BASF sources mainly PKO and its derivatives, but the amount of sustainable PKO we are able to source is restricted in part due to its limited availability on the market. However, the demand, especially in Europe, is continuously growing.

We have started a strategic dialogue with key suppliers applying our [Palm Sourcing Policy](#). The BASF Palm Sourcing Policy is an extension of our Supplier Code of Conduct and provides palm-specific criteria based on feedback from an intensive stakeholder consultation process. This strategic dialogue aims to foster a mutual understanding on how we can work together towards responsible palm. As a result, BASF has strengthened its ability to fulfill its customers' expectations and commitments on RSPO certified sustainable palm products, as we can base our certified portfolio offers on long-term sourcing contracts.

POST-2020 ACTION PLANS

For BASF, a NDPE policy and its implementation have become a business-critical factor. In addition, our BASF Palm Sourcing Policy outlines our requirements for protecting and preserving forests and peatland, as well as the involvement of local communities. BASF engages in a number of partnerships and projects which provide support to smallholder farmers through continuous education and technical support on sustainable palm oil best practices. These efforts increase the availability of sustainably produced palm, foster a sustainable palm oil production supply chain that is free from deforestation and globally competitive, and guarantee social and economic benefits for farmers.

In order to support our NDPE commitment, we have developed an agile, responsive and insightful palm grievance procedure that covers direct and third-party suppliers and includes the suspension of non-compliant suppliers if needed. We also respect the grievance procedure of the RSPO and take into account all of their actions and decisions on raised grievances.

We are committed to fostering sustainable palm by procuring all oils from RSPO certified sources in 2020 and expanding our commitments to significant intermediates based on palm oil and PKO by 2025, including pursuing traceability back to the mill, as we consider RSPO to be a standardized implementation of a strong NDPE policy. To prioritize further traceability and supply chain management activities, CORE (Consortium of Resource Experts, comprising Proforest, Rainforest Alliance and Daemeter Consulting) issued an environmental and social risk assessment on behalf of BASF in order to manage our purchasing activities.



© BASF

Smallholder farmer in West Kalimantan, Indonesia, who participated in a joint project of Henkel, BASF and Solidaridad



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APPROACH AND KEY ACHIEVEMENTS

Many ingredients essential for the production of cosmetic products are extracted from vegetable oils like palm oil. Therefore, [Beiersdorf](#) promotes a sustainable palm oil industry that protects the environment, avoids deforestation, respects human rights and contributes to the well-being of local communities.

Key achievements include: Roundtable on Sustainable Palm Oil (RSPO) member since 2010; founding member of the Forum for Sustainable Palm Oil ([FONAP](#)) in 2013; achieved [RSPO Supply Chain Certification Standard \(SCCS\) Multi-Site Certification](#) in 2016; completed our Palm Oil Supply Chain Mapping project in 2018; implemented support projects with WWF for [palm smallholder farmers](#) in West Kalimantan and supported FONAP project in Perak since 2018; and co-founder of the [Action for Sustainable Derivatives](#) (ASD) initiative in 2019.

ROADBLOCKS AND SOLUTIONS

Key obstacles we have faced in sourcing sustainable palm oil include: 1) complex RSPO certification process for independent smallholder farmers; 2) insufficient global demand for RSPO-certified palm oil; 3) poor reputation of palm oil in the market; and 4) issues of upstream traceability to the mill and plantation level.

In order to overcome these obstacles, we engaged business partners, consumers and government agencies internationally on the use of certified sustainable palm oil and promoted physical certified sustainable palm oil at RSPO trade workshops and industry associations.

We also engage via multi-stakeholder initiatives, such as RSPO, FONAP and ASD, and hold proactive discussions with our key raw material suppliers to understand their sourcing practices and supply chains.

In order to maximize transparency, we co-founded the initiative ASD to map and monitor risks within our palm oil supply chains, identify hotspots, establish grievance mechanisms and drive upstream sustainability.

We also invested in projects with WWF in West Kalimantan (Indonesia) and with FONAP in Perak (Malaysia) to improve the livelihoods of palm oil smallholder farmers and their communities.

POST-2020 ACTION PLANS

Moving forward, we will focus our efforts on three key areas:

Certification: We aim to increase our sustainable sourcing of palm-based raw materials through RSPO-certified supply chain models. By the end of 2020, we plan to use only palm kernel oil and corresponding derivatives from sustainably certified sources in all our products worldwide. By the end of 2019, we were able to source 91% of our palm-based raw materials sustainably through RSPO Mass Balance certification and covered the rest via RSPO Book & Claim certificates. By 2025, we strive to achieve deforestation-free sourcing of our main raw materials, including palm-based derivatives.

Transparency & Risk Monitoring: We continue to raise transparency in our palm supply chain by participating in key industry initiatives such as ASD, RSPO and FONAP. Within the ASD initiative, we assess and monitor deforestation as well as social and regulatory risks at various levels. We also identify priority areas, mills and suppliers to be considered for engagement and/or risk mitigation. Furthermore, we conduct systematic evaluations of our direct and indirect suppliers' compliance with our Sustainable Palm Policy.

Transformation: We are working together with non-profit and supply chain partners on various smallholder and landscape projects in order to achieve sustainable cultivation of palm in sourcing countries. These projects address the needs and challenges of local communities, all the while showing smallholder farmers how sustainable palm oil production can improve their living and working conditions. We want to expand our commitment and continue to support even more smallholder farmers in the palm oil sector as well as in other raw material industries in the future.



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APPROACH AND KEY ACHIEVEMENTS

Boots has a long-standing commitment to source sustainable materials for our products. Due to the wide range of products and raw materials in our portfolio, and because we do not buy palm oil directly from mills or growers, collaborative action is essential to ensure that we can access sustainable sources.

We started working with WWF as part of the Global Forest & Trade Network in 1995, and in 2006 we were one of the first retailers to join the Roundtable on Sustainable Palm Oil (RSPO). We were also early members of the Retailer Palm Oil Working Group and the Palm Oil Transparency Coalition (POTC). Currently, 100% of our palm oil usage is RSPO certified, mostly using Book & Claim credits due to the high proportion of derivatives in our products.

ROADBLOCKS AND SOLUTIONS

Boots sells a wide range of consumer products in the healthcare and beauty sector. Where these do contain palm oil it is usually in the form of small quantities of derivative based ingredients. This makes traceability challenging. In addition, some of our products use commodity ingredients such as glycerin where palm oil can be used interchangeably with other vegetable oils to create the finished material.

To address these challenges, we work closely with ingredients suppliers and product manufacturers to assess the composition of the ingredients we use and promote physical sourcing of RSPO certified palm oil. We have mandated our requirements for physically certified palm oil as part of our Minimum Sustainability Requirements Standards and have introduced an online palm oil platform which encourages suppliers to report their palm oil usage and certification status. Our work with the POTC enables us to gain greater insight into the palm oil supply chain beyond our immediate suppliers through their annual assessment of palm oil traders and first importing companies.

POST-2020 ACTION PLANS

Boots has targets in place to source RSPO certified palm oil for our own brand and global consumer brands. This includes all derivatives of palm oil. 100% of our usage is RSPO certified, primarily through Book & Claim credits. We are now working towards our target to source 75% of palm oil from physically certified sources by the end of 2020. Our next milestone will be determined in 2021.

To support our current target, we are working to improve our palm oil data collection platform so that we can monitor products during the development stage. We have also strengthened our sustainable sourcing standards for suppliers and increased our supplier engagement. We are now working directly with major ingredient companies which provide the raw materials to our suppliers. An online knowledge base is being introduced to inform suppliers of our targets and the different types of supply chain certification. This helps raise awareness through the supply chain and identify opportunities to develop the market for certified palm oil.

Our continuing work with the POTC is bearing fruit by raising standards and awareness with palm oil traders and first importers. In the future, we will be building these insights into our sourcing programmes.



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APPROACH AND KEY ACHIEVEMENTS

Carrefour's [Forest Policy](#) covers all Carrefour brand products in our operating countries.

Our Group policy is to ensure that our own-brand products containing palm oil are Roundtable on Sustainable Palm Oil (RSPO) certified and sourced from suppliers capable of providing physically traceable and sustainable palm oil. We are working with our main suppliers to map the supply chain through to the relevant guarantee point. In 2019, 82% of our products containing palm oil were RSPO Mass Balance (30.2%) or Segregated certified (51.8%). We will reach 100% RSPO certification for our own-brand products by 2020 and 100% Segregated palm sourcing by 2022.

ROADBLOCKS AND SOLUTIONS

Palm oil and its derivatives are used as ingredients in Carrefour own-brand products, including foods. Reaching 100% sustainable palm oil is a challenge as palm oil is a small ingredient in terms of volume used and is present in various products in different proportions. In 2018, 800 Carrefour-brand products within 26 different categories contained palm oil for an overall footprint of 11,500 tonnes.

Carrefour's position as a retailer can be difficult, with the need to satisfy customers on one hand and to make decisions that make business sense on the other hand. Generating consumer-interest and value around forest issues is particularly challenging. Moreover, we have limited influence over palm producing landscapes where deforestation is occurring, as retailers are not directly linked with upstream suppliers.

In an effort to overcome these challenges, Carrefour has been continuously engaging its direct suppliers and key stakeholders through: 1) Own-brand suppliers meetings to engage and communicate with suppliers about our Group's commitments; 2) Organizing ongoing dialogue and panels with stakeholders (NGOs, government, customers, investors, etc.) to share results and design next steps. Examples include a Palm Oil panel in 2015 and a Forest panel in 2018.

POST-2020 ACTION PLANS

In 2010, Carrefour took up the [Consumer Goods Forum's](#) (CGF) goal to move toward zero deforestation by 2020. The platform brings consumer goods retailers and manufacturers together globally to work towards common objectives. The overall strategy is rooted in remediating individual company supply chains, often through certification.

Certification constitutes a first step in reaching sustainable palm oil goals but is not sufficient to guarantee the absence of deforestation. Certification doesn't ensure that actors such as traders, which each retailer works with indirectly, are not contributing to deforestation within the rest of their supply chain. Collaboration is thus essential in reaching zero deforestation along the value chain.

Alexandre Bompard, Carrefour's Group CEO, has taken co-leadership of the CGF Forest Positive Coalition along with Mars. In the coming months, this Coalition will focus on systemic changes on key forest commodities including palm oil by 1) Accelerating efforts to remove commodity-driven deforestation from individual supply chains; 2) Setting higher expectations for traders to act across their entire supply base by promoting a supplier wide approach; 3) Driving more transformational change in key commodity landscapes; and 4) Ensuring transparent reporting and accountability.

Carrefour has close ties with its own brand suppliers which we can leverage to transform our supply chain for all forest commodities. The Forest Positive Coalition is an opportunity to send a strong message to upstream suppliers and key actors along the palm oil value chain and establish a common ambition to move the market toward deforestation-free.



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Colgate-Palmolive Company



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APPROACH AND KEY ACHIEVEMENTS

Colgate is committed to protecting the environment and local communities. To support our company-wide commitment, we joined the Roundtable on Sustainable Palm Oil (RSPO), partnered with Earthworm Foundation and established a [Palm Oil Sourcing Policy](#). We have engaged our direct palm oil suppliers and key derivative suppliers on traceability and policy implementation; reached 100% Mass Balance certification for crude palm oil and Palm Kernel Oil (PKO); achieved 95% traceability to mills; and published our direct supplier and mill list. We are also annually increasing our sourcing of Mass Balance palm oil derivatives. We support ongoing transformation projects in Malaysia, Indonesia, and Latin America; and recently joined the Consumer Goods Forum (CGF) Forest Positive Coalition of Action.

ROADBLOCKS AND SOLUTIONS

Colgate engages with its suppliers across all elements of sourcing sustainable palm oil, including the procurement of certified palm oil, policy implementation, traceability, and on-the-ground transformation activities. This engagement covers both direct palm oil suppliers and derivative suppliers.

The challenges we have faced include: the availability of RSPO physically certified palm oil and PKO, specifically for Segregated supply chains; the availability of RSPO certificates to cover PKO volumes; achieving traceability to plantations and smallholder concessions; developing supplier capabilities, including tracking technologies and traceability procedures; engaging with derivative suppliers on traceability and policy implementation; and mitigating the premiums typically levied on sourcing physically certified palm oil.

