

<u>Alliance for Tompotika Conservation</u> Aliansi Konservasi Tompotika

AlTo Update, July 2022

How We're Connected: Forests, Palm Oil, and You

Editor's note: *How We're Connected* is AlTo's occasional series about the connections between conservation and local communities in Tompotika and the outside world, particularly members of the Global Consumer Class. This is the second of a two-part series about Palm Oil, by AlTo's Senior Science Advisor Galen Priest, PhD.

In Part One of this two-part series on palm oil, we looked at the global rise in palm oil consumption and its terrible consequences for tropical forests and local people. Here in Part Two, we take a look at what can be done about it.

Part Two: Certification Shortcomings and the Power of the Consumer

As detailed in Part One, growth of large-scale oil palm plantations starting in the 1990's showed immediate and obvious negative effects. Outcry from NGOs, environmental groups, and consumers over deforestation and human rights abuses led to the formation of the Roundtable on Sustainable Palm Oil (RSPO). Starting in 2008, the RSPO developed a set of criteria which producers could voluntarily apply in order to gain an RSPO sustainable palm oil certification.

Unfortunately, in the eyes of many, the RSPO has fallen short on promises to reduce environmental impacts and improve conditions for workers and local people. For starters, RSPO certification does not ensure that forests were not cleared to make way for oil palm production. They only recently stopped certifying growers that cleared peat land and secondary forest, and still allow certification on land that was cleared by the timber industry.

In addition, chronic and well-documented non-compliance by 'certified sustainable' growers, mills, and refineries means that even RSPO certified palm oil can just as likely be anything but sustainable. RSPO certified producers and mills have been linked to thousands of hectares of deforestation, burning of peat lands, human rights abuses, illegal land acquisition, and plantations established in protected forests, to name a few of the complaints.



Despite international outcry, the clearing and burning of peat land (right), an important carbon sink, continues for the expansion of oil palm plantations (left). Photo: Wahdi Septiawan

In theory, sustainability certifications are a great tool for consumers to put pressure on industry standards, but despite good intentions and some modest improvements, the RSPO certification scheme is viewed by many as greenwashing: a strategy to placate concerned consumers while continuing unsustainable practices. Even so, only 21% of palm oil produced globally is RSPO certified.

A variety of certification labels may be found on products containing palm oil. The most common certification is still RSPO, but other certifications go further, and can provide some assurance of more sustainable practices. These certifications include Palm Done Right, the Palm Oil Innovation Group (POIG), and the International Sustainability & Carbon Certification (ISCC). Purchasing organic palm oil also assures more sustainable growing practices which are usually associated with less deforestation and higher levels of social responsibility.



While certification schemes are not perfect, they usually represent an improvement over conventional palm oil; look for certification on your products. From left to right: Palm Done Right, Palm Oil Innovation Group, International Sustainability & Carbon Certification, Round Table on Sustainable Palm Oil. If there is no certification, check to see if the company has a strong NDPE commitment (No Deforestation, No Peat, No Exploitation) – sometimes this is as good or better than various certification schemes.

Part of the challenge of monitoring practices in palm oil production is the way the supply chain works. Palm harvests are processed in large industrial mills that press the fruits and crush the kernels to extract their oil. These mills buy palm fruit by the truckload from a diversity of farms, both large industrial plantations and small holders, making traceability to individual farms (and their respective farming practices) difficult. Mills then send the raw palm oil to even larger industrial refineries which again source their palm oil from many different mills. For this reason, segregating 'sustainable' palm oil from the rest is a logistical challenge. Even for mills and refineries concerned with sourcing sustainable palm oil, monitoring and tracing the upstream supply of palm oil is very difficult.



The typical palm oil supply chain is highly complex, making it very difficult to trace palm oil origins back to individual mills and plantations. (figure adapted from Global Forest Watch, www.globalforestwatch.org)

In response to concerns over the effectiveness of RSPO certification standards, some food and consumer products companies have adopted NDPE policies: No Deforestation, No Peat, and No Exploitation. NDPE policies signify a commitment by companies to eliminate deforestation, peatland destruction, and human exploitation from all levels of their supply chain. Companies source their palm oil from NDPE-committed growers, mills, and refineries and each level of production is responsible for ensuring that they apply NDPE policies and source their palm oil from NDPE suppliers. These commitments go beyond most sustainability certifications and most companies use third parties to assess compliance.

