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Minutes of the preparatory meeting  
Hayes (London), September 20, 2002

Reinier de Man  
Judith Juranics

Round Table on Sustainable Palm Oil  
[www.sustainable-palmoil.org](http://www.sustainable-palmoil.org)

Leiden, 15 October 2002

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## 1. Participants and Program

### 1.1 Participants

<b>Company / Organisation</b>	<b>Participant</b>
Unilever (London/Rotterdam/Vlaardingen)	Jan-Kees Vis (Rotterdam) Erich Dumelin (Vlaardingen)
Karlshamns, Karlshamn	Jan-Olof Lidfeldt
Anglia Oils / Aarhus (Aarhus / Hull)	Ian McIntosh (Hull)
Migros (Zürich)	Fausta Borsani
Safeway (London)	Gavin Bailey
Sainsbury (London)	George White
Marks & Spencer (London)	Mike Barry Sarah Healy
Rabobank (Utrecht)	Anneke Broere Kate Hedges
ABN-Amro Bank (Amsterdam)	Monika Veric
ProForest / consultant for WWF and Migros	Ruth Nussbaum
WWF Switzerland	Thomas Vellacott
CDC London	Alice Chapple
FEDIOL (EC seed crushers and oil processors federation)	Pascal Cogels
ACCPE (Advisory Committee on Consumer Products and the Environment)	Julia Hailes
Sustainable Agriculture Initiative (SAI)	Maryline Guiramand
Environmental Policy Consult Leiden	Reinier de Man (facilitator) Judith Juranics (assistant)

## 1.2 Program

Time	Topic	Remarks
10:00	Welcome by Gavin Bailey, Safeway	
<b>PART I: Palm Oil, Sustainability and the Role of Business</b>		
10:05	Reinier de Man: short introduction	summarising project history, role of WWF, program of today.
10:15	Short (3-5 minute) statements by participants	Participants are asked to formulate statements on <ul style="list-style-type: none"> <li>- their commitment to sustainable palm oil production,</li> <li>- their expectations of the outcome of the roundtable.</li> </ul>
10:45	Presentation by Thomas Vellacott (WWF)	
11:10	Presentation by Fausta Borsani (Migros)	
11:20	Presentation by Ruth Nussbaum (ProForest / consultant for WWF and Migros)	
11:30	Presentation by Jan-Kees Vis (Unilever)	
11:50	Reinier de Man: Open questions and need for clarification	Issues addressed: <ul style="list-style-type: none"> <li>• Oil palm's contribution to forest conversion: the current debate between WWF and industry</li> <li>• Palm oil in comparison to other edible oils</li> <li>• Certification and chain of custody issues: what are feasible strategies?</li> <li>• Division of tasks and responsibilities between users, producers and investors.</li> </ul>
12:15	discussion	
12:45	lunch	we will organise a simple sandwich lunch.
<b>PART II: The Sustainable Palm Oil Round Table: goals, structure and working plan</b>		
13:15	Working plan: proposal + discussion	
14:15	Round table: formal structure and budget proposal + discussion	not discussed yet
15:00	Members to be invited Setting a date for the first meeting	not discussed yet
15:30	End of the meeting.	

Not all the subjects planned for Part II could be discussed within the time available.

## PART I: Palm Oil, Sustainability and the Role of Business

### 2. Opening presentation by Reinier de Man

see Annex 1.

### 3. Short statements from roundtable participants

In the short statement, the participants explained:

- their commitments to sustainable palm oil production,
- their expectations of the outcome of the roundtable

#### 3.1 George White (Sainsbury's)

Sainsbury's

- has had good experience with FSC, MSC;
- sees palm oil issue as a potentially important one, though not yet a real issue;
- is interested in a pragmatic, practical solution and benefits of such a solution.

#### 3.2 Fausta Borsani (Migros)

Migros

- has worked out criteria for sustainable palm oil with WWF
- is implementing these criteria in its project and produces a brand of margarine that only includes palm oil from certified source
- is interested in having a bigger impact than only the amount of palm oil used by Migros
- is looking for benefits in logistics as well

#### 3.3 Ruth Nussbaum (ProForest)

ProForest

- is interested in both long-term sustainable management of natural resources, and in stopping forest destruction
- worked with Migros and other organisations
- would like to build on experience gained and avoid mistakes made in other sectors like timber

#### 3.4 Kate Hedges and Anneke Broere (Rabo Bank)

Rabobank

- plays a leading role as financial services provider to the global food & agribusiness sector

- has an interest in sustainability for palm oil across the chain
- has developed criteria for sustainable palm oil investing
- is looking for broadly supported code for sustainable palm oil

### 3.5 Alice Chapple (CDC)

- CDC's investments in palm oil are material to its portfolio
- CDC would like to make sure that it invests in sustainable oil palm producers
- CDC would like the round table to take a lead in developing standards on social and environmental best practice in palm oil production which reflect the needs of stakeholders and are practical, so that CDC can encourage the implementation of these standards in its investments.

### 3.6 Mike Barry (Marks and Spencers)

Marks and Spencers

- is not a major user of palm oil
- considers that the retailer's sustainability footprint is in its supply chains
- is looking for a mechanism with which other commodities can be dealt with as well

### 3.7 Julia Hailes (ACCPE)

ACCPE

- stands for ACCPE stands for The Advisory Group on Consumer Products, it was set up by The Department for Environment, Food and Rural Affairs (DEFRA) to advise on market instruments to promote better environmental practice.
- is interested in an approach that brings business-partners together
- would like to initiate a scheme to reduce the sustainability impacts of commodity crops, including palm oil.
- is planning to do research assessing what current initiatives there are for different commodity crops, what sort of scheme might be viable, who might fund it and who might run it

### 3.8 Monica Veric (ABN AMRO Bank)

- ABN AMRO has a Forestry and Plantation Tree Policy that guides its financing and investment activities in these sectors. In line with that, the bank wants to provide funding to companies that have committed to sustainable palm oil.
- ABN AMRO thus has an interest in the Round Table from an investor point of view.
- ABN AMRO 's exposure to the palm oil sector is tiny being less than 1% of the overall portfolio, so a broader subject encompassing forestry related issues would be more preferred.
- Some of the retailers and users of palm oil around the table are ABN AMRO's clients.
- ABN AMRO expectation of the roundtable are the views of different parties that have to do with a common issue and to see around which issues the discussion evolves.

### 3.9 Ian McIntosh (Angliaoils)

- Angliaoils is a subsidiary of Aarhus Olie, which has their own plantations in Malaysia with standards acknowledged by the Malaysian industry as leading edge, also approved by WWF Malaysia
- The Aarhus Olie Group operates refineries worldwide
- The Group is supportive of the concept of encouraging best practice in plantation management across the world in order to maximise food supplies and minimise impact on the environment.
- The main expectations from the First Roundtable are:
  - ◆ A common understanding by all participants of:
    - the requirements for "sustainable palm production";
    - the complexity of the palm oil industry from small plantation to consumer awareness of palm oil in their food products;
    - the positions being taken by other interested parties from NGO's through to western retailers.
  - ◆ The participants should develop recommendations for a framework in which to progress this issue to the benefit of the industry and other interested parties.

### 3.10 Jan-Kees Vis and Erich Dumelin (Unilever)

Unilever

- has developed 10 indicator clusters of sustainability together with measurement parameters and it has been testing these in field in pilot-projects since 1998
- palm oil is one of UL's chosen 5 crops for pilot projects
- would like to roll out the standards
- feels UL cannot do it itself so would like to work with partners
- hopes the roundtable will make their current work easier

### 3.11 Maryline Guiramand (SAI)

SAI (Sustainable Agriculture Initiative)

- is a platform created by the food industry (Danone, Nestlé, Unilever as founding members) to actively support the development of and to communicate worldwide about sustainable agriculture involving different stakeholders.
- supports agricultural practices and agricultural production systems that preserve the future availability of current resources and enhance their efficiency. In order to do so, SAI manages knowledge on sustainable agricultural practices, brings stakeholders together to develop and implement best practices, and communicate the results to relevant audiences.
- SAI's interest in the Palm Oil Workshop is to promote best agricultural practices that are sustainable, hence taking into account the environmental, social and economic factors and to see the role SAI could play in the coordination of this workshop.