Colgate, through repeated and deep engagement with its extended palm oil supply chain, has overcome a number of the above challenges. We recognize this is a journey and progress will be expedited through cross-industry collaboration. Our work with the CGF Forest Positive Coalition of Action and partnership with Earthworm Foundation will continue to support our palm oil sourcing requirements.

POST-2020 ACTION PLANS

Colgate supports the CGF Theory of Change and acknowledges that we must continue to drive change within our own supply chain, while supporting industry change through engagement with local stakeholders. To achieve this goal, we are focusing on the following actions:

Internally we continue to engage with and receive support from our Senior Leadership Team.

With our suppliers, we engage across all sourcing regions to better understand supplier capabilities to source certified palm oil and derivatives and we work closely with our direct suppliers to maintain our goal of sourcing 100% certified sustainable palm oil. We also aim to purchase increasing volumes of physically certified palm oil derivatives and prioritize the qualification of new suppliers embracing responsible sourcing practices, specifically where we often face challenges sourcing physically certified oils. We are working with our palm oil and derivative suppliers to achieve full traceability back to the origin refineries, mills and plantations. Through our policy engagement process, we continuously measure and improve our suppliers' conformance with Colgate's Policy including communication of No Deforestation, No Peat, No Exploitation (NDPE) policies to upstream suppliers; progress toward implementation of geo-spatial land-use monitoring; and publication of concession maps.

With our partners, we will continue to deepen and expand our partnership with Earthworm Foundation — a collaboration which supports our goals on traceability, policy implementation and on-the-ground transformation. This involves working with our suppliers to ensure smallholders achieve RSPO certification in Latin America, and adopting forest positive practices and improved working conditions in Indonesia and Malaysia. Colgate continues to participate as an active member in the new CGF Forest Positive Coalition and supports coalition activities focused on driving industry change within and beyond our own supply chain.



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Colruyt Group



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APPROACH AND KEY ACHIEVEMENTS

Colruyt Group was motivated to support the sustainable palm oil industry due to the impact of palm oil production on the environment and workers in the supply chain, as well as demand from consumers for more sustainable products and ingredients. Colruyt Group actively works to create a market for sustainable palm oil by implementing sustainable sourcing practices that create positive environmental and social impact, which aligns with our mission.

In 2019 we sold 5,000 tons of palm oil and 700 tons of palm kernel oil (PKO), via hundreds of private brand products. Our main achievement is that we sourced 100% Roundtable on Sustainable Palm Oil (RSPO) palm oil via a combination of Segregated (68%), Mass Balance (29%) and Book & Claim (3%) models. For PKO we covered 77% using RSPO credits.

ROADBLOCKS AND SOLUTIONS

Some of the key obstacles we have faced in sourcing sustainable palm oil include resistance from some suppliers due to higher costs (timewise and financially); complexity and traceability of supply chains; difficulty for suppliers to separate and provide RSPO palm oil for some clients and conventional for others; criticism of RSPO, which undermines the credibility of the label as well as commitment in the supply chain to collaborate and tackle issues; difficulty as a retailer group to work on an ingredient that often forms a minor part of the end product; and lack of clarity and knowledge of the palm oil derivatives entering our supply chain, making it difficult to transition these to RSPO certified material.

We have overcome these obstacles through constructive collaboration with our suppliers. This entails building in-house expertise and investing resources. We monitor and evaluate the palm oil our suppliers use via an annual questionnaire. On the basis of these results, we work with suppliers that still use conventional palm oil towards conversion. Therefore we build and share knowledge between sustainability managers, buyers and quality departments and invest human and financial resources to actively help our suppliers transition to sustainable palm oil. The fact that many suppliers have switched already, helps us to convince others. For all this to succeed, high level buy-in from top leadership is crucial.

POST-2020 ACTION PLANS

We are currently still negotiating with our suppliers to switch to 100% Segregated or Mass Balance RSPO certified sustainable palm oil, in order to reduce our reliance on Book & Claim credits. We aim to attain 100% physical sourcing of RSPO certified sustainable palm oil by the end of 2020. For palm oil we aim for 100% Segregated and for PKO we aim for 100% Mass Balance. If we still need to buy credits from RSPO in subsequent years, we will consider buying Independent Smallholder credits.

Although we are working directly on the inclusion of smallholders in our value chain for specific products, we have yet to undertake similar action in palm oil. As a retailer, we don't directly buy and sell palm oil. Palm oil is only one of the many ingredients in the myriad of products we sell, and it is therefore a bigger challenge to set up dedicated supply chains. The current supply chains in which we are working directly with actors on the ground for smallholder inclusion are coffee, cacao, rice and quinoa, which are sectors in which we believe our leverage is more significant, as well as our return on investment.

We are exploring further options to ensure deforestation free and socially sound supply chains. For palm oil we engage with different stakeholders and are currently engaged in discussions with the Belgian Alliance for Sustainable Palm Oil to see if and how we can support the development of a landscape/jurisdictional approach.



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Denis Asia Pacific Pte Ltd (Ayam Brand)



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APPROACH AND KEY ACHIEVEMENTS

In 2015, the Haze in Singapore was a wake-up call for many companies and more importantly for consumers. But Denis Asia Pacific Pte Ltd (Ayam Brand™) has been implementing a policy of 'responsible use' of palm oil since 2011.

In 2017, 99.5% of the palm oil used by Ayam Brand™ was Roundtable on Sustainable Palm Oil (RSPO) certified. We reached 99.75% in 2019, through a combination of Book & Claim credits (47%) and Segregated palm oil (53%). We also purchase Book & Claim credits to cover all our purchase of loose palm fruits that we use to produce a curry base for the African market. We will achieve 100% RSPO certification by the end of 2020, despite the COVID crisis.

Under the initiative of WWF, Ayam Brand™ is among the founding members of [Support Asia for Sustainable Palm Oil](#) (SASPO). The goal of this organization is to make sustainable palm oil the norm and unsustainable palm oil the exception in Asia.

ROADBLOCKS AND SOLUTIONS

The company shareholders (the Denis family) have embraced the journey toward sustainability as this was both a natural transition and adaptation of the Group's historical values to the world of today.

In order to switch to sustainable palm oil, our factories made two main investments: 1) a dedicated tank to stock sustainable palm oil, which is purchased in larger quantities than non-certified palm oil in order to satisfy minimum order and traceability requirements and 2) the RSPO certification process.

Becoming RSPO certified was also a challenge for our factories. It was difficult to understand all the certification requirements, but we were helped by WWF Singapore and by our work in SASPO.

Another difficulty was to close the remaining 0.5% gap in order to source 100% certified palm oil. Despite our efforts to help a supplier in moving to sustainable palm oil, we did not manage to achieve this goal. The only remaining option was to change to a different supplier.

Some of our clients, especially for African foods manufacturing, are not able or willing to pay the extra cost of sustainable palm oil. In this case, our Group decided to bear this cost and to lower our margin to achieve 100% sustainability.

POST-2020 ACTION PLANS

Ayam Brand™ received a score of 15.5 out of 22 on the 2020 WWF Palm Oil Buyers Scorecard. We were the highest scoring company out of the 15 Asian companies assessed and featured in the top quarter out of 173 companies assessed globally, despite being a medium-sized enterprise.

We will continue to pursue our efforts with SASPO to promote sustainable palm oil. A recent study conducted by IPSOS shows that the awareness of environmental and social issues related to palm oil remains low. SASPO's goal in making people more sensitive to this subject will be a key driver of change.

Effective from 2020, we will maintain 100% RSPO certification in our production. We also intend to increase our share of Segregated palm oil and will purchase Book & Claim credits only when no better solution is available.

Ayam Brand™'s palm oil policy proves that it is possible for medium sized companies to develop and implement sustainable and responsible policies.



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DuPont Nutrition & Biosciences



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APPROACH AND KEY ACHIEVEMENTS

DuPont Nutrition & Biosciences (N&B) was the first ingredient manufacturer to join the Roundtable on Sustainable Palm Oil (RSPO) when it was founded in 2004. Our motivation was clear: it should be possible to offer sustainable palm-based emulsifiers and contribute to transform palm oil supply chains globally. In 2009, we became the first company to offer RSPO certified sustainable emulsifiers from a Mass Balance supply chain, and in 2011 the first one to offer RSPO Segregated emulsifiers. Since 2017, we offer 100% RSPO palm-based emulsifiers using a combination of Segregated, Mass Balance, and Book & Claim palm oil. [N&B's Palm Oil Policy](#) and [Implementation Plan](#) drive our actions within and beyond our supply chain.

ROADBLOCKS AND SOLUTIONS

As a midstream company, N&B sources refined palm oil and derivatives to offer innovative ingredients to consumer goods manufacturers. The lack of demand for sustainable palm oil in specific regional markets (e.g. Asia) and a mainstream offer of sustainable palm oil raw materials is challenging. In 2016, over 50% of our palm-based footprint was RSPO physical certified. Despite the slower than foreseen demand for **physical certified material**, N&B purchased **RSPO credits** to recognize the efforts of palm oil growers and stimulate the development of certified supply chains in Asia and oleochemical supply chains. Internally, we **built awareness** (e.g. RSPO Shared Responsibility Principles) and equipped sales teams to promote our RSPO palm-based emulsifiers.

Boycotting palm-based products is not the solution to transform palm oil supply chains — demanding sustainable palm oil is. Whilst N&B operates in the B2B market, we can still drive change on this front. We share communication expertise in the [RSPO Outreach Working Group](#) and will be using the **RSPO Trademark** actively. N&B also funds **science-based research** like the first ever [lifecycle assessment](#) comparing environmental performance of RSPO palm oil vs conventional palm oil.

POST-2020 ACTION PLANS

Our [Global Sustainable Palm Oil Policy](#) outlines our expectations and commitments towards **zero deforestation and conversion** of natural ecosystems such as peatlands, as well as our commitment to respect **human rights**. N&B's [Implementation Plan](#) for 2020-2025 reflects our roadmap:

Understanding the origin of palm-based raw materials is key to assessing and mitigating social and environmental risks in supply chains. We request suppliers to share information on the origin of raw materials, including **traceability to mill**. We are setting up **supplier scorecards** to track progress on sustainability KPIs, including supplier No Deforestation, No Peat, No Exploitation (NDPE) commitments, greenhouse gas (GHG) emission reductions and grievance mechanisms. **N&B has partnered with Proforest** to track and assess traceability information from our suppliers as well as adherence with our policy. Most importantly, this is **driven by our procurement division**, as the journey towards transforming the palm oil industry is likely to be slow unless sustainability is fully embedded within procurement.

Our palm oil commitments are global and apply to the entire business. We support the strengthened 2018 RSPO Principles & Criteria for sustainable palm oil production and are committed to **phasing out RSPO credits by 2025 and moving to 100% physical certified palm oil** — a milestone already achieved in the US and Europe for emulsifiers. In 2019, N&B sourced Segregated (26%), Mass Balance (14%) and Book & Claim (60%) refined palm oil and derivatives globally.

We are partnering with suppliers to **support smallholders** entering sustainable supply chains. In 2019, we joined the [Mariposa program \(WISSE\)](#), an initiative of Olenex, Wilmar and Ness Naturala to bring 1,800 smallholder oil palm farmers in Honduras into sustainable supply chains (ISCC and RSPO). We are also exploring our inclusion in **restoration efforts**. By 2025 we will be contributing to at least two smallholder livelihoods and conservation efforts.

We will continue to report our progress via WWF Scorecards, RSPO ACOP as well as our own public reporting.



© DuPont N&B

DuPont N&B RSPO certified palm based emulsifiers go into a wide range of food and beverage products.

Fazer Group



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APPROACH AND KEY ACHIEVEMENTS

At Fazer Group, one of our four ambitious sustainability core goals is “100% sustainable sourcing.” We are aware of the impacts of palm oil production on the environment and biodiversity, as well as on farmers and local communities. To mitigate unwanted consequences, we committed to sourcing 100% Roundtable on Sustainable Palm Oil (RSPO) certified sustainable palm oil in 2014. In 2019, Fazer Group sourced palm oil using a combination of Segregated (47%), Mass Balance (1%) and Book & Claim credits (53%). We have gradually increased the share of Segregated palm oil over the years. We also started supporting smallholders through the purchase of RSPO Independent Smallholder credits (3% of the credits in 2019).

