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RT10 : 10 years Of Driving Sustainability

A Business Model For The Future

Plenary Session 1

RSPO: A DECADE OF SUCCESS; AND ITS SIGNIFICANCE AHEAD



Advancement & Significance of RSPO

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Talking Points

- RSPO : 10 years Driving Sustainability
- Palm Oil: *'Sustenance with Sustainability'*
– a Macro Perspective
- RSPO Landscape
- RSPO: Its Advancement & Significance
- Closing Remarks

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RSPO: 10 years of Driving Sustainability.....

- There are some occasions in which one is simply humbled to be part of and the celebration this week of the RSPO's 10th anniversary is for me, just such an occasion.
- 10 years ago, **6 visionaries** set out on a journey to contribute to the palm oil industry in a significant area – because, they realised that the issue of '**sustainability**' in palm oil production and use will be the greatest challenge for its future well being ..
- So, let us take a moment to thank those visionaries who are the pioneer signatories to the formation of RSPO:
Aarhus United UK & Karlshamns AB; MPOA: Migros; Unilever NV & WWF Switzerland

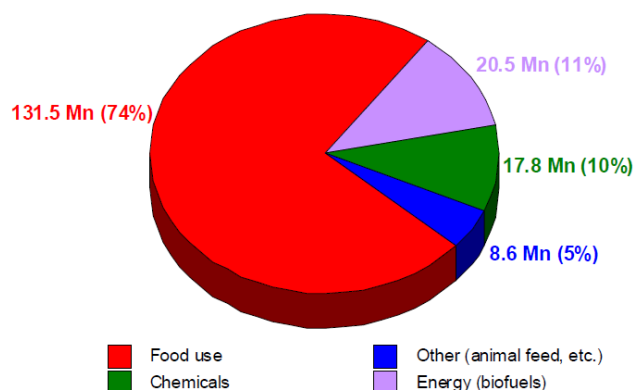
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World Oils & Fats Consumption

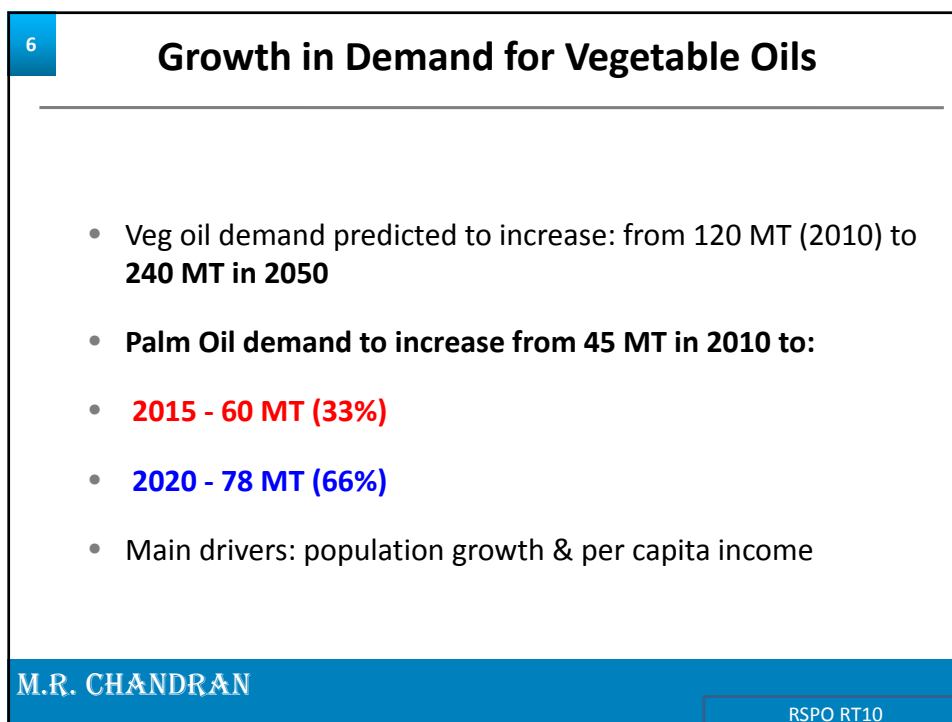
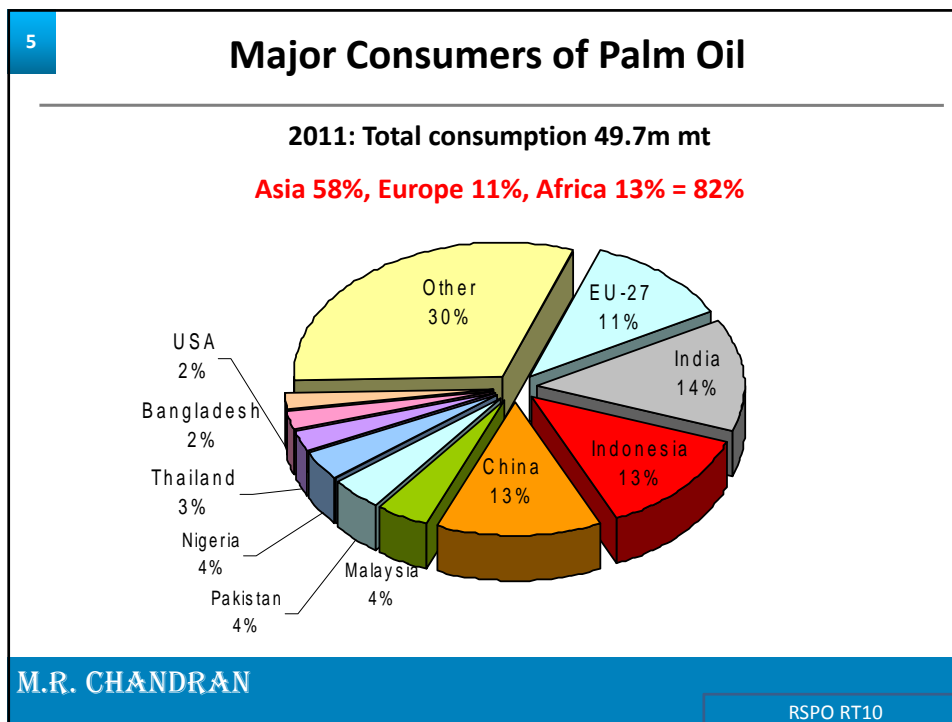
17 Oils & Fats: World Consumption, by Category
 Jan/Dec 2011 total: 178.4 Mn T