### 3.12 Pascal Cogels (Fediol)

- Fediol is ready to contribute in an effort to promote sustainable agriculture.
- A first and rather obvious request that we can put forward is to ask that producers respect national and international laws. But even that apparently simple request might prove difficult to implement.
- Any alternative approaches must be:
  - ◆ economy driven
  - ◆ objective
  - ◆ feasible
  - ◆ adapted to local circumstances
  - ◆ controllable
  - ◆ reasonable
- Fediol is ready to discuss those with the different stakeholders and partners in the round table.

### 3.13 Jan-Olof Lidfelt (Karlshamns)

- palm oil is one of Karlshamns major raw materials
- Karlshamns have been discussing the issue with Swedish NGOs
- Karlshamns' approach is communicated to the customers in a magazine
- Karlshamns thinks palm oil is a complex issue. If we look at palm oil-related sustainability issues, many factors have to be taken account of, such as deforestation, agricultural practices in farming, the use of non renewable resources, etc. Karlshamns has made a Life Cycle Analysis comparing palm, soybean and rapeseed oil production. Palm oil in this study scores very well except for the aspect of land utilisation. The biodiversity issue and soil erosion are mentioned as the two critical points to improve. One should however keep in mind also the positive results for palm vs. the other two oils regarding other environmental factors.
- Apart from the sustainability issues the development of the industry also has to be considered and the fact that palm oil production is very important for the economic development of the producing countries.
- Karlshamns would like to see sustainable palm oil production defined
- Karlshamns thinks the goal for all parties involved should be a development which proceeds under strict control allowing the most valuable biotopes to survive together with a possibility to further develop and increase the production of palm oil.

### 3.14 Gavin Bailey (Safeway)

- Safeway thinks that retailers have both direct and indirect impacts on the environment, however by far the greatest potential for positive or negative impact is in their (often global) supply chains
- At this first meeting, there are a good range of stakeholders who can make a difference.
- We do need at some point to decide how best we engage producers, and avoid positioning the initiative as driven by purely European interests
- Any solution must be commercial, and engage existing players in the supply chain rather than being small-scale and exclusive'

- The solution must be practical so that the Board of Safeway can see it makes good sense from both a commercial and environmental perspective

### **3.15 Thomas Vellacott (WWF)**

- The expansion of palm oil is a key threat to forests, one of WWF's global priorities.
- WWF takes an approach of actively seeking co-operations with business to develop mutually beneficial sustainability solutions.
- Investment and purchasing standards for palm oil are an effective tool both for fighting forest conversion and as a risk management tool for companies. WWF is seeking the active cooperation of business in developing sustainable solutions for palm oil production.

### **3.16 Ruth Rawling (Cargill)**

message read out by Reinier de Man

Cargill

- has one palm plantation in Indonesia (Sumatra), two palm oil refineries in Malaysia and markets palm oil in Europe and Asia. Cargill also has palm oil processing plants in Germany and the Netherlands.
- has worked to establish a sustainable plantation in Sumatra, both environmentally and through working with the local community
- is looking for fulfilling the stated requirements of our customers - food manufacturers and retailers.
- is open to the idea of a supply chain strategy but not fully convinced that a supply chain strategy is always right for the achievement of certain objectives
- thinks that objectives of the Roundtable need to be clear

## **4. Presentations**

### **4.1 Presentation by Thomas Vellacott(WWF)**

see Annex 2

### **4.2 Presentation by Fausta Borsani (Migros)**

see Annex 3

### **4.3 Presentation by Ruth Nussbaum (ProForest)**

see Annex 4

### **4.4 Presentation by Erich Dumelin (Unilever)**

see Annex 5

## 5. Open questions and need for clarification

### 5.1 Presentation by Reinier de Man

see Annex 6

### 5.2 Open discussion

Below we summarise the main issues that were brought forward in the discussion.

#### PALM OIL AND SUSTAINABILITY

1. Palm oil and sustainability. What is sustainability?

There was agreement in the discussion that sustainability for palm oil does include environmental, social and economic factors. The discussion on sustainable palm oil cannot be limited to forest conversion questions only. It was stressed (by Jan Kees Vis) that palm oil has brought people out of poverty. We have to take into account that palm oil is an important element of economic development in the production countries and that a growth in plantation acreage may be a good thing. J-O Lidfelt: "Apart from the sustainability issues the development of the industry also has to be considered and the fact that palm oil production is very important for the economic development of the producing countries". Thomas Vellacott emphasised that WWF is fully recognising the social dimension of sustainability and is therefore not against the development of new plantations but "be mindful about where you establish these plantations". The coming round table should make this very clear: "we are not against development but we would like to give you help with where to put the new plantations." (Pascal Cogels)

2. What is oil palm's contribution to rainforest conversion?

The participants agreed on the fact that the direct quantitative contribution of oil palm to the destruction of rain forest is moderate, although widely differing between different countries. Thomas Vellacott made it clear that it is not only quantity that counts. Oil palm plantations have been and are being established in highly vulnerable and extremely important primary forest areas and have a very significant negative impact on biodiversity. Erich Dumelin remarked that the question always comes up and that "we are losing a lot of time on it". There was a general feeling that a structured discussion of the issue on the basis of the best data available should take place in the near future (as part of the round table).

3. Does it make sense to focus exclusively on palm oil?

There was agreement that palm oil is certainly not the only crop that needs attention. Palm oil is certainly not the only or most important factor in rainforest conversion. Other oils (soy, rapeseed, etc.) have their own specific negative environmental characteristics. Still it was felt that it was not wrong to concentrate on palm oil now and to move on to other raw materials in a later stage. Julia Hailes asked Unilever whether they feel that it is justified to focus exclusively on palm oil. Erich Dumelin: "Eventually you have to look at the sustainability of all your raw materials but some

are more urgent and have more message than others.” Thomas Vellacott agreed: “You start with one crop, and then you can export your experiences and knowledge to other crops. It seems that in this the views of businesses and NGOs are similar. For WWF palm oil and soy is priority.”

4. Who is responsible for forest conversion?

This discussion is linked to points 2 and 3. It was said that certainly the palm oil producers can play a role but they are not always directly responsible for the forest conversion process. Jan-Kees Vis pointed out: “... there is roughly 20 million ha of secondary rainforest in Indonesia. Some of that could be planted to palm oil. Indonesia planters could, in my view, easily agree to spare virgin rainforest and expand into secondary forest only instead. In my view, the villains (the ones really responsible for rain forest destruction) need to be isolated. They will not respond to invitations to talk. So isolation is the only strategy that will work.”

5. There are two issues: the management of existing plantations and the establishment of new plantations. Does it make sense to deal with both issues at the same time or should they be separated?

There was some doubt as to whether it was useful to discuss plantation management issues and the establishment of new plantations should be discussed at the same time. In the discussion, the idea came up that the conversion issue is primarily an NGO-issue and the plantation management issue could be dealt with by the business players. However, in the discussion that followed, there was no support for this simple separation of issues or for this simple division of tasks. Thomas Vellacott made clear that WWF wants to deal with both issues, which are often strongly interlinked. Fausta Borsani argued that sustainable plantation management will reduce the need for more plantations. Unilever said that they see a role for Unilever in both issues but warned against too narrow a focus on forest conversion issues only: “there are quite a number of other aspects that play a role in sustainability: see our comprehensive ten indicators”.