ROADBLOCKS AND SOLUTIONS

Fazer operates in the Nordic countries, Baltic countries and Russia, and exports to about 40 countries. Consumer awareness and expectations vary across these countries. The selection, availability and pricing of raw materials also differ. Currently, 100% of Fazer’s production in the Nordic and Baltic countries uses only RSPO certified palm oil which is sourced through either the Segregated or Mass Balance supply chain models. We are working to improve the situation in the Russian market by trying to find suitable raw materials that contain RSPO certified palm oil. Fazer’s annual usage of palm oil is only about 4,000 tonnes. To create the right texture, solid fat is required in some Fazer products like laminated coffee breads, biscuits and in some confectionery fillings. Palm oil is used in several fat blends as the solid part together with liquid oils. Segregated palm oil in certain fat blends is still not available which is an important obstacle that we face.

POST-2020 ACTION PLANS

Fazer is committed to sourcing 100% RSPO certified sustainable palm oil with increased traceability by 2020. Additionally, Fazer will continue to increase the share of Segregated palm oil in our procurement. For consumer awareness and transparency, we find it important to refer to RSPO in our communications.

For the near future, Fazer’s actions related to palm oil will revolve around two major topics: **Conduct an RSPO Supply chain audit and renew Fazer’s commitment to palm oil.**

An **RSPO Supply chain audit** was in our plans for early 2020 but execution has been delayed due to the coronavirus pandemic, which prevents visitors from entering the production sites. Considering the pandemic status, our plan is to finalise the audit by the end of 2020. Fazer aims to widen the geographical coverage of the audits step by step and we will start with the operations in Fazer Confectionery and Fazer Bakeries Finland. We plan to use the results of this audit to increase transparency within our palm oil supply chain. This will be an important step in consumer communications and in increasing awareness about sustainable palm oil supply chains.

Fazer’s commitment to sustainable palm oil dates back to 2014 and is due to expire after 2020. Fazer will evaluate and analyse achievements and set new goals and commitments related to palm oil. We foresee that we will extend the current commitment and further increase the share of Segregated palm oil and direct a higher proportion of credits bought from independent smallholders.

We will also engage our stakeholders and have discussions with them to align our future activities with Fazer’s global goals, the [Sustainable Development Goals](#) (SDGs) as well as with consumer expectations.



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APPROACH AND KEY ACHIEVEMENTS

Our commitment to sustainable practices along the entire raw material supply chain has always been at the core of our strategy. Guided by this vision, Ferrero was one of the first companies to join the Roundtable on Sustainable Palm Oil (RSPO) in 2005. In January 2015, Ferrero became one of the first global companies to source 100% RSPO Segregated palm oil. During the same year, Ferrero became a member of the Palm Oil Innovation Group (POIG) and started to assess its supply chain using POIG indicators. Ferrero's palm oil is now 100% traceable back to plantations; this means we know the origin of 100% of the fresh fruit bunches used to produce our palm oil.

In addition, in 2013 Ferrero launched its own [Palm Oil Charter](#) to address the leading causes of deforestation and social issues.

ROADBLOCKS AND SOLUTIONS

We are aware that the palm oil supply chain faces environmental and social challenges; that is why Ferrero is committed to leading the way in driving the sustainable transformation of the palm oil sector.

Ferrero operates in a global context, and the presence of both geopolitical variables and multiple stakeholders can sometimes be a challenge. Therefore having a resilient supply chain is certainly key. In addition, the palm oil we source needs to be not only responsibly sourced but also of the highest quality; combining both of these elements can be difficult.

Including more smallholders in our supply chain can also be challenging as it is often very difficult for them to meet RSPO standards, including the RSPO Independent Smallholder Standard, as well as Ferrero's strict quality criteria. That is why we believe that constant support from RSPO member companies is needed.

To overcome these hurdles Ferrero has consistently invested in establishing direct long-term commercial relationships with producers and suppliers of palm oil, based on a shared commitment to sustainable values, dialogue and transparency.

POST-2020 ACTION PLANS

We commit to continue sourcing 100% RSPO Segregated palm oil and working to ensure reliable and effective monitoring of our supply chain. In order to reinforce our Palm Oil Charter's principles on "no-deforestation", we have been working with Earthworm Foundation to develop and implement our own Verification Protocol. This includes the trial of Starling — a system to independently verify and monitor land use, including identifying potential deforestation and conversion occurring within our palm oil supply chain.

Developed by a consortium made up of Airbus DS, Earthworm Foundation and SarVision, Starling uses a combination of high-resolution radar and optical satellite imagery to monitor land cover change and forest cover disturbance in near real time. The system aims to help us independently verify that actions to prevent deforestation are implemented in the field, and identify causes of potential land cover change in our supply chain.

In addition, we recognize the need to support projects beyond our supply chain to promote sustainability standards in the industry and support smallholder inclusion. In order to test approaches that can be realistically applied and scaled up, we invested in projects with multiple partners that have strong expertise in the palm oil sector and a solid local footprint in palm producing countries such as Malaysia, because we believe this will bring lasting change. For example, as an active member of the Forum for Sustainable Palm Oil, Ferrero has been working very closely with WWF Germany and is in direct contact with the NGO Wild Asia to discuss progress and track results of the Wild Asia's Group Scheme. This project, which began in July 2018 and will continue through March 2021, aims to increase the production of sustainable palm oil by independent small producers connected to global markets.



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FrieslandCampina



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APPROACH AND KEY ACHIEVEMENTS

As an international dairy company owned by a cooperative of member dairy farmers, we own our supply chain 'from grass to glass'. Sustainability is a strategic pillar for us and we set goals to continuously improve. Our journey in sustainable palm oil concurs with [UN Sustainable Development Goals \(SDGs\) \(2, 13 and 17\)](#).

We have sourced 100% Roundtable on Sustainable Palm Oil (RSPO) sustainable palm since 2015. In 2019, we sourced our palm products using a combination of RSPO Segregated (60%), Book & Claim (23%) and Mass Balance (17%) models.

In 2019, with more transparency in our supply chain, we provided visibility into our suppliers and upstream sources and made this information [publicly available](#). As such we are now able to have constructive dialogues with NGOs and address issues pertaining to RSPO principles.

ROADBLOCKS AND SOLUTIONS

A key obstacle we face is gaining full supply chain transparency. This is a journey, as supply chains continue to change dynamically. We are continually assessed and encouraged by consumers and NGOs to show more visibility, and the bar keeps getting higher. Full transparency, however, comes at a cost and this is often a trade off between our actions downstream and how we can valorize it further upstream. Demand for sustainably sourced products is different across societies, regions and countries, thus it is only through education and exposure that we believe these efforts will finally pay off.

Another challenge is in diversifying our sources and improving the livelihoods of farmers, similar to the work we do in our extensive Dairy Development Programme. We want to source responsibly, but this is sometimes not an option yet. As a result, we also contribute to future initiatives to make this possible. In 2018, we set up a two year initiative with Olenex and Wilmar to support growers in Colombia. This initiative, WISSCo2, offers guidance for sustainable production based on the principles of "No deforestation and no exploitation", and has reached 450 farmers to date.

POST-2020 ACTION PLANS

Our path to a more sustainable future doesn't stop at achieving '100% sustainably sourced'. We want to source palm oil responsibly knowing that our supply chain has economic, social and environmental viability to be future-proofed. As a result, we have committed to source more RSPO Segregated/Mass Balance palm where available. Purchasing certificates should only be done when we have no other option.

We have also set goals to further increase traceability to ensure that deforestation and planting on peat come to an end. We are working with our supplier base to encourage them and their supplying mills and plantations to have deforestation-free and conversion-free commitments.

Our target is to gain more transparency into our supply chain by 2025. Since we started publishing our supply base in 2019, we have engaged with many NGOs on issues related to deforestation and labour. When we are made aware of breaches of conduct in palm production, we act on corrective actions with our suppliers even though we do not source from these mills. We have gone above our responsibility in these cases to act for the improvement of the industry as a whole. To date we can trace up to 87% of our supplies to a mill or group of mills and we will continue to enhance that traceability towards 2025.

Furthermore, we will continue to support and organize initiatives to assist smallholders in Colombia and in other palm oil producing landscapes to improve their livelihoods and make farming more sustainable and future-proof. Active participation in industry meetings and open and transparent communication of our goals are part of the journey. We have also encouraged our customers to be partners in our sustainable journey through participation in public-private partnership programs, as we understand that unlocking the true value and story of sustainability is from end to end.



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As FrieslandCampina, a farming cooperative, we believe that true transformation of a sector begins at the farm level.



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APPROACH AND KEY ACHIEVEMENTS

Froneri believes that palm oil and palm oil derivatives have a role to play in our portfolio of ice cream products. We have put commitments in our sustainability roadmap to ensure that palm is sustainably sourced.

Over the last 12 months we have made significant inroads in this respect. All of our factories are Roundtable on Sustainable Palm Oil (RSPO) certified. As of 2020, 82% of our palm oil is sustainably sourced (50% is Mass Balance, 40% Segregated and 10% Book & Claim). Over the next two years we aim to meet our target of 100%.

All achievements and commitments outlined above currently exclude factories in the United States (US), which we acquired in February 2020. We are currently in a process of confirming the status of the US market and will update our plan in due course.

ROADBLOCKS AND SOLUTIONS

The availability of certified products in certain countries or sectors has been a challenge. This is in part due to the lack of consumer and thus industry interest in certain countries or product sectors, which makes sourcing products containing sustainable palm oil or palm oil derivatives particularly challenging at times. We have worked hard with our supply base to ensure our suppliers are certified and to find solutions to source RSPO certified products where necessary.

Ice cream is a complex multi-component product which is produced using raw materials that often contain palm derivatives. In some cases, a lack of supplier awareness has made it difficult to determine which of our materials contain palm derivatives; moving to sustainable material in such situations has required us to provide training and support to suppliers.

Our business has grown significantly since we started working with RSPO and committed to using sustainable palm. Understanding what our newly added sites previously had in place and integrating our palm oil strategy has required a lot of work and training both internally and with our suppliers. By the

end of 2019 all sites owned by Froneri were RSPO certified and all products have switched to certified sustainable palm oil where available.

POST-2020 ACTION PLANS

Palm oil is an important raw material for us with a definite role to play in our portfolio. As such we have no plans to remove it from our products.

We will continue to work with our suppliers in countries where the uptake and demand for certified palm oil are not as developed as they are in other areas in order to increase the availability of sustainable palm oil. We will also continue our efforts to encourage our suppliers to transition from credit based models to physically certified supply chains.

We will continue to seek solutions that will allow us to reach 100% certified sustainable palm oil in our entire product portfolio — a target we aim to achieve by 2022. We are confident we will achieve this in line with our policy commitments, with the possible exception of our newly acquired businesses where we recognise that this timeline may have to be adjusted. Our journey continues with further acquisitions completed in 2020, which we will evaluate in line with our commitments on palm oil.

We will continue our policy of working with existing suppliers to encourage and help them to switch to certified sustainable palm oil and to achieve RSPO certified status if required. If our existing supply base is unable or unwilling to support our palm oil policy, we are prepared to move to other suppliers.

We currently sponsor wildlife conservation projects in Malaysia and Indonesia. For instance, we have partnered with Panthera and their Tigers Forever programme with the aim of increasing tiger numbers by 50% in the next ten years.



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General Mills



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APPROACH AND KEY ACHIEVEMENTS

General Mills has sourced [100% Roundtable on Sustainable Palm Oil](#) (RSPO) certified palm oil since 2015. In 2019 we sourced our palm oil using a combination of RSPO Mass Balance (97.4%), Book & Claim (2.2%) and Segregated (0.4%) models.

In 2016, we introduced our sustainable (No Deforestation, No Peat, No Exploitation, or NDPE) palm oil sourcing [policy](#), later updated to incorporate strengthened requirements, including more active engagement with suppliers on palm oil production and sourcing practices, application of the integrated High Carbon Stock Approach (HCSA), and no burning for new plantations or replanting. We annually evaluate and engage our direct suppliers on performance against our commitments, and potential issues of supply chain non-compliance are addressed through our grievance management and tracking process. In 2019, we began biannually publishing the [names of our direct palm suppliers](#) alongside a [list of supplying mills](#).

ROADBLOCKS AND SOLUTIONS

While our company is a relatively minor user of palm oil with practical limits to our leverage, we know that we can help make a positive difference through our sustainable purchasing practices. That said, deforestation, ecosystem stress and climate change are extremely complex as are their root causes and meaningful solutions.