Source: Oil World

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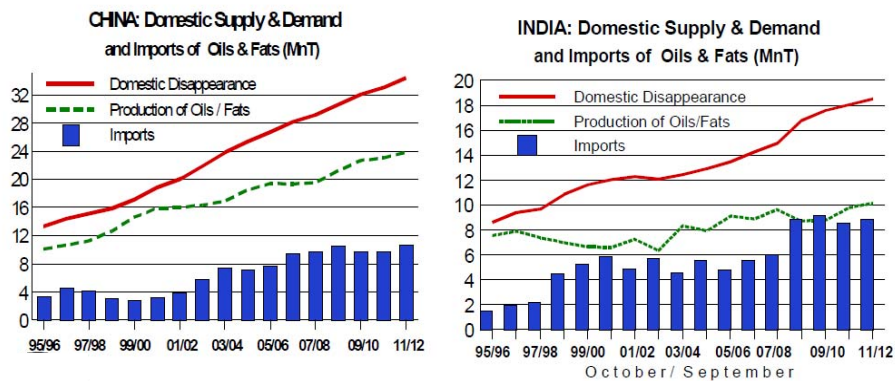
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Oils & Fats: Additional Demand

China & India together need almost 2 Mn T more veg. oils each year - - > mainly for food



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Rising Global Dependence on Palm Oil

- World production of palm oil increased substantially
- In 1980: 4.6 Mn T or 8% of 17 oils & fats
- In 1990: 11.0 Mn T or 14%
- In 2000: 21.9 Mn T or 19%
- In 2010: 45.9 Mn T or 27% (**only 6% of OS area**)
- In 2011: 50.4 Mn T or 28% (**57% of O&F traded**)
- **In 2020 at least 78Mn T of palm oil required by consumers worldwide**

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Global Production Projection: 2012 -2025

(mt m)	2012	2015	2020	2025
Malaysia	18.5	20.0	22.0	23.5
Indonesia	26.0	32.0	47.0	62.0
ROW	7.5	8.0	9.0	10.0
Total CPO Production	52.0	60.0	78.0	95.5

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RSPO Landscape

- **Growing world demand for PO and rising production underlines the relevance of sustainability concerns.**
- **This spurred efforts to introduce RSPO certification scheme for sustainable palm oil – the need for RSPO – conceived as a SOLUTION...**

RSPO
Roundtable on Sustainable Palm Oil

An International Multi Stakeholder Organization and
Certification Scheme for Sustainable Palm Oil

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RSPO Landscape

- What are the benefits gained to date:
 - reduction in negative impacts on cultivation;
 - generates socio-economic benefits (especially for smallholders) such as yield improvement;
 - production quality;
 - knowledge distribution;
 - prevention of labour disputes;
 - resolution of land conflicts etc.
- **Palm expansion in ROW at least have a framework to adopt with the current RSPO standards, which is commendable. We all know the beneficial impact of Palm to Africa, Central & South America.**

