



Department
for Environment
Food & Rural Affairs

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Sustainable production of palm oil, UK statement

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“The United Kingdom is working towards achieving 100% sourcing of credibly certified sustainable palm oil by the end of 2015”

1) What is palm oil?

Palm oil is the world’s most used vegetable oil, and global consumption is rising. It is a cheap and efficient commodity with many different uses. The oil palm tree is the most efficient producer of oil per hectare of cultivated land.

Palm oil is pressed from the flesh of the fruits of the oil palm tree. Palm kernel oil is produced from the kernel (or stone) of the fruit. Palm oil and palm kernel oil can be further processed to produce a range of fractions and derivatives.

2) What is palm oil used for?

Palm oil and palm kernel oil are used in the food industry as frying fats and as ingredients in a wide range of foods such as biscuits, margarine, snacks and bakery products. They are also used in the production of biodiesel, in animal feed, and soaps and other cleaning products and cosmetics.

Derivatives and fractions of palm oil and palm kernel oil have very widespread uses. They are used in food manufacture (for example in preservatives, antioxidants, sweeteners and thickeners), in personal and health care products (for example shampoo and conditioner, hair sprays and cosmetics) and in industrial products (for example lubricants, adhesives, insect repellents, paints and inks).

3) Why is the UK making this commitment?

There is growing awareness that the greater production of palm oil can increase the risk of destruction to tropical rainforest and drainage of peatland areas causing major impacts on biodiversity, climate change and the land rights of local peoples¹.

In recent years a number of organisations have taken steps to try to produce and source their palm oil more sustainably. By taking steps to source their palm oil more sustainably, UK companies at all stages of the supply chain can help to reduce the negative impacts associated with palm oil production. The EU is a major global market for palm oil, and the UK is one of the most influential players in that EU market.

¹ For further information see UNEP Thematic Focus “Oil palm plantations: threats and opportunities for tropical ecosystems” http://www.unep.org/pdf/Dec_11_Palm_Plantations.pdf

Zoological Society of London (ZSL) <http://www.sustainablepalmoil.org/> 2

Through co-ordinated action, the UK supply chain can influence other consumers and producers and support the global drive to make palm oil production and consumption more sustainable.

4) What is sustainable palm oil?

There is no one definition of sustainable palm oil. For the energy and transport sectors sustainability is legally defined in the Renewable Energy Directive. The other sectors are free to use their own definitions. The market for sustainable palm is dominated by the Roundtable for Sustainable Palm Oil (RSPO). RSPO is an international, multi-stakeholder organisation that has developed sustainability standards and put in place an independent process for verifying production and supply chains. The sector associations explain what sustainability means for them in their statements, generally referring to the Renewable Energy Directive or RSPO definition.

5) What actions will be taken to meet this commitment?

This statement draws together new and existing specific commitments on the sourcing of sustainable palm oil which have been made by key organisations representing businesses within the palm oil supply chain in the UK. It follows similar recent statements which were made in the Netherlands² and Belgium³.

UK sector associations with a significant membership interest in the supply or use of palm oil have made a statement setting out their commitment to this common goal. The statement includes the Government, oil processors and distributors, food and drink manufacturers, retailers, animal feed manufacturers, hospitality sector, renewable energy sector, cleaning products industry, speciality chemicals sector and WWF.

The 100% by 2015 commitment covers the use of both sustainable palm oil and palm kernel oil. Relevant sectors are also working to encourage sustainable sourcing of palm oil fractions and derivatives.

The commitments and actions vary. All are steps on the way to the shared end target of all palm oil being used in the UK coming from sustainable sources by 2015. Some organisations have already committed to only using sustainable palm oil by 2015. Others have made commitments to explore the issues, and encourage and support their members in the switch to sustainable sourcing.

² http://www.taskforceduurzamepalmolie.nl/Portals/4/download/Manifesto_Task_Force_Sustainable_Palm_Oil.pdf

³ <http://www.sustainabelpalm.be/>

Those in the renewable energy industry have legislative requirements that govern their use of palm oil.

6) Monitoring progress

The publication of this national statement records a point in time, and is part of an ongoing process. The commitments will be regularly revisited and monitored by the UK Government together with stakeholders. We will work together to discuss progress, celebrate success and ensure that all parties remain ambitious.

7) Who has signed up to this statement?