Consumer packaged goods companies, agribusiness suppliers and the private sector in general cannot reasonably be held to task for remedying these issues alone. A true and lasting solution will need to involve government(s), farmers, including smallholders, as well as a variety of other stakeholders and civil society actors, all working in collaboration.

As a result, we are increasingly trying to leverage industry collaborations like the Consumer Goods Forum (CGF) Forest Positive Coalition of Action for palm oil as well as the NDPE Implementation Reporting Framework. The former seeks to support systemic action across sectors in key sourcing landscapes, among other things.

POST-2020 ACTION PLANS

As part of our forward-looking commitment to protect forests and peatlands, we see an increasing need to support on-the-ground activities to address the drivers of deforestation within high risk production landscapes. After careful consideration of available options for landscape approaches, in July 2020 in collaboration with Musim Mas, General Mills made a commitment to scale smallholder extension services in Aceh Singkil, Indonesia – [an area overlapping the Leuser Ecosystem](#).

This initiative is part of an overall strategy to reduce deforestation by improving livelihoods and sustainable production practices. This is a two-year farmer program that aims to reach 1,000 smallholders with the potential for longer term investment. The program leverages General Mills' experience advancing regenerative agriculture and sustainable sourcing innovation across a growing list of global commodities.

Deforestation in Aceh Singkil has mostly been attributed to small-scale encroachment outside of concession areas, hence the crucial need to focus efforts on smallholders. The curriculum of the program includes Good Agricultural Practices, business management, and NDPE. These modules help improve smallholders' sustainability standards, increase their land productivity, and better manage their finances – all aspects integral to improving smallholders' livelihoods.

Further post-2020 work includes our investing in the CGF Forest Positive Coalition of Action and Palm Oil Roadmap. This will include driving supplier public commitment to 'deforestation free' across their entire commodity business; time bound action plans including clear milestones; mechanisms to identify and respond to grievances; support for landscape initiatives delivering forest positive development in the wider landscape; and regular public reporting against key performance indicators (KPIs).

Finally, our post-2020 approach to palm oil aligns well with our emerging [2030 regenerative agriculture vision](#) and premise that sustaining degraded natural resources and ecosystems is no longer enough.



© Musim Mas

Independent smallholders will be targeted from over 40 high-risk villages overlapping Aceh's Leuser Ecosystem.



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APPROACH AND KEY ACHIEVEMENTS

Henkel is convinced that securing a supply of sustainable palm oil is vital to the future success of our business. Our [key priorities](#) set within the frame of our 2020 palm strategy are 1) transitioning to 100% physical supply chains of certified sustainable palm oil, with more than 90% Roundtable on Sustainable Palm Oil (RSPO) Mass Balance supply already achieved, 2) enhancing traceability to known sources, and 3) supporting smallholders.

Solidaridad and Henkel developed the [Sustainable Honduran Palm Oil Standard](#) that has now been expanded into a [landscape approach](#) to curb the rapid expansion of oil palm plantations threatening remaining forests and the food security of communities. For our smallholder contribution in Indonesia, we received an award from the Indonesian Forum for Sustainable Palm Oil.

ROADBLOCKS AND SOLUTIONS

Availability of certified suppliers and thus materials remains challenging in certain geographies. Intensive training is needed to ensure suppliers understand and comply with our sourcing requirements.

In our reporting we reflect our total purchased volumes. Transitioning to 100% physical supply chains of certified palm and palm kernel oil remains challenging, especially with regards to materials with a minor share of palm oil.

With more than 95% of our demand relating to palm oil derivatives, transparency requires further development and highly depends on the collaboration of our suppliers and their upstream supply chain partners. Henkel joined the cross-industry initiative [Action for Sustainable Derivatives](#) (ASD) as a founding member. Based on first deliverables we can assess our identified risks and jointly promote the sustainable production and procurement of palm derivatives in our sector.

To make our partnership with Solidaridad on smallholder initiatives even more tangible, we aim to physically connect the smallholder volumes to our own supply chain. Today's main obstacles are linked to the complexity of derivative supply chains and awaiting RSPO certification of smallholder supply.

Strengthened collaboration with our suppliers and further joint on-the-ground projects are key to overcome these challenges.

POST-2020 ACTION PLANS

With regards to our transparency commitment we will focus our efforts on translating the results of our supply chain investigation and related risk assessment into an action plan. This will require supplier collaboration as well as focused capacity building. One of the elements will be the implementation of the Sustainable Palm Index, supported by our partner Transitions, which aims to deliver an enhanced due diligence approach of our palm-based suppliers. The tool is focused on evaluating the commitments, processes, and achievements of suppliers; our own supplier engagement; as well as compliance of the sources of supply with our common No Deforestation, No Peat, No Exploitation (NDPE) commitments. The results of the assessments will allow us to further develop our supply base and to make more informed purchasing decisions.

By [supporting smallholder initiatives](#) with Solidaridad in [Colombia](#), [Ghana](#), Indonesia, Mexico, Nicaragua and [Nigeria](#), about 30,000 smallholders have been reached on about 300,000 hectares under sustainable agricultural practices. Through the adoption of Best Management Practices, the portfolio contributes to greenhouse gas emissions reduction as well as climate change adaptation. Building on these achievements, we jointly developed a roadmap of further projects for the period of 2021-2025 with an expanded focus on farmer capacity building, climate smart agriculture, integrated landscape management and forest conservation.

In Colombia, we will strengthen our smallholder inclusive approach by developing and implementing a [digital tool](#) aimed at accelerating smallholders' progress towards RSPO certification. In a new joint project in Nigeria we are also investing in new seedlings to increase yields.

Moving forward we will further engage with our membership associations such as [Together for Sustainability](#), [AIM-Progress](#), [Forum for Sustainable Palm Oil](#) as well as ASD through collaboration projects, capacity building initiatives and joint commitments in order to drive change along the supply chain.



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APPROACH AND KEY ACHIEVEMENTS

Palm oil is linked to deforestation risks. According to the [Intergovernmental Panel on Climate Change](#), good farming practices, preservation of forest areas, reforestation and limitation of deforestation are key for keeping global warming between 1.5°C and 2°C. That is why we have joined the Consumer Goods Forum (CGF) [Forest Positive Coalition of Action](#) and its previous Deforestation Resolution.

We have repeatedly increased Roundtable on Sustainable Palm Oil (RSPO) certification among all our distribution banners and [92% of the palm oil we currently source is RSPO certified](#) through Mass Balance (81.5%), Segregated (18.3%) and Book & Claim (0.2%) supply chain models. We are also members of RSPO and the [Polish Coalition for Sustainable Palm Oil](#) (PKZOP). We disclose our efforts through annual [RSPO ACOP](#) and [CDP Forests](#) reporting and have scored 'A-' for palm oil every year since 2016 for the latter.

ROADBLOCKS AND SOLUTIONS

Being a retailer with over 4,200 food stores in Portugal, Poland and Colombia and a growing Private Brand and Perishable products portfolio, our palm oil supply chain is particularly complex. In many cases, palm is present in small quantities, as a component of compound ingredients, and its primary producer is several tiers upstream in our supply chain.

A lack of awareness regarding RSPO, difficulties in the certification process, market competition with non-certified palm oil, and higher costs associated with certification are the main barriers our Perishables and Private Brand suppliers face when looking to source 100% sustainable palm oil.

Ensuring supply chain certification, especially in the case of smaller or less representative suppliers is a challenge. To address this issue, we decided to map the presence of palm oil in our Private Brand and Perishable products, as well as engage our suppliers on the oil's origin, volumes and sustainability. We also made efforts to promote the use of certified palm oil, notably by leading RSPO training sessions; displaying the RSPO trademark on our Pingo Doce and Recheio Private Brands' packaging; and engaging consumers through our website and social media. As a result of our efforts, we reached 100% RSPO

certification for our banners in Portugal and Poland and 30% in Colombia in 2019.

POST-2020 ACTION PLANS

We will continue to work with suppliers which use palm oil as an ingredient in our Private Brand and Perishables products, to ensure it is entirely sustainably sourced. Such supplier engagement and monitoring activities are taking place across all three geographies we operate in: Portugal (through our banners Pingo Doce and Recheio), Poland (through our banners Biedronka and Hebe) and Colombia (through our banner Ara).

In 2020, we started including the RSPO Trademark on our Pingo Doce and Recheio banners' Private Brands product packaging. We also raised consumers' awareness on our actions to fight deforestation through our [website](#) and [social media](#).

We will keep following the developments of the "Acuerdo de Voluntades para la Deforestación Cero en la Cadena de Palma en Colombia," a multi-stakeholder initiative led by the Colombian Government. This voluntary agreement aims to use spatial planning and reporting to ensure that palm oil production does not contribute to deforestation. Tackling this issue has become a top priority for us, since the palm oil in Ara's Private Brand and Perishables products is primarily sourced from Colombia.

In Poland through our banner Biedronka, we will continue to work alongside [PKZOP](#), of which we are founding members, to achieve 100% certified palm oil through physical supply chain models in our Polish operations by 2023.

Additionally, Jerónimo Martins joined the CGF Forest Positive Coalition of Action which seeks to promote deforestation-free supply chains. Its main goals include removing commodity-driven deforestation from members' own supply chains; engaging with suppliers and traders to remove deforestation from their entire supply base; promoting transformational change in commodity landscapes; and publicly reporting on progress.



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APPROACH AND KEY ACHIEVEMENTS

Johnson & Johnson (J&J) has a commitment to environmental stewardship grounded in [Our Credo](#). This responsibility extends to a commitment to do our part to curtail the unsustainable loss of natural forests.

For over a decade, we have been improving the sustainability of our palm oil derived ingredients. In this time, we have worked with NGO partners to increase the level of transparency and traceability of our palm oil derivatives supply chains. We achieved 100% certification through Roundtable on Sustainable Palm Oil (RSPO) Book & Claim, Mass Balance, and Segregated schemes. Within palm oil producing landscapes, we invested in partnerships that promote sustainable production and support forests, wildlife, long-term community well-being and human health.

ROADBLOCKS AND SOLUTIONS

Achieving transparency and sourcing goals is substantially more difficult for palm oil derivatives buyers, such as J&J, than direct buyers of palm oil because we must rely on our direct ingredient suppliers to cascade and enforce our expectations up multiple tiers of the supply chain.

In 2014, to address the challenge of transparency and supplier engagement, J&J initiated a partnership with Earthworm Foundation. Earthworm Foundation is a values-based NGO that supports us in engaging our suppliers on aligning policies with J&J's No Deforestation, No Peatland, No Exploitation (NDPE) commitment, improving supply chain transparency, collecting traceability data back to mill and addressing non-conformances. As a result, J&J increased transparency to mill for our palm oil derivatives supply chains every year from 2017 to 2019.

In addition to the challenge of transparency and traceability, there has been a deficit in the marketplace of physically certified palm kernel oil (PKO). We are working with our oleochemicals suppliers to understand and overcome the deficit of PKO derivatives, and we are committed to increasing our percentage of certification from RSPO physical supply chain models.

POST-2020 ACTION PLANS

Throughout 2020 and into 2021, we will continue to partner with Earthworm Foundation to build upon our work with them. Our continuous improvement efforts will focus on: **Developing a post-2020 strategy and goals** for our palm oil and palm-based derivatives sourcing (Q1 2021); **Monitoring suppliers' palm oil responsible sourcing policies and practices** for ongoing alignment to and conformance with our Responsible Palm Oil Sourcing Criteria, and taking actions in line with our non-conformance process (ongoing); **Investing in partnerships that advance NDPE** across the palm oil landscape (ongoing).

J&J has partnered with Earthworm Foundation's Rurality program in our Indonesian supply chains since early 2017. The objective of the program is to improve the livelihoods and resilience of smallholder farmers and address root causes of deforestation through the development of solutions that mitigate a farmer's need to expand production into areas unsuitable for planting according to RSPO Principles & Criteria.

Furthermore, J&J recognizes the health of individuals and communities depends on a healthy planet. In 2019, we completed the first year of a three-year partnership with the World Wildlife Fund (WWF) to support the Forest and Health Initiative. The partnership is initially focused on Sabah, Malaysia, a palm oil producing landscape linked to our supply chain. This initiative synthesized existing research to better understand the relationship between human health, tropical forests, and the threshold at which forests can no longer recover from degradation. As part of this work, WWF is conducting a review of critical landscapes impacted by deforestation that demonstrate the potential health benefits of forest conservation. The goal is to share the outcomes with local stakeholders to advocate for robust land-use policies and practices that advance sustainable palm oil production and sustainable landscape initiatives.