Violations of NDPE standards at any stage of the production process may result in sanctions, suspensions, or banning of individual suppliers from the NDPE market. In this way, concerned consumers putting pressure on food and consumer goods manufacturers have made a tangible difference: the rate of forest conversion to palm plantations has been falling over the last decade. But, while it is true that NDPE policies are helping, identifying specific violators and

supply chains is difficult. Often it requires, for instance, following individual trucks from plantations in violation, to larger mills which then feed refineries.

Unfortunately, NDPEs and certification schemes aren't enough of an incentive for some palm oil producers to improve their ways. The so-called "leakage market" provides a profitable avenue for producers that have no interest in complying with certification schemes or NDPE agreements. While NDPE agreements are impacting some of the supply of palm oil imported into markets in Europe and North America, such commitments are far less common in markets in Asia, which account for the vast majority of palm oil imports.

One example of the leakage market is the Jhonlin Group. This company was excluded from global NDPE markets after numerous human exploitation claims and clearing over 10,000 hectares (38.6 square miles) of forest over the last 5 years for new oil palm plantations. Rather than changing their practices, Indonesia's president Joko Widodo granted Jhonlin Group a special permit to supply the domestic biofuels sector and personally attended the inauguration of their new biofuel plant. Thus, the leakage market allows companies such as Jhonlin Group to circumvent all efforts to improve sustainability of palm oil production.

Given the regulatory conditions, corruption, and the convoluted avenues of production, monitoring for compliance to best practices is very difficult. But what would sustainable palm oil production look like?

- 1) Expansion of palm oil must not result in deforestation of natural habitat, and slash and burn clearing must cease in forests and on peat lands.
- 2) Palm oil production must benefit local people and indigenous groups whose land and livelihoods were taken by big agrobusiness, rather than the wealthy corporations and corrupt politicians who currently have control of the production process. Current practices which allow companies to renege on promises to share profits with local people must be ended.
- 3) Monocrops need to be replaced with agroecosystems of mixed species capable of sustaining native, endemic, and endangered plants and wildlife, while drastically reducing the need for artificial pesticides and fertilizers, and increasing food security for local communities.
- 4) The industry itself needs to take responsibility for monitoring environmental and labor practices at all levels of production, not leaving the onus to NGOs and watchdog groups.
- 5) Governments need to ensure transparency, eliminate corruption regarding permitting, and eliminate the 'leakage market' where unsustainable producers are able to sell their products.

These fixes are a very tall order, particularly in Indonesia, where, despite international pressure and internal conflict, government has failed to control the current system.



Vast monocrop plantations of palm that stretch for miles (above) offer little habitat for wildlife, require pesticides and fertilizers, and cause erosion and flooding. Photo: Unattributed open-source

In contrast, this agroforest or mixed-species approach to palm farming taken by Seredipalm/Dr. Bronner's (below) offers better wildlife habitat, requires no fertilizers or pesticides, and offers farmers both food security and higher yields per palm plant. Photo: Serendipalm (www.serendipalm.com)



Some companies have taken a different approach to palm oil altogether. Dr. Bronner's recognized the issues with sourcing 'sustainable' palm oil and started a sister company, Serendipalm, which supplies 100% of their palm oil from 500 small organic family farms in Eastern Ghana. By operating their own supply chain, Dr. Bronner's has control over the production of palm oil used in their products thus guaranteeing that their palm oil meets the company's sustainability standards.

Companies like Dr. Bronner's are leading the way to more sustainable palm oil production. However, in Indonesia, palm oil production continues to cause deforestation and human conflict. Global consumers have already made a positive impact, but we must keep the pressure on as demand for palm oil continues to grow. As members of the Global Consumer Class, here are some things we can do to help:

- Read the label. Reduce or eliminate your overall consumption of palm oil and its derivatives to lessen the need for new palm oil plantations.
- If you do use products containing palm oil, investigate and ensure that it is from an NDPE or certified source. Check how the company fares on the palm oil score card: https://palmoilscorecard.panda.org/#/scores.
- Put pressure on manufacturers not only by choosing sustainable brands, but by writing companies. Ask about their palm oil policies, and make your concerns and choices known.
- Support the non-profits that work to spread the word and protect nature and people in places most affected by palm oil production.
- Tell your friends! We all want to be better global citizens.

Actions by consumers have already made a critical positive difference in the palm oil industry. When consumers *anywhere* care, consume more consciously, and demand better practices in the companies they support, it builds international concern and awareness that can improve practices *everywhere*. A rising tide of consumer demand for improved sustainability can help lift all "boats" affected by oil palm production, in Tompotika and beyond.

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