The following organisations have contributed to the statement:

- Agricultural Industries Confederation
- British Association for Chemical Specialities
- British Hospitality Association
- British Retail Consortium
- Business Services Association
- Federation of Wholesale Distributors
- Food and Drink Federation
- National Edible Oil Distributor's Association
- Renewable Energy Association
- Seed Crushers and Oil Processors Association
- Sustainable Restaurant Association
- UK Cleaning Products Industry Association
- UK Government
- UK Petroleum Industry Association
- World Wildlife Fund UK

8) Sector statements:

Agricultural Industries Confederation (AIC)

The Agricultural Industries Confederation (AIC) is the leading trade association in the agri-supply industry. AIC has over 300 Members in the agri-supply trade and represents in excess of £6.5 billion turnover at farmgate. The trade association represents a number of sectors within the agri-supply sector including: animal feed, crop protection and agronomy, fertilisers, grain and oilseeds, and seed. Members of the animal feed sector of AIC manufacture in excess of 95% of the compound feed used by livestock farmers in the UK.

AIC members are committed to engagement with their customers and other members of the food supply chain on the purchase and use of sustainable palm oil. We believe market based mechanisms are the most effective means to drive greater uptake of sustainable palm oil. At present there are different palm oil sustainability schemes available in the market serving different market segments. AIC will not restrict itself to just one scheme but will accommodate all schemes that offer comparable sustainability assurances. AIC therefore supports all trading systems currently approved by the RSPO and other equivalent sustainability schemes namely: „identity preserved“, „segregation“, „mass balance“ and „book & claim“. All have a vital part to play in encouraging uptake in a sustainable palm oil market.

AIC supports full engagement in the discussions on the use of sustainable palm oil. Palm oil is clearly the primary value driver in palm production and therefore increased demand for sustainable palm oil – which we welcome - is the mechanism that will stimulate palm production towards a more sustainable path. For palm oil, some companies in the animal feed sector have already begun discussions on sustainability with suppliers.

As well as palm oil, the animal feed sector also uses other oil palm-based products. One significant group comprises the Palm Fatty Acid Distillates (PFAD). At present there is no mechanism for users of PFAD in the UK to establish the certification status of the oils from which the materials are derived. It is therefore not possible to guarantee what percentage of the materials used is derived from sustainable sources. The sector supports the development of appropriate mechanisms.

As a trade association the AIC will:

- Work towards the national statement aim of sourcing 100% sustainable palm oil by 2015
- Support moves to provide mechanisms for sustainable sourcing of PFAD and investigate the practicability of making a future commitment on sustainable sourcing of PFAD

- Provide information to our members on the issues and opportunities around sustainable palm oils and associated products such as PFADs
- Collaborate with Defra on any future investigations of supply chains.

To grow the sustainable palm oil market and provide better incentives for producers to invest in improving social and environmental production practices, major palm oil buyers in the EU and global market also need to demand sustainable palm oil. We support the UK Government encouraging market demand through its public procurement strategies, contacts with producer and consumer countries, and awareness-raising with British consumers. Only by creating the critical mass in the market will there be the necessary uptake to mainstream sustainable palm oil.

British Association for Chemical Specialities (BACS)

The British Association for Chemical Specialities (BACS) is a UK-based trade association which represents companies operating in the speciality chemicals sector of the chemicals supply chain. BACS has around 120 members including multi-national chemical companies, small and medium sized enterprises (SMEs) and sole traders. Member companies include manufacturers of speciality chemical ingredients, fine chemicals, performance chemicals for industrial and consumer use and process aids for industrial applications, together with formulators, distributors, retailers and service companies.

BACS supports the national statement aim of sourcing 100% sustainable palm oil and palm kernel oil by 2015, although the oils themselves are not the main palm products used by the specialty chemicals sector.

The main palm products used by the sector as raw materials for the manufacture of surfactants and other speciality chemicals are palm oil derivatives. Palm kernel oil is the dominant source of the derivatives used, which are oil-derived fatty acids and materials derived from these acids by further processing, because generally the composition of the fatty acids derived more closely meets the product performance needs of customers than that of the fatty acids derived from palm oil itself.

The supply chain for the processing and further processing steps carried out by multiple derivative producers to manufacture a large range of derivatives is highly complex. Some companies in the speciality chemicals sector are already involved in discussions on sustainability and certification with derivative suppliers. However, at present there is no mechanism for users of palm kernel oil derivatives in the speciality chemicals sector in the UK to establish the certification status of the oils the materials are derived from. It is therefore not possible to guarantee what percentage of materials used is from sustainable sources.