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Kellogg Company



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APPROACH AND KEY ACHIEVEMENTS

Despite a relatively small footprint in global palm oil, we have a responsibility to engage our value chain to drive faster, more effective action to protect the environment and human rights. But we cannot achieve these goals alone. This is why we are working on multiple fronts to make sustainable palm oil the norm, not the exception.

Since 2009, Kellogg has been on a journey to responsibly source palm oil. We continue to evolve strategies and actions to incorporate best practices and learnings from our experiences, suppliers, peer companies, and industry organizations. This year we have updated our [Global Policy on Deforestation](#), [Global Palm Oil Policy](#), and our action plans to reflect key interventions that can drive impact at scale.

ROADBLOCKS AND SOLUTIONS

Despite palm oil's inherent good qualities — such as relatively high yields, fewer inputs and versatility — lack of traceability to plantations continues to hinder our company efforts to ensure fully sustainable, deforestation-free supply bases. Improvements have been made, but evidence indicates that illegally sourced palm oil still enters supply chains and environmental and social issues persist. Scalable, robust traceability methods and jurisdictional approaches that engage all actors are needed.

At Kellogg, we continue to work across our supply chain on these challenges to better understand and leverage our role in ensuring an ethical and resilient supply chain by evolving our expectations, requirements, and sourcing practices. To better address and act upon the issues present within the palm oil sector, we: 1) set a goal of reaching 100% Roundtable on Sustainable Palm Oil (RSPO) physically certified Segregated or Mass Balance palm oil by the end of 2025 (as of 2020, we source 81% physical certified palm oil); 2) continue to actively engage and manage our supply chain on grievances, traceability, and due diligence that adheres to our policy; and 3) created an Impact Incubator to invest in on-the-ground projects that have scalability potential to tackle the root causes of deforestation, land issues, and human rights.

POST-2020 ACTION PLANS

While various initiatives have been rolled out to bring smallholders into the fold of sustainable production, the reality is that more needs to be done to directly engage with these groups. That's why Kellogg, as part of our Impact Incubator, is working specifically with smallholders and forest communities in partnership with trusted NGOs and local communities to support farmer livelihoods and combat deforestation.

In 2020, we partnered with Wild Asia to support the Wild Asia Group Scheme (WAGS) program to increase the production of sustainable palm oil by smallholders and to help them connect to global markets. We will directly support funding and training of independent smallholders in Malaysia to improve their production processes, social and environmental performance, and transition to certified sustainable palm oil. A portion of this funding also goes toward sustainable agriculture training and working with producers on how to improve yields and income with fewer inputs.

Beyond our own operations and supply chain we support collaborative initiatives and best practice sharing through engagement and active participation in cross-functional industry and sector groups such as RSPO, the Consumer Goods Forum, the North American Sustainable Palm Oil Network and the Tropical Forest Alliance. In 2019, we were the first manufacturing company to join the Palm Oil Transparency Coalition. We are also continuing to partner with Proforest and collaborate with our suppliers, peers and civil society to ensure that a broad representation of stakeholder voices and viewpoints are taken into account to inform our actions.

Moving forward, we will prioritize jurisdictional and landscape approaches in primary palm producing regions that seek to align all stakeholders — including government, businesses, producers, suppliers, smallholders, communities, industry groups, and civil society — around shared goals and outcomes to achieve true transformational and sustainable change.



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APPROACH AND KEY ACHIEVEMENTS

As part of its [Zero Deforestation Policy](#), L'Oréal launched an action plan in 2014 covering compliance, traceability and risk monitoring for all its palm-related ingredients. Since 2012, 100% of the palm oil and derivatives L'Oréal sources are Roundtable on Sustainable Palm Oil (RSPO) certified. Currently, 100% of the palm oil L'Oréal uses is Segregated. For derivatives, 73% is sourced using the Mass Balance model with a target to reach 100% by the end of 2020. The remaining 27% is covered by Book & Claim credits, with 2,000 tons connected to independent smallholders. In 2019, 97% of L'Oréal's palm derivatives suppliers were compliant with its policy based on the [Sustainable Palm Index](#) (SPI).

ROADBLOCKS AND SOLUTIONS

Given the specificity of the palm derivatives market, L'Oréal faces challenges related firstly to **tracing derivatives back to mills and plantations**. Since 2014, L'Oréal has therefore developed an [innovative approach](#) to trace derivatives back to sources: in 2019, 98% of volumes were traced back to refineries, 92% to mills and 27% to plantations. Secondly, some tier-one suppliers still face **difficulties identifying indirect connections with non-compliant actors and rapidly disengaging when needed**, notably due to dependency on decisions from large upstream actors. Since 2016, L'Oréal has put in place the [SPI](#) to assess direct suppliers' compliance and align business decisions with their commitments and practices. L'Oréal continuously **monitors the grievances observed in its supply chain and activates its "Palm Alert Procedure"** as soon as a complaint is registered. As a founding member of [Action for Sustainable Derivatives](#) (ASD), L'Oréal will continue its efforts to find collective solutions with peers, convinced that a company cannot realistically address these challenges alone.

POST-2020 ACTION PLANS

L'Oréal is committed to pursuing its efforts as an individual company — and collectively — by engaging with direct and indirect suppliers, stakeholders and peers. The Group is committed to the following goals:

- 1) 100% of L'Oréal's volumes will be RSPO Mass Balance certified by the end of 2020.** L'Oréal will also keep developing and sourcing from sustainable field projects which support smallholders (7,900 beneficiaries in 2019), and promote regenerative agricultural practices and forest/peatland conservation (73,500 tons of CO2 emissions avoided since 2017), in order to reach 40% of palm volumes connected to field projects by end of 2020.
- 2) Pursue efforts to achieve 100% traceability at refinery and mill level.** In 2020 and beyond, supply chain mapping will be updated and publicly reported.
- 3) Reinforce risk monitoring and compliance procedures.** In 2017, L'Oréal developed a Sustainable Refinery and Crusher Index to verify the No Deforestation, No Peat, No Exploitation compliance of indirect suppliers. This tool was upgraded with the Zoological Society of London (ZSL) and published in 2019 on ZSL's [SPOTT](#) platform. L'Oréal is also helping develop the Implementation Reporting Framework to evaluate mills' compliance. L'Oréal will continue to actively promote these tools to its direct suppliers so they internalize them and cascade them down to their own suppliers.
- 4) Do more business with the most committed and transparent suppliers.** Since 2016, L'Oréal has been assessing its palm derivative suppliers in relation to commitments and practices, based on the [SPI](#). Having used this tool (fully integrated into the suppliers' performance rating) for four years, L'Oréal has noticed visible progress from its suppliers. L'Oréal actively encourages its direct suppliers to share the SPI tool with their own suppliers.
- 5) Support sector transformation.** Since 2019, L'Oréal has been a founding member of ASD. L'Oréal will continue to share its methodologies throughout the sector and encourage its direct suppliers to engage in ASD.



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Lutosa SA



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APPROACH AND KEY ACHIEVEMENTS

In 2012, our clients and the private label sector began to demand environmental commitments related to palm oil. This change in client demand motivated Lutosa to begin sourcing sustainable palm oil. In 2013, Lutosa was bought by McCain Foods, which has a Group policy of 100% Roundtable on Sustainable Palm Oil (RSPO) certified sourcing.

In 2014, Lutosa switched all its crude palm oil to RSPO Segregated. Today, we believe that this is the minimum requirement for all responsible companies. In addition to our certification achievements, Lutosa trains all personnel on our sustainable palm oil policies and environmental commitments. Our quality department ensures all ingredients and products are RSPO certified and established a Quality Management Review to create awareness of palm oil at all levels of management. We also communicate our progress through RSPO's [Annual Communication of Progress](#).

ROADBLOCKS AND SOLUTIONS

We have faced several challenges over the years, with the first one being pricing as it is more expensive to buy RSPO Segregated palm oil. While we use certified palm components in our production, there is little to no demand for sustainable ascorbyl palmitate and palm monoglyceride ingredients. The end-products are therefore not certified under the RSPO label but are produced with Segregated palm oil.

Certain additives are also more difficult to source as RSPO Segregated. In order to avoid a shortage, we have secured at least two potential suppliers for every component.

Another challenge is finding suppliers that can meet our requirements for food quality as well as sustainability; especially as we have noticed a decline in the number of RSPO certified suppliers over the last year. This significantly complicates our communication and procurement processes.

Lutosa has worked internally to address issues related to sustainable sourcing and awareness. We train all personnel on our sustainable palm oil policies and review every new ingredient to ensure it is RSPO certified. Additionally, we established an annual Quality Management Review where we discuss our

sustainable sourcing strategy with each level of management.

POST-2020 ACTION PLANS

We will continue to educate Lutosa personnel at all levels on the importance of sustainable palm oil. We will also continue to instruct our procurement and purchasing department to exclusively buy RSPO Segregated palm oil ingredients and ensure our quality department verifies that all new palm ingredients or suppliers are RSPO certified.

Beyond our own supply chain, we will continue to raise awareness on the importance of sustainable palm oil. When engaging with existing or prospective clients, our sales team will systematically communicate the importance of certification.

We also plan to develop a stronger corporate social responsibility communication for the Lutosa brand in 2021. This communication will include more details regarding our palm oil policy.



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Mars



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APPROACH AND KEY ACHIEVEMENTS

Mars buys less than 1% of the world's palm oil, yet our supply chain previously contained around 1,500 mills. That's too complex to meaningfully address the sector's root challenges. Meeting the Sustainable Development Goal (SDG)-based objectives of our [Sustainable in a Generation Plan](#) to reduce greenhouse gas (GHG) emissions and improve lives within our value chain required radical change.

Through Mars' [Palm Positive Plan](#) we have made sweeping transformations to deliver a deforestation-free palm oil supply chain in 2020 and advance respect for human rights. Mars has sourced 100% Roundtable on Sustainable Palm Oil (RSPO) Mass Balance palm oil since 2013 and partners with NGOs to verify progress, introduce jurisdictional approaches and, as appropriate, engage and reinstate or remove non-compliant suppliers.

ROADBLOCKS AND SOLUTIONS

Buying anonymous commodities through complex supply chains with a sole reliance on certification will not suffice to effectively address systemic sector challenges. What's more, lack of a shared theory of change by stakeholders has led to fragmented approaches, and programs originally designed to address deforestation lack sufficient capacity to effectively address human rights.

By radically simplifying our palm supply chain, partnering with a smaller cohort of suppliers and rigorously applying the three M's of *Mapping, Management and Monitoring* we can eliminate deforestation and build capabilities to help monitor, address and prevent human rights risks.

We're calling for action beyond our direct supply chain. On the ground, we're collaborating with stakeholders in fragile ecosystems to create a path for successful, sustainable smallholder farming and natural resource management.

In 2017, Mars engaged with our global human rights partner Verité and our supplier Wilmar to explore how businesses across the palm oil supply chain can better understand, address and prevent human rights risks. Our collaborative experience was published as a [case study](#) (2020) to help others advance

human rights across the sector.

POST-2020 ACTION PLANS

Mars believes that the world we want tomorrow starts with how we do business today. After years of work, in 2019 we launched a revised position on [Deforestation and Land Use Change](#) and announced the [Palm Positive Plan](#). In 2020, Mars delivered a deforestation-free palm oil supply chain. Progress continues under these ambitions:

Significantly simplifying our supply chain, reducing the number of mills from 1,500 to fewer than 100 by the end of 2021, and on the path to further halve that in 2022. We award contracts only to suppliers who meet our expectations for all their customers. Earth Equalizer's monitoring platform enables this by increasing group level transparency of suppliers' extended supply chains, so we can take evidence-based action on any non-compliances using our [decision tree](#), with non-compliances decreasing as our supply chain is simplified. Our published [list of suppliers and mills](#) is updated regularly.

Supporting smallholder farmers in high-stakes geographies through active membership in and funding of the [Earthworm Landscape Programme in Aceh](#) to help form community-based conservation plans, build smallholder capabilities and provide alternative livelihoods; and through co-creation of the [Coalition for Sustainable Livelihoods](#) with Conservation International and other organizations. This Coalition aims to join up fragmented approaches within landscapes and jurisdictions to achieve scale. We also participate in the IDH Verified Sourcing Area steering group.