## ROLES AND INTERESTS OF DIFFERENT PLAYERS

6. Is it realistic to expect that a European market initiative can influence sustainability of palm oil production?

During the discussion, the question came up whether it is realistic to influence the sustainability of palm oil production on the basis of pressure on demand from Europe only. It was emphasised that two third of palm oil goes to Asian markets and therefore the conclusion must be that the influence of a purely European initiative is rather limited. Therefore a round table on sustainable palm oil can only be effective if it is organised in close co-operation with palm oil producers who see economic advantages for themselves when going into the direction of growing sustainable oil palm, see also point 9. Gavin Bailey: “We do need at some point to decide how best we engage producers, and avoid positioning the initiative as driven by purely European interests”

7. Is sustainability a competitive issue? Is there a consumer market for sustainable palm oil products?

At several occasions, Fausta Borsani brought forward that consumers are important

and made clear that Migros' customers expect Migros to become active, even if the overall contribution to sustainability is rather small: "... we should not forget about the consumers. Raising consumer awareness can lead to results. Maybe it does not make a difference on the global scale but it does make a difference for the individual companies."

In the context of this discussion, Unilever argues that it does not use sustainability as a competitive advantage. Erich Dumelin: "We do not want to use sustainability as a competitive advantage. Sustainability only works large scale and when all contribute to it. That is also the reason why UL is very willing to share everything we have/know with everybody. It does not help the world if a few are behaving only and the rest continues 'as before'. We must do it together."

## ROUND TABLE

### 8. The round table needs a very clear goal: what is it?

All participants agreed that the round table should have a clear goal, and it should produce really practical results.: Gavin Bailey said, for example: "The solution must be practical so that the Board of Safeway can see it makes good sense from both a commercial and environmental perspective".

Jan-Kees Vis emphasised that the different members of the round table have different objectives: "We have to understand that the objectives of the various actors are different. We need to find a set of objectives which we can share. If the objective of the Palm Oil Round Table is going to be a single issue of rain forest protection, then Unilever will not participate. If however overall sustainability of Palm Oil is going to be the objective, then we definitely want to participate. We also need to keep in mind that various actors may still have, next to and beyond a set of shared objectives, some objectives of their own. We need to accept that: there is no need for 100 % agreement on objectives to cooperate as long as it is clear to everybody. ...

This discussion was taken up again after lunch.

### 9. Who will be the round table's members? Should palm oil producers be involved?

At more than one occasion, it was stated that the round table should involve all stakeholders, not just the market players on the (European) demand side and the financial players. It should be avoided that the round table is seen as exclusively driven by European interests, see point 6. The discussion on involving the producers was taken up again during the afternoon program.

### 10. Will the round table necessarily follow an FSC type strategy?

The question came up, whether the round table should follow an FSC-type strategy. All participants, including WWF, felt that FSC is not necessarily the model for palm oil. Thomas Vellacott: "WWF is not propagating an FSC model for this issue. We are open for other solutions as well. FSC is not the answer in itself. In managing forests it has proved useful for us. But now we have the banks at the table here so we are targeting actors that the FSC has not been able to involve so far."

Jan-Kees Vis questioned the effectiveness of FSC in stopping rain forest destruction: “Another question is how successful has the FSC been in reaching the set objective? If the main objective of setting up the FSC was to stop the destruction of rain forest then our conclusion must be that it failed. Rain forest destruction has not slowed down one bit as a result of the FSC. Everybody must be keenly aware of this.” In the discussion that followed, the positive contribution of FSC to getting forestry issues at the global policy agenda and the positive learning effects of FSC were stressed. Ruth Nussbaum: “In global terms FSC has had limited success but it has made it a global discussion. Now governments and banks recognize the problem. There have been problems and mistakes made and we need to look at alternatives now.”

## PART II: The Sustainable Palm Oil Round Table: goals, membership and working plan

### 6. Discussion on goals, membership, working plan, etc.

#### Round table goal and objectives

After lunch, there was a discussion on the goal of the roundtable. It was felt that it is important to distinguish between the “overall” goal, the aims, the objectives of the roundtable as well as the underlying motivation of the different participants.

Actors (such as Unilever), who already worked on sustainability issues would like to see their approach included.

As a consequence of the discussion, it was agreed that the round table should have a simple goal: *to promote sustainable palm oil* (as suggested by George White).

#### Motivations for joining the round table

The following motivations for joining the round table were mentioned during the discussion:

- protection of the environment, more concretely to stop the conversion of high conservation value forests (WWF)
- ensuring long term secure supply of palm oil (Unilever)
- business reputation, responsible business (Migros, Safeway)
- community [the exact meaning of this point is not clear from our notes]

#### The three main objectives of the round table

The discussion resulted in the formulation of three main objectives:

##### 1. Criteria and standards for sustainable palm oil

The most important objective of the round table is to develop and to agree on criteria and standards for sustainable palm oil. It was agreed that these criteria/standards should be

- a. broadly supported and credible,
- b. practical and realistic in a business context and
- c. easily understood and supported by stakeholders.

##### 2. Implementation

A major objective of the round table is to promote implementation of these standards/criteria

- a. by the method of “trial, measure, implement”
- b. on a wide global scale by broad acceptance in major producing countries.

##### 3. Communication

Communication was agreed to be essential and it was recognized that different forms of communication are needed to the consumers, stakeholders, etc.

- a. the round table should develop a joint communication strategy
- b. the round table should implement this communication strategy.

### Members and partners of the round table

Reinier de Man proposed a model for the round table that was similar to the role of user groups in FSC : bundling the demand for sustainable palm oil. In this model, the producers of palm oil would be organised in separate producer groups and not become members of the round table. There was no support for this idea. There was agreement that palm oil producers should become full members of the round table. During the discussion, it was repeated what had been discussed before lunch: the palm oil round table should not become an activity that is driven by European interests only. Palm oil producers should be the ‘custodians’ (Jan-Kees Vis) of the standards for sustainable palm oil.

### Working plan for the round table

Due to a lack of time, the working plan for the round table could not be discussed in any depth.

### Next steps

Reinier de Man will propose, on the basis of the result of this meeting, next steps that will lead to the establishment of the round table in 2003.

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# A Round Table on Sustainable Palm Oil

Preparatory Meeting  
London, September 20, 2002

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# Introduction

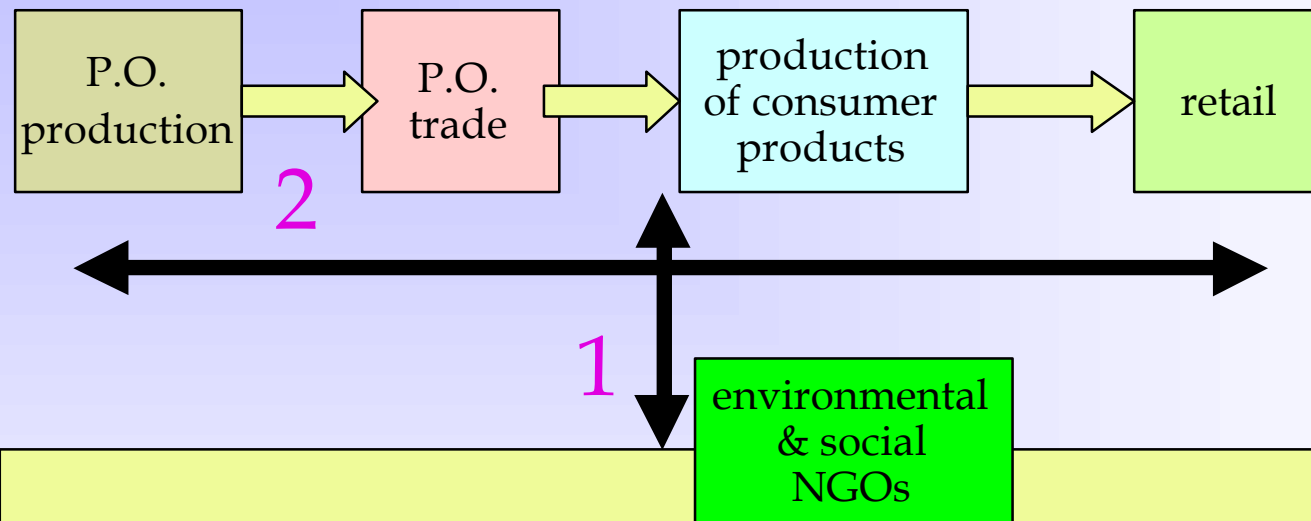
## Objectives of this Meeting

# The Initiative

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- WWF took the initiative in 2001.
- WWF asked me for advice on a business co-operation model.
- We agreed on organising a round table on sustainable palm oil as a business initiative in co-operation with WWF.
- In 2002, I have discussed the idea with potential business partners.