The sector supports the development of appropriate mechanisms and is committed to working towards 100% sustainable sourcing. However, until such mechanisms are in place for chemical derivatives, we are not able to make any commitment to a deadline for achieving this. We hope that future market developments will enable us to make a commitment on sustainable sourcing of palm oil derivatives in due course.

British Hospitality Association (BHA)

The BHA is the leading representative organisation in the hospitality industry, representing hotels, restaurants and food service providers. We aim to deliver real returns for our members, positively championing the industry's priorities through partnerships with government and with other associations and organisations.

The BHA will encourage its membership to work towards the Statement's aim of sourcing 100% sustainable oil by 2015. We will also work with our members to increase the use of sustainable palm oil through collaboration with their supply chains.

We will implement this policy by ensuring that our members are aware of the work of the international Roundtable on Sustainable Palm Oil (RSPO).

We will support Defra in its efforts to increase awareness of sustainable palm oil throughout the hospitality industry by communicating information and advice available via our website, reports and publications.

British Retail Consortium (BRC)

The BRC is the leading trade association representing a whole range of retailers, from the large multiples and department stores through to independents. The BRC is the authoritative voice of retail, recognised for its powerful campaigning and influence within government and as a provider of excellent retail information.

Leading BRC members⁴ sourcing palm oil aim to be using 100% RSPO certified sustainable palm oil by the end of 2015⁵.

The commitment to sustainable sourcing is not new for retailers. For several years, retailers have been sourcing sustainably by purchasing certificates through book and claim systems (Green Palm) and through the purchase of segregated certified physical palm oil (according to RSPO criteria). Progress towards our goal continues. As of 2010-2011, BRC Members were sourcing 70% sustainable palm oil, 30% of which was Certified Sustainable Palm Oil (CSPO).

⁴ BRC Members in support of this commitment are those that are members of the RSPO and have signed up to A Better Retailing Climate.

⁵ The 2015 target refers

⁶ Any other certification schemes will need to be third-party certified and be equivalent to RSPO criteria to be considered credible and to carry a sustainability claim to palm oil & palm kernel oil

While we recognize the importance of book and claim as a means to develop market demand for sustainable palm oil production, BRC members have committed to 100% CSPO to facilitate transformation to the mainstream market. An essential component of this strategy is the use of robust but practical supply chain standards, specifically that of the RSPO which we recognize as the only credible global multi-stakeholder platform operating in the market today⁶.

Business Services Association (BSA)

The BSA – Business Services Association – is a policy and research organisation that brings together all those who are interested in delivering efficient, flexible and cost-effective services across the private and public sectors. Members deliver the full range of food and cleaning services across a diverse range of industries, from business premises to schools, hospitals and military bases. Our membership includes all major food service and contract catering companies in the UK, serving millions of meals every day at over 10,000 sites, equipping members with unique insight into consumer preferences and experience of the food supply chain.

BSA members recognise the importance of promoting sustainability in the way services are delivered and the products they source. Members are actively engaged in several initiatives towards sustainability targets across a range of areas, including the RSPO, and support the general principles of the National Statement in working towards achieving 100% sourcing of credibly certified palm oil by the end of 2015. Many members are already working towards this goal by identifying certified suppliers. BSA members will work in partnership with Government Departments once the sourcing of credibly certified palm oil is fully integrated into Government Buying Standards for food and catering to assist in achieving this aim.

Food and Drink Federation (FDF)

The Food and Drink Federation is the voice of the UK food and drink industry, the largest manufacturing sector in the country. Our sector directly employs up to 400,000 people, and as many as 1.2 million in ancillary services; it accounts for 16% of the UK's total manufacturing sector by value; and it is an invaluable partner to British agriculture, buying two thirds of what farmers produce. Our membership comprises manufacturers of all sizes as well as trade associations dealing with specific sectors of the industry.

Food and Drink Federation members recognise the need for collaborative efforts between sectors to support and promote the common aim held by many leading companies to use 100% sustainable palm oil by the end of 2015.

Many UK food and drink manufacturers are active Roundtable on Sustainable Palm Oil (RSPO) members and have in place longstanding time-bound public commitments

delivering continuous improvement towards the goal of using 100% certified sustainable palm oil (CSPO) via available RSPO-approved trading systems. 8

UK food and drink manufacturers support the work of the RSPO as it represents a credible mechanism for promoting the growth and use of sustainable palm oil. However, we remain open to alternative schemes that would have to be considered at least as credible as RSPO to carry a sustainability claim.