Meaningful human rights engagement via our global partnership with Verité. Mars is supporting the creation of an open-source set of tools to aid companies to manage human rights issues in extended palm oil supply chains. This work, including a [case study](#), is the output of Verité's two-year collaboration to build the capabilities of our supplier, Wilmar, and will launch in 2020.

Sector advocacy, through membership of the North American Sustainable Palm Oil Network, support for [RSPO outreach in China](#), and involvement in the Consumer Goods Forum (CGF) Forest Positive Coalition of Action.



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APPROACH AND KEY ACHIEVEMENTS

The long-term success of [Nestlé's](#) business requires the sustainable sourcing of high-quality ingredients. Our [Responsible Sourcing Standard](#) sets out basic non-negotiable requirements that we ask our suppliers to respect and adhere to at all times. We committed to 100% Responsibly Sourced palm oil by 2020 and 100% Roundtable on Sustainable Palm Oil (RSPO) certified by 2023. To deliver on this, we rely on traceability to plantation; satellite monitoring; High Carbon Stock (HCS) assessments; smallholder initiatives for resilient livelihoods and forest conservation; reforestation projects; and labor rights programs on worker voice, ethical recruitment, elimination of child labor, and fair compensation; clean water access; and conflict management.

In 2019, 62% of the palm oil we sourced was traceable to plantation, 93% was traceable to mill, and 79% was responsibly sourced (i.e. aligned with our Standard, from supply chains which have robust time-bound actions or RSPO certified Segregated or Identity Preserved).

ROADBLOCKS AND SOLUTIONS

Some of the key obstacles we have identified in the sourcing of responsible palm oil include:

Smallholder Inclusion: We must balance achieving both environmental and social outcomes, as well as commitments in our value chains and broader efforts to address sustainability globally. Failing to take into account smallholders and vulnerable communities to address deforestation more quickly in our supply chains would not only harm livelihoods, but also threaten forests. We address tradeoffs by integrating our initiatives on no deforestation, forest restoration and conservation, smallholder support, and others.

Logistics: Obtaining physically traceable and responsibly sourced palm oil in certain markets where main supply chains come through bulk vessels introduce additional complexity to segregation and traceable materials. We therefore try to identify supply chains where there is greater transparency as well as focus on initiatives to support industry transformation that impact all global supply chains.

Verification: Traditional verification tools such as audits and assessments capture a snapshot in time. However, transparency on an on-going basis is needed. We therefore develop and deploy tools for on-going monitoring, such as satellite monitoring and worker voice mechanisms.

POST-2020 ACTION PLANS

Expand our smallholder work: Smallholders in priority forest landscapes where we source from will remain a core focus of our palm oil responsible sourcing work. We currently support eight palm oil smallholder projects and will focus on scaling innovative approaches to ensure that smallholders in our supply chains have resilient livelihoods, can produce responsibly, and play an active role in forest conservation.

Shift beyond no-deforestation to forest & climate positive: We will take a more holistic approach to forests, integrating reforestation and conservation strategies with our no deforestation approach, and addressing key social dimensions. Our recent commitment to the 'Business Ambition for 1.5°C' pledge, committing to net-zero GHG emissions by 2050, will include innovations to reduce GHG emissions linked to forests and other high value ecosystems.

Strengthen focus on labor rights: We are currently updating our Action Plan on Labor Rights in Palm Oil to strengthen supplier management systems to more effectively address labor rights; expand access to worker voice systems based on our successful pilot with Sime Darby Plantation and ELEVATE; continue to raise awareness and build capacity of suppliers to implement responsible recruitment practices, fair compensation systems, and address child labor risks in plantations.

Increase supply chain transparency: We will continue to publicize the palm oil suppliers and mills in our supply chain, report progress against our no-deforestation commitment, and update our palm oil [Transparency Dashboard](#). We will also continue participating in the development of the NDPE Implementation Reporting Framework for industry transparency.

Collaboration: We will continue active involvement in collaborative initiatives, including the Consumer Goods Forum, RSPO and [OP2B](#). Via these platforms, we will advocate for greater sector transparency and traceability, development of missing tools, and collaboration for inclusion of smallholders in supply chains.



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APPROACH AND KEY ACHIEVEMENTS

PepsiCo recognizes both an opportunity and a responsibility to help build a more sustainable food system, and we aim to source our agricultural commodities sustainably. [We are making significant progress](#): in 2019 we sourced our palm oil using 82% Roundtable on Sustainable Palm Oil (RSPO) Mass Balance, 15% Book & Claim, and 3% Independent Smallholder credits; the latter supports smallholders by investing in impact programs. We also implemented our Palm Traceability Protocol, independently verifying 100% of our direct suppliers' self-reported mill data. This helped improve the overall performance score on our Supplier Scorecards by 61% compared to 2017, and played a leading role in the Palm Oil Collaboration Group and the development of a sector approach to measure No Deforestation, No Peat, No Exploitation (NDPE) volumes through the [NDPE Implementation Reporting Framework](#) (IRF).

ROADBLOCKS AND SOLUTIONS

Systemic environmental and human rights challenges: To drive systemic change we work pre-competitively in collaboration with industry and stakeholders, including by investing in deforestation monitoring and in on-the-ground [impact programs](#) in southeast Asia and Mexico. These include landscape programs that support conservation, restoration, community development, smallholder inclusion, and responsible production practices.

Traceability: PepsiCo has published its mill list and implemented processes that have established traceability and verification protocols which are open source. Traceability in our supply chain is currently 41% to the plantation and 97% to the mill level. All of our suppliers' traceability to mill data has been independently verified.

Availability of certified supply: We are implementing a holistic strategy to help increase supply of RSPO certified sustainable palm oil. Prior to 2020, there was no RSPO certified palm oil domestically available in Mexico. In 2019, PepsiCo supported an initiative to reach over 100 smallholders and staff from mills and refineries, which led to two mills in Mexico achieving RSPO certification in 2020.

POST-2020 ACTION PLANS

Towards NDPE palm oil: PepsiCo is committed to delivering our [Global Policy on Sustainable Palm Oil](#). We aim to source 100% RSPO physically certified palm oil by the end of 2020.

Supplier engagement: We will continue to [engage our suppliers](#) through our Supplier Scorecards, which track and encourage progress towards sustainable palm production and provide capability building programs and partnerships. The average performance score has improved by 61% since 2017.

Industry Collaboration: PepsiCo co-convenes the Palm Oil Collaboration Group, a pre-competitive space where companies identify and overcome key challenges to the sector by addressing social issues, independent verification and monitoring, and reporting on progress and deforestation outside concessions, among other topics. One of the key developments has been the roll out of the [NDPE IRF](#), an industry-wide tool. The Framework recognizes RSPO certification as the strongest guarantee of delivery, encourages and supports certification, and allows companies to report on volumes that are at different stages of progressing towards delivery (where certification has not yet been achieved). Our aim is to support an [industry-wide approach](#) to independent NDPE verification that has industry and civil society support.

Stakeholder Engagement: PepsiCo continues to [engage in dialogue and collaboration](#) with a broad set of stakeholders, including affected communities and workers, and we have increased our efforts to engage in and lead collective discussions at the industry level. Our goal is to be a catalyst for change. We work collaboratively with stakeholders and invest in conservation programs with partners in key production regions. Our on-the-ground actions aim to improve production and the [livelihoods of smallholders](#); monitor and improve working conditions; and identify, conserve and restore High Conservation Value (HCV) and High Carbon Stock (HCS) forests and peatlands.



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Procter & Gamble



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APPROACH AND KEY ACHIEVEMENTS

Oil palm is both one of the world's most productive natural oil sources and grown in areas of high ecological value. Procter & Gamble (P&G) is committed to responsible sourcing respecting the environment, workers and communities.

The foundation of our approach is based on delivering 100% Roundtable on Sustainable Palm Oil (RSPO) certified palm for our brands; ensuring transparency and robust compliance across our supply chain; engaging in industry wide initiatives and partnering with positive force for good programs for both smallholders and ecosystems. Today our brands use 100% RSPO certified palm oil and palm oil derivatives. We are making continued progress against our goal of 100% RSPO palm kernel oil (PKO) by 2022. In 2020 we target approximately 70% certified PKO supply for use in our brands.

ROADBLOCKS AND SOLUTIONS

Smallholders account for approximately 40% of global oil palm production but relatively little work has focused on partnering with them to enable sustainable practices. At our joint venture, FPG, in Malaysia, approximately two thirds of the palm fruit used is sourced from schemed and independent smallholders. In 2017 this led us to conduct an assessment of the capability, yields and income of 2,000 independent smallholders, across 3 collection sites in Johor state. Results showed yields and incomes were below the Malaysian average mostly due to knowledge gaps in good farming practices.

In 2018 we created our **Smallholder Training Program**, implemented as part of our sustainable palm commitment, working with farmers at 17 collection centers in Bingan Jaya Trader Network. We are seeking to create 250 model and equivalent learning farms with best in class good agricultural practices. These farms and farmers can then become ambassadors and community resources, driving scale and diffusion of sustainable farming practices to reach up to 8,000 farmers within five years. We want to help them drive up yields (+30-50%) to the Malaysian average – making a difference to people and communities and embedding sustainable, responsible practices within the heart of our supply network.

POST-2020 ACTION PLANS

Our aim is to complete our journey to 100% RSPO palm, including PKO and derivatives, in our brands by 2022.

We will continue our commitment to our Smallholder Program – investing and playing a unique role to foster collaboration with experts in sustainable practices. Our goal is to put smallholders in control by enabling them to make more sustainable farming choices whilst improving their livelihoods.

In collaboration with the **Malaysia Institute for Supply Chain Innovation (MISI)** we established the **Centre for Sustainable Smallholders (CSS)**. CSS is based at the **University Tun Hussein Onn Malaysia**, in Parit Raja, Johor. It acts as a “one-stop-shop” resource center with researchers, agronomists and field workers collaborating with supply chain teams to drive on the ground (and in the field) capability. We also established a collaboration with Yara (a leading global fertilizer manufacturer) to create a bespoke supply chain at affordable prices. Importantly, to support the future generations of program leaders, we are creating internship opportunities for local students to learn and experience life in the palm sector working at CSS.

We are also committed to championing smallholders progress in partnership with RSPO. Since 2015 we have sponsored their “**Linking Learning**” session annually and are supporting the **RSPO Smallholder Academy** via CSS which aims to develop technical experts who are then able to train farmers in best practices. Looking to the future we are encouraging those participating in our smallholder livelihood projects to work towards the new **RSPO Independent Smallholder Standard (RISS)**. So far approximately 200 farmers are in the eligibility phase and beyond and actively working towards certification. We are very proud that these smallholders are on track to be amongst the first to be certified in the new RISS standard and hope to see over 600 smallholder farmers achieve certification in the next two years, contributing to an overall increase in sustainably farmed, certified palm.



Smallholders, Fresh Fruit Bunches Dealers, MISI, KANZU and P&G partnering at CSS Office Tun Hussein Onn University

Royale Lacroix



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APPROACH AND KEY ACHIEVEMENTS

Royale Lacroix is an industrial margarine producer and its references are typically used as ingredients. The most important raw materials for our margarines are palm oil and derivatives. For those reasons it is a no brainer that we try to source sustainable palm oil.

Royale Lacroix has been a Roundtable on Sustainable Palm Oil (RSPO) member since 2011 and requires its suppliers to demonstrate full transparency and full respect of RSPO rules. We achieved 80% certified sustainable palm oil in 2018 and 90% in 2019 via a combination of RSPO Segregated (40%), Mass Balance (30%) and Book & Claim (20%) models. Royale Lacroix's overarching commitment is to achieve 100% RSPO certified sustainable palm oil by the end of 2020.

We are one of the founding members of the Belgian and the French Alliances for Sustainable Palm Oil. We raise awareness through several communication channels and encourage customers to become RSPO members and use 100% certified sustainable palm oil.

ROADBLOCKS AND SOLUTIONS

Royale Lacroix relies heavily on palm and its solid derivatives to produce its margarine. However, RSPO Segregated palm stearin is only currently available in small volumes on the market, which leads to high price premiums.

The RSPO certification process is far too complex and many small companies have difficulty understanding and meeting requirements. Additionally, in some countries Royale Lacroix has clients who don't pay attention to the origin or sustainability of palm oil.