# Two Dimensions



- The round table is a platform between business and NGOs for discussing standards and criteria for sustainable palm oil
- The round table is a co-ordinator for business who want to produce products from sustainable palm oil and who need clear criteria, transparency and economically feasible ways of sourcing sustainable palm oil.

# Goals of the Round Table

- to agree on a strategy that optimally contributes to sustainability of palm oil in all major production countries;
- to agree on (minimum) standards for sustainable palm oil and how to implement them;
- to have a shared understanding on realistic roles of the different players, including financial players, in promoting sustainable palm oil.
- to (help) organise concrete projects for implementing the standards on a wide scale.

# This Meeting's Objectives

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- to decide to start the Round Table now;
- to agree on a working plan;
- to agree on a first outline of formal structure and budget;
- to propose members;
- to plan the first meeting.

# Program (until lunch)

PART I: Sustainable Palm Oil – the Role of Business	
10:05	RdM: Introduction to the program
10:15	Introduction round, short statements
10:45	Short presentations by Thomas Vellacott (WWF), Fausta Borsani / Ruth Nussbaum (Migros), Jan-Kees Vis (Unilever)
11:50	RdM: Open questions and need for clarification
12:15	Discussion

# Program (after lunch)

Part II: The Round Table	
12:45	lunch
13:15	Goals, Members, Working plan
14:15	Formal structure and budget
15:00	Members to be invited, date for 1 <sup>st</sup> meeting.
15:30	End of the meeting



# WWF's Strategic Action on Palm Oil and Soy

Presentation to Preparatory Meeting

London, 20 September 2002





- **The threat of forest conversion and the role of palm oil**
- WWF's Strategic Action on Palm Oil and Soy
- Moving forward