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RSPO: Advancement & Significance

Its advancement:

- because of its multi-stakeholder, consensus based dynamics
- because of its inclusiveness – real change can only come when all parties embrace this without resistance – multi-stakeholder structure looks into this....**also the importance of its 8 Principles.**
- I will not attempt to explain here the significance of each Principle, but would simply say that **it is necessary for us to look at it with philosophical rationale rather than just technical.**
- **Why? Because we are talking about the relevance of RSPO moving forward...and to achieve that progress we need to stand by our fundamentals..**

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RSPO: Advancement & Significance

- **Its significance:**
- I see RSPO holding a significant industry stature for it sets the standard today across other agro-based industries ..
- There are not many institutions that are of an industry nature and as well positioned as RSPO.
- To continue this stature and to build upon it, RSPO will have to commit further to basic PO issues and not just its Environmental and Community impacts.
- For example, we are facing too much adverse commentary on palm's human health issues because some quarters consider it as unhealthy food in spite of all the research findings.

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What needs to be addressed..?

- I know the oil has a good structure for human consumption and while the matter is not within the role definition of RSPO, perhaps time has arrived for RSPO to stand up for **basic issues like health impact of palm oil.**
- This is not an easy one in the current structure of RSPO.
- My question is...should RSPO be guided only by a very stark and sharp definition of the ideal state?

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RSPO: Advancement & Significance

Has RSPO delivered? YES I say...results speak for itself..

- Membership : 1000+the world coming into the fold
- International acceptance & adaptation:
 - ✓ global producers being RSPO certified
 - ✓ new frontiers opened up....
 - ✓ uptake 14% of global PO –
 - ✓ increasingly RSPO now referred to producer markets as a defense to the world

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RSPO: Advancement & Significance

Has RSPO delivered? YES....

- Global equilibrium – striving to ensure demand
- Annual Communication of Progress – ACOP
- National Endeavours - Netherlands; Belgium; France; Germany; UK; Switzerland, Italy; US; Australia
- International companies pledging 100% CSPO;
- Establishing momentum in India & China

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RSPO: Advancement & Significance

Has RSPO delivered? YES.....

- Household brands using our trademark -
M&S, L'ocitanne; Body Shop, Carrefour etc) – already products available in Indonesia, Australia, US, Europe ..



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RSPO: Advancement & Significance

Has RSPO delivered..?

- Cynicism over smallholders and how they will embrace or benefit from sustainability – now gradually fading due to impact and results achieved for both schemed and independent smallholders
- A platform for Civil Society to guide private sector – beyond observer and critique role – substantial involvement and participation in harmonizing interests..

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What needs to be addressed...?

- Is there a possibility to introduce a **multi-state RSPO certification** which will allow '**weaker companies**' to get a junior state RSPO certificate and have a guidance for climbing up that ladder of RSPO certification?
- Perhaps this will make RSPO less daunting to so many of the Palm industry players.
- Like any other standard, it is necessary to make RSPO more contemporary with **new expansions, new expectations** from stakeholders and also ensure **coverage beyond corporate plantations**.

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What needs to be addressed..?

- Plantation developers can and should take initiative rather than **being reactive** to consumer led expectations.
- Industry participants should **commit to milestones** to improve existing P&C.
- Positioning palm development **as responsible** and its collateral benefits to countries where it is grown will no doubt create a **positive impact** in consuming markets and **address the stigma** that is attached hither to.
- From a practical aspect, recognition for CSPO in the largest consuming markets like China, Indian sub-continent or Africa will take longer and the awareness process will take time.

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Closing Remarks

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Conclusion

- Being involved with RSPO from its inception, I have learned over the past decade that some of the most useful outcomes flow from the standard-setting processes, rather than the standard itself.
- Do remember, **STANDARDS** are driven more by markets than by governments or industry. This of course can make them much tougher to deal with than laws.. The predictability factor can drop through the floor.

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Conclusion

In years to come – the RSPO will be a case study – thoroughly analyzed, benchmarked against and used as a reference point for newer initiatives .

In the meantime, we rest in knowing that in the context of each of us playing our role towards global crisis – just by our presence here today - a shift has taken place.

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**“Change is the law of life.
Those who look to the past or
the present are certain to miss
the future.....” JFK**

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Citibank Roadshow - 12 March 2012





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**THANK
YOU**

“It has the scent of violets, the
taste of olive and a color
which tinges the food like
saffron, but is more
attractive”

Ca'da Mosto, a 15th century
explorer on discovering palm
oil



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