

## **Advancement & Significance of RSPO**

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Kuala Lumpur, Malaysia

Without question, the issue of sustainability in palm oil production is the greatest challenge of the coming decades. More than 2 billion people will be joining the human species by 2050, at which time 70% to 80% of the population will be living in cities and consuming more edible oils and fats. Simultaneously, fuel prices and weather patterns are becoming increasingly volatile. While standing at the nexus of these changes, the agricultural sector is simultaneously facing unprecedented scrutiny from governments, regulators, NGOs, investors, and consumers in terms of how their business practices impact the environment and the wider world. Palm oil has been at the forefront of these environmental and reputational challenges.

The response to this call resulted in the formation of the Roundtable on Sustainable Palm Oil (RSPO), the first global multi-stakeholder initiative to promote the growth and use of sustainable palm oil through co-operation and open dialogue with its stakeholders. The RSPO has made unprecedented progress since its formation 10 years ago and is today the most advanced standard setting platform that is dedicated to a single commodity.

Today, the RSPO comprises nearly 1000 members covering the entire supply chain of an extensively used and traded commodity. It has taken pains to set a robust standard to ensure that the industry subscribes to best management practices. The RSPO Principles and Criteria stretch right across the environmental, human rights and governance agendas. Compared to other commodity alliances, the RSPO is a phenomenal success story because it is a market-driven instrument working to use resources responsibly.

The RSPO today is the platform for plantation operators to face the 21<sup>st</sup> century challenge of turning sustainability from prattle to practice. Certification by the RSPO is already on par with FairTrade, FSC, RTRS, MSC, BCI, Bon Sucro and other respective Stewardship Councils.

The transformative effect that RSPO has had on plantations and mills is quite evident. Improved staff morale and reduced turnover, better yields, more consistency, improved community and government relations – these are all the norm. And in the not-so-long term, investors, buyers, traders, and ultimately China and India will all converge around concepts of sustainability and traceability.

What will this mean for major producers? Indeed, we stand at a crossroad. We know the potential of oil palm: the incredibly high yields, the carbon sequestration, and the mass employment of the rural poor. The choice for our industry now is between realizing this sustained economic benefit or pursuing a short-sighted position that may put our national resources and industries at risk.

It is therefore essential that we pursue the proper course at this time and operate our key sectors with true vision: that is being aware that responsible and transparent production according to credible international standards does not generate a net cost for companies and our economic development. In fact, it is quite the opposite. RSPO compliant operations are simply more profitable. In parallel, these standards generate broader social benefits to our people and preserve the key natural resources that underpin the wealth of our nations.

While the establishment of the RSPO is yet to completely annihilate the issues faced within the palm oil sector, it certainly has come a long way in inspiring change and innovation, and is undoubtedly a gracious start with an unwavering commitment in moving forward.