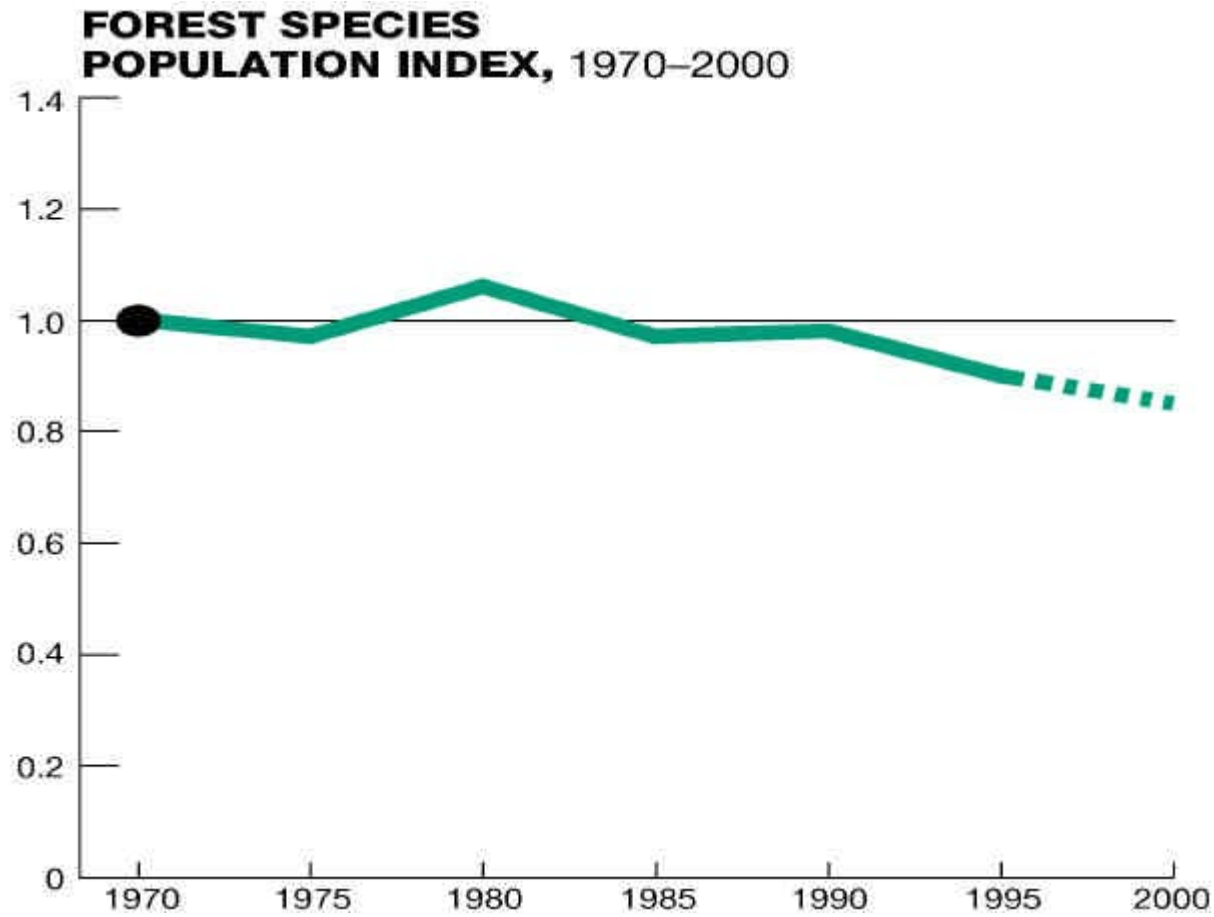


# Forests are one of WWF's 6 global priorities





# Forests are being destroyed at an alarming rate



Source: WWF



# Several factors contribute to forest destruction

- Forest fires
- Illegal logging
- **Forest conversion**
- Climate change





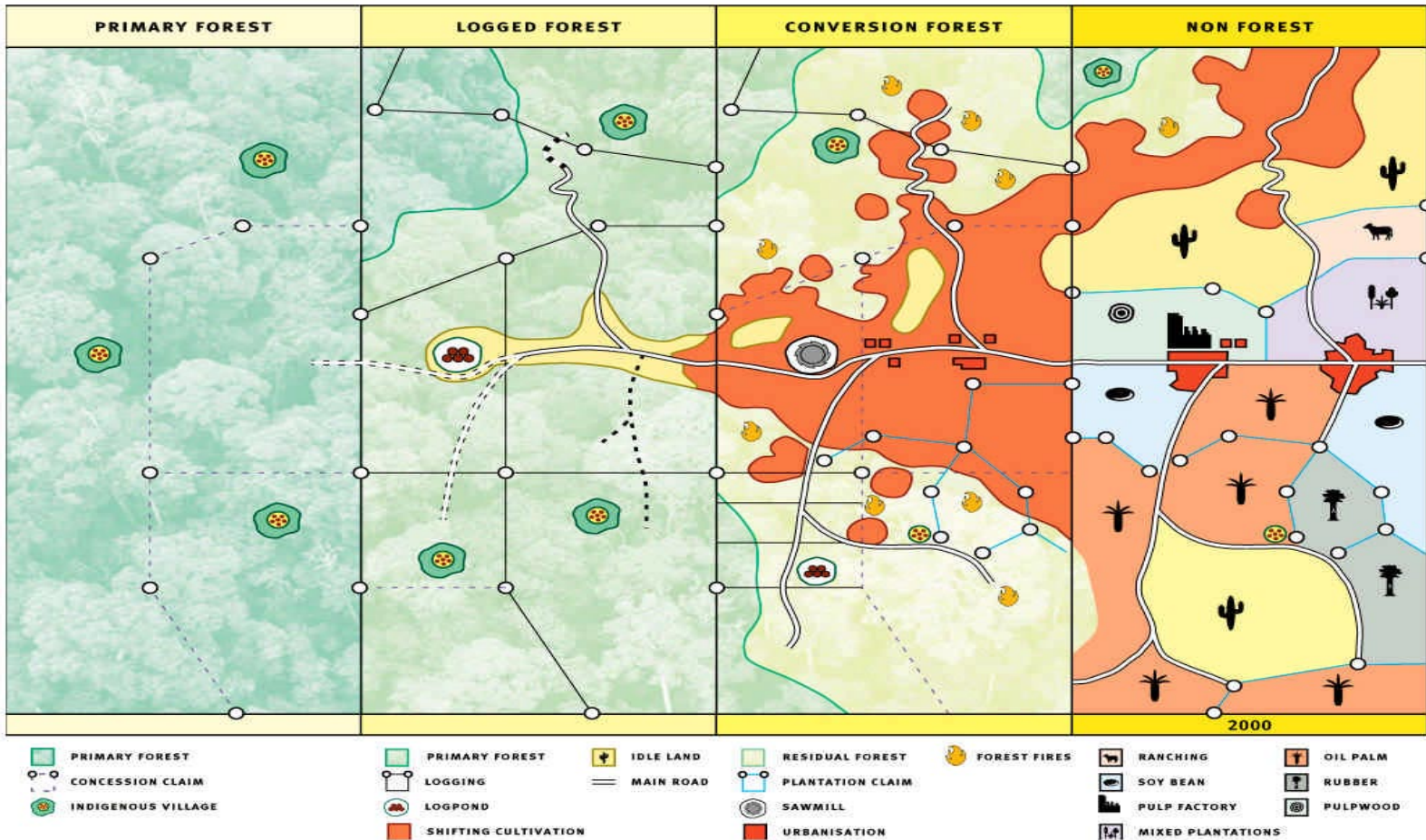
# The Forest Conversion Process





# Plantations and soy cultivation are key drivers of forest conversion

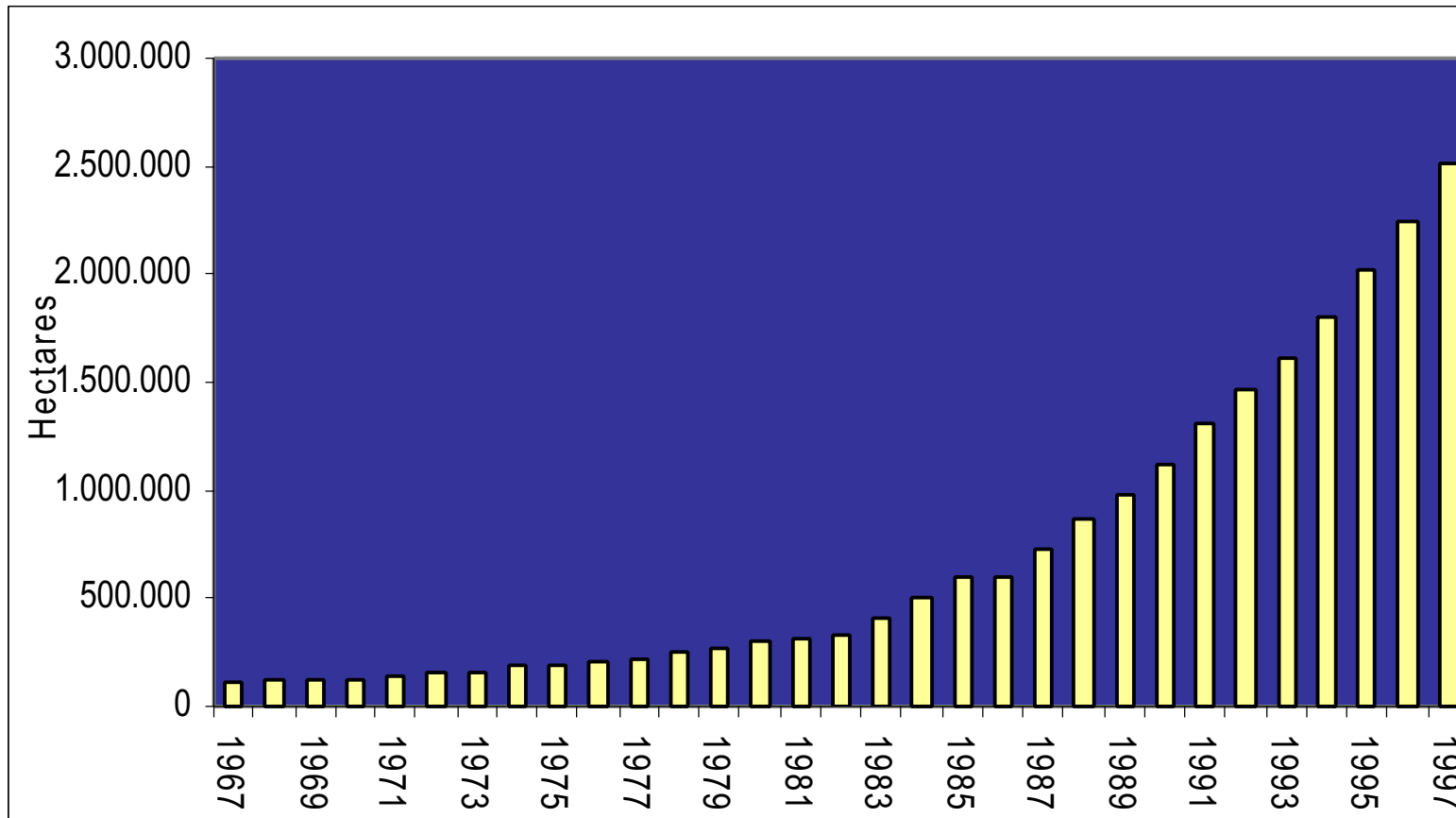
## PROCESS OF FOREST CONVERSION





# The palm oil sector is experiencing explosive growth...

AREA UNDER OIL PALM PLANTATION IN INDONESIA, 1967 – 97



Source: Casson, Anne, 1999: The Hesitant Boom, CIFOR





# ...and destroying the last habitats of highly threatened species

## SUMATRAN ELEFANTS IN RIAU, INDONESIA



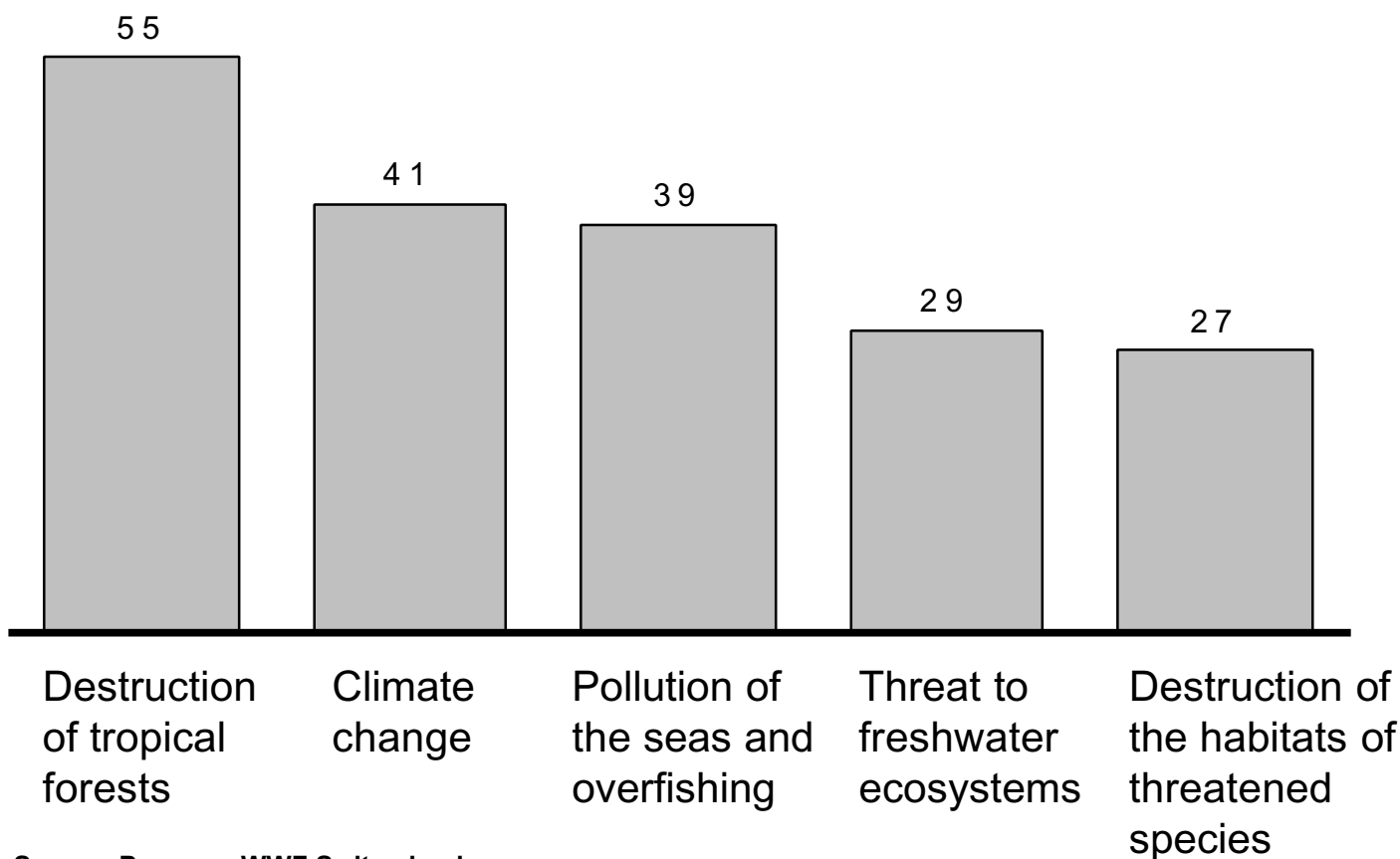
Source: WWF



# Consumers passionately care about the issue of forest destruction

## 5 MOST BURNING CONSERVATION ISSUES (SWITZERLAND)

In Percent



Source: Prognos, WWF Switzerland



- The threat of forest conversion and the role of palm oil
- ▶ • **WWF's Strategic Action on Palm Oil and Soy**
- Moving forward



# The Goal of WWF's Strategic Action on Palm Oil and Soy

“By 2005, ensuring that high conservation value forests, freshwater ecosystems, habitats of key species in focal ecoregions, are no longer threatened by the expansion of palm oil and soy”



# WWF works with actors on the ground on landuse planning...





**...while also aiming to mobilise long-term levers of change**

- **Investment**
- **Economic policy and Trade**
- **Markets**





- The threat of forest conversion and the role of palm oil
- WWF's Strategic Action on Palm Oil and Soy
- ▶ • **Moving forward**



# WWF's expectations vis-à-vis market actors

- Recognise the importance of forest conversion and the role of palm oil and soy