In other countries, anti-palm campaigns involve a growing demand for palm-free products. This illustrates our dilemma perfectly: we are promoting our sustainable palm oil products while having to offer palm-free products to meet consumer demand. Additionally, some industrial companies communicate strongly on their palm-free products. This requires us to double down on efforts to promote and defend sustainable palm oil.

POST-2020 ACTION PLANS

In 2020, Royale Lacroix will source 100% certified sustainable palm oil. Despite the fact that some of our clients do not require sustainable palm oil, our commitment to 100% certified sustainable palm oil extends to the entire global production of Royale Lacroix.

From 2021 to 2025, Royale Lacroix will increase its share of RSPO physical sustainable palm oil and lower its reliance on credits. We aim to achieve a ratio of 5 to 6 parts physical RSPO certified palm oil per 1 part Book & Claim credit by 2025. Royale Lacroix will also continue to increase its support to independent smallholders through the increased purchase of RSPO Independent Smallholder credits, with a target to buy a minimum of 25% of total volume of credits in the form of Independent Smallholder credits by 2025.

Royale Lacroix reduced its global greenhouse gas (GHG) emissions by 25% between 2011 to 2020 and will continue to monitor and decrease its GHG emissions in the future.

Royale Lacroix will also continue to focus on purchasing palm oil that is traceable to the plantation; does not contribute to deforestation; is produced in a way that respects forests with a high carbon value; preserves all peat bogs regardless of depth; does not come from slash and burn agriculture; respects workers' rights and excludes child labor; promotes small producers; and supports the rights of indigenous and local communities as well as their right to Free, Prior and Informed Consent.



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APPROACH AND KEY ACHIEVEMENTS

S Group joined the Roundtable on Sustainable Palm Oil (RSPO) in 2011 after recognizing the environmental and social risks associated with palm oil production. In 2013, S Group committed to source 100% RSPO Segregated palm oil for own-brand products and restaurant cooking oil, and in 2016 we set a target to achieve this by 2021. By the end of 2019, the certification rate of the palm oil used in S Group's private label food products and in deep frying oil in S Group restaurants reached 100%: 86% RSPO Segregated, 10% Mass Balance and 4% Book & Claim.

S Group is in the process of screening its own-brand product range with regard to palm oil derivatives in order to gain a better understanding of their role and origin.

ROADBLOCKS AND SOLUTIONS

We are acutely aware of the possible environmental risks and impacts of forest-related commodities within our supply chain. However, with our current state of knowledge, we are unable to conduct a comprehensive impact assessment, which is why we are increasing our sourcing of RSPO Segregated palm oil.

A key challenge facing S Group relates to the traceability of palm oil fatty acid distillate (PFAD) and palm oil mill effluent — two raw materials S Group's fuel sourcing company, North European Oil Trade, uses for the production of biofuel. PFAD is a processing residue derived from the refining of food-grade palm oil for the food industry. Yet the food industry does not have regulatory requirements to disclose the exact origin of ingredients, and existing certification schemes within the industry are based on voluntary commitments. S Group is currently working with stakeholders to increase awareness of and demand for PFAD traceability and certification within the food industry.

POST-2020 ACTION PLANS

We acknowledge the complexity of global forest-related ecosystems and the urgency to balance zero deforestation goals with increasing global demand for products and materials that require land cultivation. This leads to the urgent need to increase carbon sequestration and regenerative farming, while increasing productivity. Thus we aim to align our operations and value chains with a sustainable approach for using these materials in order to secure their availability well into the future, improve the resilience of our operations and value chains, and avoid and mitigate negative impacts.

S Group's Sustainability programme will be updated by the end of 2020 and one of our priorities is to embed biodiversity and deforestation topics even more deeply into our sustainability agenda. An area under consideration is to generate support for environmental issues within the value chain and encourage our partners to combat deforestation.

Our work on tackling climate change will be driven by the target of making our own operations "carbon negative" by 2025. This would include mechanisms to compensate for greenhouse gas emissions domestically and throughout the supply chain, as well as reforestation programs. However, this work is still ongoing and details for the actual actions have yet to be defined.



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APPROACH AND KEY ACHIEVEMENTS

Tesco achieved 100% Roundtable on Sustainable Palm Oil (RSPO) certification for all palm oil and derivatives in the United Kingdom (UK), our biggest market, in 2015, in line with Tesco's [Little Helps Plan](#). Since then RSPO certification has been implemented across the rest of the Tesco Group in Europe and Asia, and we achieved 100% RSPO for all palm oil and derivatives in Tesco Group Own Brand products in 2019 (42% Segregated, 41% Mass Balance, 17% Book & Claim). As a result, we were the first retailer in Asia to use certified palm oil in our Own Brand cooking oil (Segregated for Tesco Malaysia and Mass Balance for Tesco Lotus Thailand).

To drive industry transformation, Tesco chairs the [Palm Oil Transparency Coalition](#) (POTC), is [working in partnership with WWF](#), and is a member of the [Retail Palm Oil Group](#) (RPOG) and Consumer Goods Forum (CGF) [Forest Positive Coalition of Action](#).

ROADBLOCKS AND SOLUTIONS

Only 19% of the global palm oil market is RSPO certified. To ensure the remaining 80% of global palm oil is deforestation-free we need to scale up other approaches. In the POTC, we assess and engage palm oil traders in our supply chain to ensure they are making credible progress on their own zero deforestation commitments for all palm oil they trade globally.

Limited leverage alone: As Tesco uses less than 0.1% of global palm oil produced, we need to collaborate effectively with other committed companies to generate more leverage. As members of the POTC, RPOG and CGF Forest Positive Coalition, we are working with other major retailers towards shared goals for transformation.

Low transparency from palm oil traders: The POTC has established an efficient and credible process for accessing data and assessing relative performance of traders based on their company-wide performance.

Awareness of, and demand for, sustainable palm oil remains low in many international markets: Despite limited demand and significant commercial constraints, we have undertaken colleague training, supplier capacity building, and implemented transition plans for moving to RSPO certification for Tesco Own Brand products in our international markets, including our cooking oil sold in Asia.

POST-2020 ACTION PLANS

We aim to undertake the following actions in the coming years:

- 1) New ambitious Segregated RSPO targets:** In the UK and Republic of Ireland, we have set an ambitious target to source 100% of our palm oil, including derivatives, from RSPO certified Segregated sources by 2021. This involves engaging with our suppliers still using Mass Balance to develop action plans to transition to Segregated sources.
- 2) Moving to physical RSPO certification in Central Europe and Asia:** We aim to transition 100% of our palm oil, including derivatives, to Segregated or Mass Balance by 2021. This involves engaging our suppliers using RSPO credits and developing action plans to help with the transition.
- 3) Continue to be a leading member of the POTC:** We will continue to be a leading member of the POTC and engage with our key palm oil traders on the results of the 2020 POTC assessment and act as necessary to support faster industry transformation.
- 4) We will use the POTC results within our partnership with WWF and achieve progress on the Sustainable Basket Metric:** We will work with WWF to develop effective and practical expectations for engaging with our key palm oil traders for the development of credible time-bound action plans for them to become verified deforestation-free palm oil companies by 2025.
- 5) Continue to collaborate with CGF Forest Positive Coalition and other stakeholders:** We will implement the CGF Forest Positive Coalition Palm Oil Roadmap for 2020/21.
- 6) We will continue to publish and improve information on our palm oil supply chain:** In 2019, we were the first retailer to provide transparency on the traders and countries of origin of our palm oil supply chain. We will continue to work with our suppliers to further refine the data and improve our transparency as well as explain the actions we are taking to engage our key palm oil traders.



The Co-operative Group UK



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APPROACH AND KEY ACHIEVEMENTS

At the Co-op, we are aware of the risks unsustainable palm oil poses to people and the planet. Through our [Future of Food ambition](#), we have committed to responsibly sourcing our key ingredients, including palm oil, and working with partners to take a restorative approach to these environments. That's why 100% of the palm oil we source is covered by Roundtable on Sustainable Palm Oil (RSPO) certification schemes. In 2019 we sourced 73% RSPO Segregated, 25% Mass Balance and 2% Book & Claim palm oil.

We also go beyond certification, taking part in important restoration projects with leading conservation and education charity Chester Zoo to support reforestation and biodiversity.

ROADBLOCKS AND SOLUTIONS

The scale of the problem compared to the scale of our position as a single retailer is one of the main challenges we have faced. As a retailer we don't directly buy palm oil and we have multiple suppliers that don't directly import palm oil.

Certification in the form of a single standard such as the RSPO that is recognised by NGOs and across the industry has been vital in overcoming these challenges. It has been an incredibly powerful tool in helping drive change across the supply chain — a transformative process we would not have been able to achieve alone.

Collaboration has also been a key factor. The Retailers Palm Oil Group and Palm Oil Transparency Coalition (POTC) have provided us with a pathway to combine and collectively push for sustainable palm oil. Working together in aligning data collection on palm oil use from suppliers has also allowed us to increase understanding of the palm oil in our supply chains, provide more accurate data, and work efficiently with suppliers.

POST-2020 ACTION PLANS

We are working to achieve 100% RSPO certified Segregated palm oil during 2020, having reached 73% in 2019. As we get closer to this goal we are faced with the remaining challenges in the areas where Segregated sustainable solutions are not as straightforward, and supply issues can be exacerbated by Covid-19.

Approaching what will be a huge milestone, we are simultaneously working out 'what comes next'. We are reviewing our strategy for 2021 and beyond, using the available guidance and input from external stakeholders to identify the priorities we need to work towards. We will publish our updated strategy by the start of 2021.

Our new strategy will include continuing to look for innovation projects and scaling up existing work. We have partnered with Chester Zoo on [restoration projects in Borneo](#) since 2019, supporting reforestation on former palm oil plantations around the Kinabatangan River. We hope this is a great example of where giving land back to nature can demonstrate the potential for restorative impact in the palm oil industry. The project also includes biodiversity research, assessing the impacts of reforestation methods on the potentially thousands of native species. We are looking to expand this piece by funding further reforestation and research into 2021. We will also continue to use our membership of the POTC to push for increased transparency in supply chains.



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The Estée Lauder Companies



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APPROACH AND KEY ACHIEVEMENTS

While we are a comparatively low-volume user of palm-based ingredients (palm oil and its derivatives), we are committed to supporting sustainable palm oil. 100% of our palm-based ingredients are certified through a combination of Roundtable on Sustainable Palm Oil (RSPO) certification schemes, and we have committed that at least 90% of our palm-based ingredients will be RSPO certified from physical supply chains by the end of calendar year 2025.* We also are supporting smallholder palm oil farmers and collaborating with industry peers and suppliers to promote responsible sourcing and collective action to increase sustainable production of palm-based ingredients.

ROADBLOCKS AND SOLUTIONS

Similar to most other personal care products companies, we predominantly source materials derived from Palm Kernel Oil (PKO), and the complexity of the PKO derivative ingredient supply chain continues to pose significant challenges in establishing source traceability for us and our Tier 1 direct suppliers.

Also, we are working to increase procurement of certified sustainable PKO-derived ingredients through physical supply chains in a market environment that offers limited availability of RSPO certified PKO and PKO-derived ingredients.

To address these challenges, we are collaborating with stakeholder groups such as RSPO's North American Sustainable Palm Oil Network, [Action for Sustainable Derivatives](#) (ASD) and other companies to identify mechanisms to improve traceability in the PKO/PKO derivatives supply chain with a goal to increase our procurement of certified sustainable PKO ingredients and collectively engage key actors along the supply chain. Through ASD, we have engaged with key suppliers to establish traceability to the mill level for more than 70% of our palm derivative volumes. This visibility is crucial to help address risks and will allow us to confirm that the sourcing practices of our palm ingredients suppliers align to our principles.

POST-2020 ACTION PLANS

As part of our sustainable palm oil sourcing commitments, we have developed the following actions and goals. We have adopted a No Deforestation, No Peat, No Exploitation (NDPE) policy that is aligned with the Accountability Framework, and expect our suppliers of palm-based ingredients (palm oil and its derivatives) to meet these criteria. We will conduct due diligence of raw material sourcing to ensure compliance with these criteria, beginning by conducting key commodity supplier compliance assessments, which will then further inform commodity-specific action plans. We will report on this process annually as appropriate.