- Develop ecological and social standards regarding palm oil and soy production (jointly with other market actors, with producers and with NGOs)
- Work with producers, NGOs and with each other to implement standards by adapting business practices (e.g. sustainable sourcing, sustainable investing)
- Promote socially and ecologically viable landscape development processes in producing regions



# Suggested roles for different actors

## Market actors

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- Co-own the process of developing standards for sustainable palm oil
- Provide technical and industry expertise
- Set up a process to coordinate activities amongst the different actors along the value creation chain and with NGOs (development of environmental and social standards)
- Motivate other actors to join the development and implementation of standards for sustainable palm oil (e.g. other market actors, producers or consumers)
- Implement standards for sustainable palm oil

## WWF

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- Co-own the process of developing standards for sustainable palm oil
- Provide expertise on environmental and social aspects
- Develop tools and initiate multi-stakeholder landuse planning processes
- Work with producers, market actors and investors on the implementation of standards
- Coordinate NGO activities on the issue of palm oil and soy
- Launch consumer awareness campaigns to create demand for sustainably produced palm oil and soy

# 2001 Keyfigures

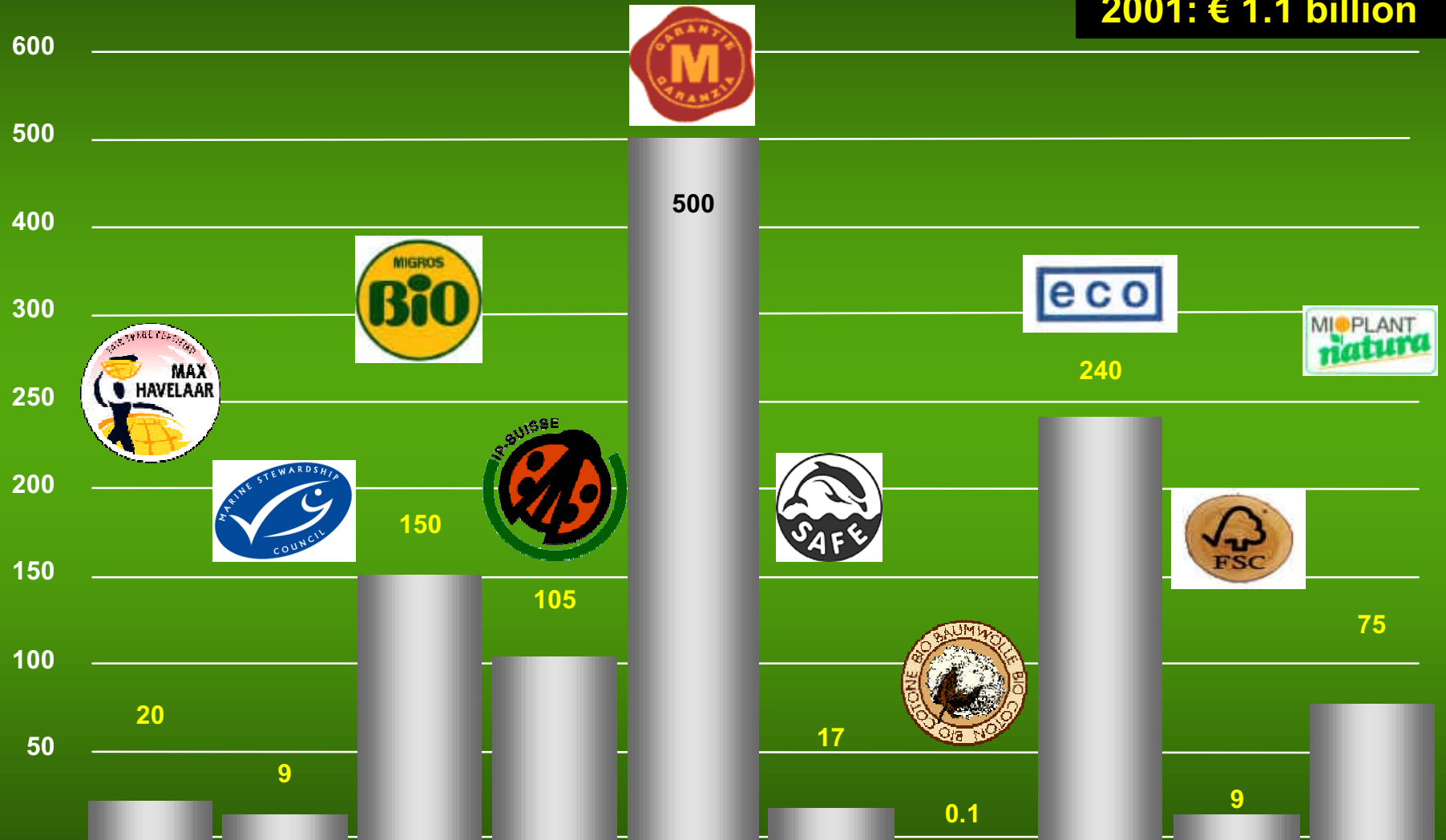
# MIGROS

<b>Migros Group turnover</b>	<b>€ 13 billion (CHF 20,2 bn)</b>
<b>Migros retail sales</b>	<b>€ 10 billion (CHF 15,5 bn)</b>
<b>Staff number</b>	<b>80,200</b>
<b>Member number</b>	<b>1.9 million households</b>
<b>Store number (various sizes)</b>	<b>580</b>
<b>Customers per day</b>	<b>1.4 million</b>

# Ethical Added Value Sales

€ million

**2001: € 1.1 billion**



Fausta Borsani, Ethical and Environmental Projects, Migros  
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## **Migros's philosophy and commitment are characterised by its concern for mankind and the environment.**

The orange "M" is the most popular, lowest-price and most prestigious brand in Switzerland. Such superlatives carry high demands and expectations. Accordingly, Switzerland's biggest retailer is also the market leader with products having an ethical and ecological value added. Migros's commitment is aimed at a sustainable type of business within the mass market. Regardless of awareness or customer purchasing power, a wide variety of goods will be available which have been produced by methods that are environmentally and socially sound. In this context, cooperation with consumer, environment and development aid organisations is substantial.

Slide Migros key figures  
Slide Ethical Added value Sales

The special involvement for Ethics is reflected in the stores. Goods produced by methods that are environmentally and socially sound carry labels, and are highly regarded by the customers. This is shown by the statistics. Last year, a turnover of 1.7 billion Swiss francs [approximately 1 billion US Dollars] was achieved with labelled products alone, accounting for more than 12% of retail turnover. Year-on-year percentage changes suggest that the trend is upwards.

## **The sustainable palmoil project**

I would like to show you how we tackled this project and what factors we considered to be important. The Criteria themselves Ruth Nussbaum will explain to you.

## **Motivation**

Palm oil is an important raw material for many foods, such as margarine, bakery products, soups and sauces. After soya, it is the second most important oil on the world market. Demand for palm oil is growing. Large areas of tropical forest are being cleared for the cultivation of palm oil and other agricultural products.

Stirred by images of burning forests in South East Asia, Migros contacted the WWF Switzerland. The aim was to work with committed environmental specialists to draw up criteria for responsible palm oil cultivation. The first concern was to ensure that Migros would be able to purchase the palm oil it needs from plantations that have not been created by forest conversion. Essentially, it was a matter of tackling the problem early and actively, and avoiding negative reactions from customers (e.g. margarine boycotts and the like). During discussions, however, it became clear that simply halting forest conversion would not be enough for sustainable production. Regulations would also have to be included for actively protecting the existing forests and their flora and fauna, for a practical cultivation system that was as ecologically-minded as possible, and for social working and living conditions.

In line with the criteria for sustainable forestry management set by the Forest Stewardship Council, Migros, WWF Switzerland and Proforest, the Oxford-

based company specialising in ecological and social audits, formulated the world's first criteria for sustainable palm oil cultivation. These criteria are credible, realistic and can be adapted to the local conditions in the producer countries.

## **Targets**

Together with the Ghana Wildlife Society, the local partner of the WWF Switzerland, the criteria have for the first time been put to the test and adapted locally in Ghana. The first producer audit has also been carried out in Ghana.

Further possible suppliers (in Colombia and Brazil) are currently undergoing the audit procedure.

Migros has committed itself to change over to using palm oil from sustainable production in three stages. The first stage, which is already completed, is the production of the entire range of fats and margarines using sustainable palm oil. The next step will be to switch all of Migros's internal production (bakery products, soups, sauces, confectionery, cosmetics, washing products).

Then it will encourage external suppliers to use palm oil that complies with Migros's wide-ranging ecological and social criteria. Migros was also involved, together with the WWF Switzerland, in creating this business platform to promote sustainable cultivation of palm oil. Moreover, by including as many processing businesses and suppliers of products with palm oil, the application of the criteria will be extended into further areas of cultivation. The positive effects will be so obvious, and will mean so much more than the good image, or the good conscience of any individual company.

We expect from this Round Table, that you all join us in sourcing, auditing, and logistics and make public, that there are products, like our margarine, made with sustainable palmoil, without destroying the forests.

# The MIGROS Criteria

## **The MIGROS Criteria**

- Preliminary questions
- The generic criteria
- National interpretation
- Audit and improvement

## **The Generic Criteria**

- Transparency and verification
- Legal compliance
- Technical requirements
- Environmental requirements
- Social requirements

## Transparency and Verification

- Chain of custody
- Agreement by plantation to undergo audits and implement full requirements over time

## Legal and Technical Requirements

- Legal compliance
- Technical requirements
  - Plantation management
  - Roads
  - Chemical use and waste

## Environmental and Social Criteria

- Environmental requirements
  - Minimising environmental impacts
  - Conservation and wildlife protection
  - Protecting natural forests
- Social requirements
  - Managing social impacts
  - Communication and consultation
  - Workers
  - Land tenure

## Local interpretation

- Necessary to make generic requirements more implementable and auditable
- Generates local involvement and ownership
- Builds local capacity

## Verification

- Third party recognised by MIGROS
- Long-term aim to have local capacity for on-going verification
- Where non-compliances are identified an action plan must be developed and implemented



# Necessary Actions

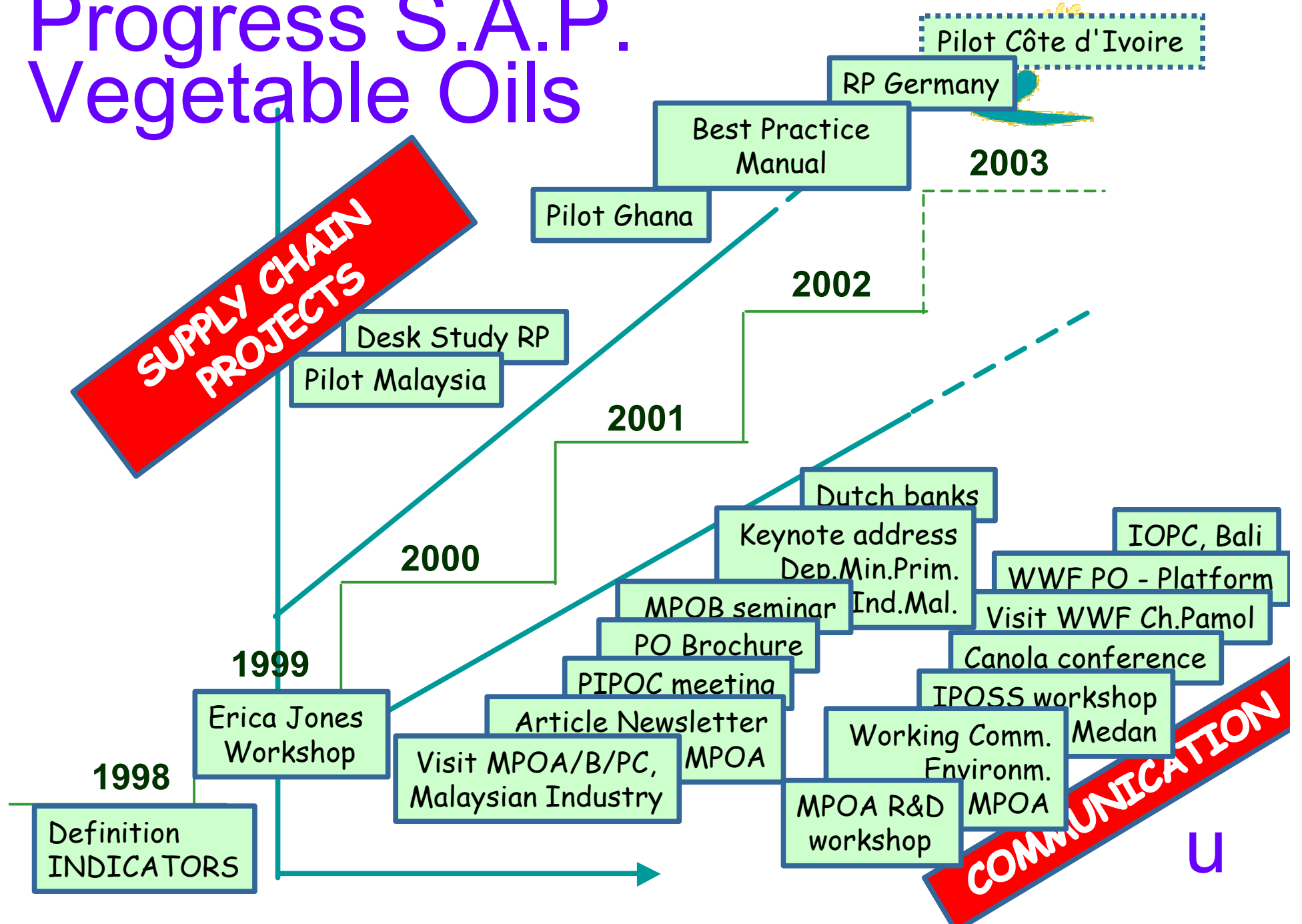
- **Governments are responsible for the legal footprint of the practices and actions (but cannot be made solely responsible for all the changes necessary)**
- **Business too needs to change its expectations and its behaviour**
- **Encouraged by non-governmental organisations and others (i.e. the consumers).**