We have also committed that at least 90%* of our palm-based ingredients will be certified sustainable from RSPO physical supply chains by 2025. Currently, 100%* of our palm-based ingredients are RSPO certified through a combination of RSPO supply chain certification methods (physical supply chains such as Mass Balance and Identity Preserved, as well as Book & Claim credits). In calendar year 2019, 57.46% of our palm-based ingredients were Mass Balance certified, 0.04% were Identity Preserved certified and the remaining 42.5% were covered by Book & Claim. Through our ASD membership we will continue to establish traceability for our palm derivative volumes and address responsible sourcing by collaborating with ASD members to harmonize approaches on transparency, risk monitoring and evaluation.

Finally, we will continue supporting palm oil smallholder farmers in several ways. In 2019, we partnered with BASF, the RSPO and civil society organisation Solidaridad to promote sustainable palm oil and palm derivatives production in the district of Waykanan, Lampung, Indonesia through [Project Lampung](#). The project's goal is to have a minimum of one-third of the supported smallholder farmers certified according to the RSPO Independent Smallholder Standard by mid-2021. In addition, we purchased RSPO Independent Smallholder credits equivalent to about 25% of our annual palm volumes in 2019. The credits supported 1,145 independent smallholders in Indonesia, Malaysia and Thailand. We plan to continue purchasing Independent Smallholder credits pending availability.

*Excludes palm-based ingredients not directly procured by The Estée Lauder Companies, such as those procured by Third-Party Manufacturers (TPMs)



© Solidaridad

A farmer participating in Project Lampung, funded in part by The Estée Lauder Companies.

The Hershey Company

BACK TO CASE STUDY LIST



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APPROACH AND KEY ACHIEVEMENTS

In 2013, Hershey committed to 100% responsible palm oil because when produced sustainably, it supports smallholder livelihoods, improves economic development and uses less land than other edible oils. Our key achievements include: 1) Sourcing 100% Roundtable on Sustainable Palm Oil (RSPO) Mass Balance certified palm oil for North America since 2014 and globally since 2017; 2) Tracing more than 99% of our supply chain to the mill since 2017; 3) Investing in transformation in high-risk areas through Earthworm Foundation's program in [Aceh Tamiang](#) and [Southern Aceh](#) (near the Leuser Ecosystem) which have seen a 60% reduction in deforestation between 2016 and 2019; and 4) Establishing our [Palm Grievance Process](#) and [Log](#), leading to the removal of violators from our supply chain.

ROADBLOCKS AND SOLUTIONS

The palm oil supply chain is complex, with many layers between Hershey and palm growing communities where deforestation, ecosystem conversion and exploitation risks may occur.

Given this complexity, we have not been able to meet our goal of 100% traceability to plantation by 2020. To accelerate the traceability work we are reallocating volumes to suppliers with better transparency. Our suppliers are critical in helping us gain visibility into our palm oil sourcing areas as well as to cascade our No Deforestation, No Peat, No Exploitation (NDPE) expectations to refiners, mills and plantations with whom they have commercial or more direct relations.

We are committed to achieving a deforestation-free palm oil supply chain; however, satellite solutions are costly and time intensive for a relatively small palm oil user. Therefore, whilst monitoring the supply chains of our higher volumes suppliers directly using [Starling](#) — a verification tool to fight deforestation — we are also working with other Earthworm Foundation members to accelerate monitoring and verification efforts, and engaging with suppliers and NGOs with eyes on the ground to proactively monitor landscape changes.

POST-2020 ACTION PLANS

Beyond 2020, we will continue to work towards our commitment to achieve 100% traceability to the plantation by sourcing from suppliers committed to this work. We are also requesting suppliers to disclose their first refiners for increased transparency. Engagement with our Tier 2 suppliers and beyond is critical to realizing a sustainable palm oil supply chain.

In 2020, we started monitoring the supply chains of our higher volume suppliers using Starling to identify and address deforestation events. We will continue supporting supplier efforts to engage the supply chain around deforestation commitments and independent deforestation-free verification. This approach impacts Hershey's palm oil supply chain and has a positive effect on the sustainability of the broader palm oil industry.

In February 2020, we published our Palm Oil Grievance Procedure and Log to transparently disclose how we investigate NDPE violations in our palm oil supply chain and establish formalized thresholds for suspension and re-entry into our supply chain. This log will inform opportunities for supporting continuous improvement and industry transformation.

We are also sponsoring a Malaysia refiner to participate in Earthworm Foundation's [Tools For Transformation \(T4T\)](#) online platform which includes a self-assessment questionnaire, practical action planning and step-by-step tools to support mills and plantations to implement and scale NDPE best practices.

Through the Earthworm Foundation, we are increasing program investments in high-risk sourcing areas beyond our supply chain that support smallholder inclusion, the protection and restoration of forests and biodiversity, and NDPE capacity building. In 2020, we increased support for Earthworm's program in Sumatra near the biodiverse Leuser Ecosystem and now participate in its member coalition committee. We also invested in projects in other sourcing regions, including [Kumacaya](#) in Rawa Singkil Wildlife Reserve and [Rurality](#) in East Riau.



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APPROACH AND KEY ACHIEVEMENTS

We decided to support sustainable palm oil because we think that sustainability is key for the success of our business in the future. Our key achievements to date have been to successfully increase traceability within our supply chain, including achieving 100% traceability back to the mill and 70% traceability back to the plantation. We have accomplished this by engaging in a continuous dialogue with suppliers, analysing all upstream activities, and identifying a number of key sustainability performance indicators.

ROADBLOCKS AND SOLUTIONS

As a manufacturer, Unigrà is in the middle of the supply chain, between suppliers and customers. A key obstacle we have faced in seeking to source certified sustainable palm oil is that some of our customers do not want to bear the premium cost of sustainability certification.

Another obstacle is linked to the various approaches from different stakeholders in terms of palm oil sustainability. While some think that product certification is essential, others ask for the implementation of a company management system applied to all procurement activities. We try to cater to all sustainability requests we receive, even when it would be more efficient to have a more homogeneous and shared approach.

POST-2020 ACTION PLANS

We have set a series of objectives which we hope to achieve by mid-2021. These include reaching 100% palm oil traceability (to mill and plantation); selecting only palm oil suppliers with deforestation- and conversion-free commitments; training our human resources on issues related to palm oil sustainability; organising periodic and systematic meetings with our suppliers in order to engage them and receive updates on relevant actions, particularly supplier progress towards ensuring No Deforestation, No Peat, No Exploitation (NDPE); managing and improving our grievances procedure in a careful and timely manner; and enhancing transparency in our products and supply chains by improving communications on palm oil sustainability and publishing a dashboard on our website which will allow us to update and share our progress on a large number of key performance indicators.

All of these objectives are defined in our palm oil sustainability action plan that we have shared with our main stakeholders. We report on our progress related to these objectives every six months.



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Vandemoortele NV



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APPROACH AND KEY ACHIEVEMENTS

Vandemoortele has adopted a proactive approach to implement better practices all along its palm oil supply chain. In 2019, 100% of the palm oil used in our consumer-branded products was Roundtable on Sustainable Palm Oil (RSPO) certified through a combination of Book & Claim (74%), Mass Balance (17%) and Segregated (9%) models. In 2019, we also achieved 99.4% traceability back to mill for all palm oil purchased for our consumer and private branded products.

100% of our purchased palm oil volumes are sourced from suppliers committed to a No Deforestation, No Peat, No Exploitation policy.

Since 2018 Vandemoortele has also been supporting Earthworm Foundation's [Landscape Programme in Indonesia](#), which is successfully protecting high risk conservation areas while designing livelihood options and business models that work for people and nature.

ROADBLOCKS AND SOLUTIONS

One big obstacle we face is the negative perception of palm oil among many clients and consumers, which leads to boycotts in certain countries. The price difference between sustainable and conventional palm also remains significant. Furthermore, transitioning to Roundtable on Sustainable Palm Oil (RSPO) physical supply chains comes with extra costs but no additional returns on investment, as consumer awareness of RSPO and its different supply chain models is low.

In order to address these challenges, Vandemoortele created visuals and training materials that outline the advantages of using palm oil and address any misconceptions related to sustainable palm oil. We also train our employees on the topic and provide our sales department with specific materials they can use to propose the most sustainable solutions to clients.

Ensuring that our suppliers comply with a No Deforestation, No Peat, No Exploitation (NDPE) policy can also be very challenging. In 2019, Vandemoortele used the Engagement for Policy Implementation palm oil assessment, a tool developed by Earthworm Foundation and SupplyShift to evaluate our suppliers'

progress towards sustainability and engage them on NDPE implementation.

POST-2020 ACTION PLANS

Our core objective is to maintain a deforestation and exploitation-free palm oil supply chain. By 2020 we aim to fully comply with the criteria of zero deforestation and zero exploitation palm oil. We will also continue sourcing 100% RSPO certified palm oil for our consumer brands, and work towards achieving 100% traceability back to mill. Additionally, we will continue to engage with our suppliers and Earthworm Foundation to accomplish transformation in our supply chain through efforts such as co-financing Earthworm's landscape programme in Indonesia.

Vandemoortele will also continue to support and participate in initiatives that support the uptake of sustainable palm oil in Europe, such as the Belgian and Dutch Alliances for Sustainable Palm Oil, the Spanish Foundation for Sustainable Palm Oil and the Alliance for the Preservation of Forests. Furthermore, by the end of 2020 we aim to finalise our strategic vision looking towards 2025, which will determine our future course of action in collaboration with various stakeholders. In doing so, we are inspired by the United Nations Sustainable Development Goals launched in 2015 and will follow-up on the [Davos 2020 Manifesto](#) as a guiding framework to measure the performance of both shareholders and stakeholders.



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APPROACH AND KEY ACHIEVEMENTS

Zeelandia believes that palm oil should be produced in a manner that is legally compliant and traceable, that protects forests and biodiversity, reduces greenhouse gas emissions and respects the rights of indigenous people, workers and local communities.

Zeelandia's objective is to realize a transfer to purchasing only ingredients and products that contain 100% Roundtable on Sustainable Palm Oil (RSPO) certified Segregated palm oil, which will be complemented with RSPO certified Mass Balance palm oil only when Segregated is not available.

Zeelandia participates in the WWF Palm Oil Buyers Scorecard and has been a member of RSPO since 2015.

ROADBLOCKS AND SOLUTIONS

On a global scale, Zeelandia is a relatively small buyer of palm oil containing ingredients, and purchases mostly compounded ingredients in which a palm oil derivative is a component. Our biggest challenge has been to convert a multitude of ingredients containing only a small percentage of palm oil to a Segregated supply chain model, convincing suppliers of the need to adopt sustainable palm oil and creating this change without a loss of functionality.

When contacting our suppliers with the request to source Segregated palm oil components, our suppliers had to solve the issue that switching to Segregated palm oil for Zeelandia often meant they had to convert that product for all their clients, with all the additional effort and costs such a shift entails.

Some suppliers were less willing to make the change for Zeelandia alone, forcing us to seek alternative suppliers. The adjustments also required a combined additional effort to match the functional properties of the ingredients. In some cases we even had to adapt our production process.

In total, it took us two years to convert 81 ingredients with 34 suppliers, including testing these new ingredients in our product applications.

POST-2020 ACTION PLANS

Having converted most of the palm-based ingredients we buy in Europe to Segregated, we will enlarge our scope of activities to the Zeelandia companies outside Europe, quantifying and assessing the volume of palm oil used by these subsidiaries and joint ventures.

In cooperation with the Zeelandia operating companies involved, we will investigate local conversion to Segregated palm oil by 2021. Alternatively we will consider buying Book & Claim credits for this volume or sourcing Mass Balance.

Secondly, we will promote more transparency in our palm oil supply chain and urge our suppliers to play an active role. By the end of 2020 we will introduce an upgraded palm oil policy and a code of conduct for suppliers, stating that we expect them to monitor their upstream supply chain. All Zeelandia suppliers should pursue traceability of their products back to the plantation. Also, the suppliers will be required to actively and continuously improve the way they do business by establishing their own best practices for deforestation-free, sustainable production.

Thirdly, we are looking to cooperate with suppliers and non-governmental organizations to support on-the-ground action. By 2021, we aim to support a project that helps local communities and smallholder producers adopt more sustainable practices. In parallel we will continue to step up our communication on sustainable palm oil, both with our employees as well as our external stakeholders, to increase transparency on our actions and express our support for the objectives of the RSPO regarding sustainable palm oil.



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