July, 2002

[www.unilever.com](http://www.unilever.com)

# Progress S.A.P. Vegetable Oils



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# Open Questions

need for clarification

# Need for clarification

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- Oil palm's contribution to forest conversion: the WWF – industry debate;
- Palm oil in comparison to other edible oils: fair treatment of palm versus soy?
- How to deal with biodiversity in P.O. standard?
- Certification and chain of custody issues: how far can we or should we go?
- Division of responsibilities and tasks between the different business players and role of producers.

# Oil palm's contribution to forest conversion

Question	What is the real contribution of the establishment of oil palm plantations to the conversion of tropical rain forest?
Discussion	WWF: last 20 years, 300 million ha rainforest have been converted. Next 25 years 250-300 million ha. Palm oil is an important Factor. Others: P.O. only 5 million ha in the last 20 years, not a <u>major</u> contribution.
Action of P.O. Round Table	Have a moderated discussion with WWF and business partners to get the data right (minimum consensus).

# Palm oil in comparison to other edible oils

Question	How sustainable is palm oil in comparison to other edible oils (soy, rapeseed, ...)?
Discussion	There is agreement on positive characteristics of palm oil (high productivity, etc.) Still the oil palm industry fears discrimination of palm oil.
Action of P.O. Round Table	Clear statement of Round table to take away suchs fears. Stress both positive characteristics of palm oil and the need for sustainable practices.

# Biodiversity in P.O. standard

Question	How should the standard for sustainable palm oil deal with biodiversity?
Discussion	WWF stressed the need for explicitly including criteria dealing with conversion (as in the Migros criteria) and found Unilever's approach incomplete (see formal WWF statement).
Action of P.O. Round Table	Systematic discussion of biodiversity in P.O. standard, including practical questions on implementation (WWF + business partners).

# Chain of custody issues

Question	To what extent is it useful and is it practically feasible to separate sustainable from less sustainable palm oil in the chain 'from plantation to margarine tub'
Discussion	Several options are in discussion: from a complete identity preservation (Migros case) until raising minimum standards globally (without any need for identity preservation).
Action of P.O. Round Table	Discuss pro and cons of different models and try to reach a minimum consensus on strategy or alternative strategies.

# Division of responsibilities and tasks between the players

Question	What influence on palm plantation sustainability do the different business actors really have and, as a consequence, what responsibility can they reasonably take?
Discussion	<ul style="list-style-type: none"><li>▪ There are doubts about the effectiveness of influence from the consumption end of the chain.</li><li>▪ The importance of (local) government is being emphasized.</li><li>▪ Some see a more dominant role to be played by investors/banks. Banks again stress the important role of large palm oil users.</li></ul>
Action of P.O. Round Table	Reach a common understanding of the way the 'palm oil chain' works and realistic roles of the different players.



# Sustainable Palm Oil

Unilever view on workplan and  
funding

Jan Kees Vis

Sustainable Agriculture Manager

# Objectives



- **To stimulate oil palm plantations and smallholders to adopt sustainable practices**
- **To involve organisations in the countries of origin in this process as much as possible**
- **To reach as many plantations and smallholders as possible**
- **To include elements for future improvement, supported by research**
- **To include the element of rainforest protection by looking at ways to operationalise the concept of High Conservation Value Forest**

# Some considerations



- **We do not aim for certification**
- **We would like to see local organisations (e.g. national palm oil boards) to become the custodians of the standards and the process**
- **We want to reach both industrial estates and smallholders**
- **We want to apply a participatory approach which leads to capacity building in countries of origin**
- **We want this to become a race to the top, not to the bottom**

# Our views on a work plan



- **Countries: Malaysia, Indonesia, Ghana, Côte d'Ivoire, Congo, Nigeria**
- **Organisations: MPOA, IOPRI, WWF, IUCN, ICRAF, Local plantation companies**
- **Plantation/smallholder standard for sustainable PO available**
- **Put one individual in each organisation**
- **All work on putting the standards into extension services, workshops, government programmes etc**
- **Local organisations keep track of uptake**
- **Duration 5 years**

# Budget



- **Number of people in the programme (e.g. 12) times USD 100,000 per year, for 5 years: 6 million USD**
- **Research work: 1 million USD**
- **Progress meetings (annual): 0.5 million USD**
- **Total: 7.5 million USD for a 5 year programme**
- **Sources: US Foundations (Winrock, Rockefeller, Kellogg), Global Environment Facility, UNDP, EU, national and international development funds**

# The Round Table

goals, members, working plan,  
structure, budget

# Working Plan (1<sup>st</sup> sketch)

ID	Task Name	2003				2004				2005			
		Oct	Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr	Jul
1	Get the data right on P.O and rainforest	[Bar]											
2	Agree on standards	[Bar]											
3	Work out chain of custody options	[Bar]											
4	agree on implementation projects												
5	<b>projects</b>												
6	project 1												
7	project 2												
8	project 3												
9	evaluate results												
10	world-wide rollout of standard												
11	joint communication	[Bar]											

“homework”  
2002-2003

implementation  
projects  
2003-2005

# “homework” 2002-2003

subject	content	who?
“get the data right” (Oct.-Dec. 2002)	<ul style="list-style-type: none"> <li>▪ gather data on rainforest and palm oil</li> <li>▪ idem for comparison palm oil, other oils</li> <li>▪ have moderated discussion + public report</li> </ul>	(selected) business partners, independent expert(s) WWF
“agree on minimum standards” (Nov. 2002 – March 2003)	<ul style="list-style-type: none"> <li>▪ discuss existing standards and underlying philosophies (Unilever, WWF/Migros, Bank initiatives)</li> <li>▪ have moderated discussion + public report</li> </ul>	(selected) business partners (incl. banks), P.O. producers, independent expert(s) WWF
“work out chain of custody options”	<ul style="list-style-type: none"> <li>▪ discuss existing approaches (Unilever, Migros, ....) and underlying philosophies</li> <li>▪ evaluate their economic feasibility</li> <li>▪ publish results</li> </ul>	(selected) business partners (incl. P.O. traders, man. of consumer products, retailers)

Round Table on Sustainable Palm Oil, London, September 20, 2002