National Edible Oils Distributors' Association (NEODA)

NEODA is the trade association representing edible oil distributors and packers in the UK. Members include edible oil and fats refiners, processors, distributors, waste oil collectors (who also sell fresh oil) and cold pressed producers. The key objective of NEODA is to promote the interests of its members and raise standards across the edible oil packing and distributive trade as a whole.

As palm oil is an important oil to our sector, we are committed to advising our members on the issues surrounding palm oil, including the importance of sourcing their palm oil sustainably. Members are kept updated on RSPO issues through its Associate membership.

NEODA is working towards ensuring that all palm oil (under whatever name or format it is sold) packed and distributed by members, will be part of an approved RSPO supply chain by the end of 2015.

We are further proposing that post-2015, the NEODA logo cannot be used on palm products unless the oil is from an approved sustainable source.

Renewable Energy Association

The Renewable Energy Association represents the UK's renewable energy industry, covering renewable power, heat and transport. Our membership is active across the whole spectrum of technologies and renewable energy applications electric power, heat, CHP, transport biofuels and biomethane to grid ("green gas"). They comprise generators, project developers, fuel producers and distributors, equipment manufacturers and distributors and service providers. Members range in size from major multi-nationals to sole traders. The Solar Trade Association is affiliated to the REA, and together the two have a combined membership of over 950 members, making us by far the largest renewable energy industry association in the UK.

Palm oil and some of its derivatives can be used in the production of renewable fuels in the transport, power and heating and cooling sectors in the UK. Usage of palm oil for biofuels has fallen significantly in recent years and with the introduction in the UK of the mandatory sustainability criteria it is likely that usage has since fallen to negligible levels.

There is some use of palm products in the power and heat sector but this is extremely low⁷.

The renewable energy sector is unique because it already has to meet mandatory sustainability requirements to receive any support from the UK Government. The sustainability requirements are already in place for liquids, as required by the EU Renewable Energy Directive (RED), and are expected in 2013 for solids and gases⁸. The existing sustainability requirements can be summarised as:

- Delivering at least a minimum % greenhouse gas saving against fossil fuels
- Not produced on high biodiversity lands
- Not produced on former high carbon land

Seed Crushers and Oil Processors Association (SCOPA)

The Seed Crushers and Oil Processors Association (SCOPA) is the trade association for companies engaged in oilseed extraction and oil/fat processing in the United Kingdom. Collectively, SCOPA members produce, on an annual basis, more than 1 million tonnes of refined oils and fats, and over 1.5 million tonnes of high protein meals.

SCOPA members are already committed to moving towards 100% sustainable palm oil use by the end of 2015. We believe market based mechanisms are the most effective means to drive greater uptake of sustainable palm oil. SCOPA members agree to promote and encourage the use of sustainable palm oil and commit to supply the market demand for sustainable palm oil.

SCOPA members welcome playing an active part in the eventual transformation of the palm oil market to 100% sustainable. This is a journey and vital to this journey is encouraging the widest possible uptake of sustainable palm oil.

Sustainable Restaurant Association (SRA)

The Sustainable Restaurant Association is a not for profit membership organisation helping restaurants more sustainable and diners make more sustainable choices become when dining out. We help our member restaurants source food more sustainably, manage resources more efficiently and work more closely with their community.

⁷ Based on Ofgem's data for the Renewables Obligation (RO), no virgin palm oil was used for power generation in 2011/12, although it is possible that some was recycled as used cooking oil. Over the same period, 48,000 tonnes of palm kernel expeller was used, compared to an estimated 5 million tonnes total solid biomass. The Renewable Heat Incentive (RHI) does not currently support liquids.

⁸ Under the RED, book and claim is not allowed and therefore the RSPO Green Palm scheme cannot be used.

We're working with hundreds of restaurants of all types across the length and breadth of the UK, helping them to be more sustainable and to communicate that message to their customers. All our Members commit to improving their sustainability by pledging to carry out Key Actions, and make new pledges each year.

The Sustainable Restaurant Association will promote the sourcing of sustainably produced palm oil to all our members as well as encouraging them and the wider hospitality sector to switch to a more sustainable alternative.

In order to facilitate this we intend to directly promote the RSPO scheme and raise awareness of the issues involved through direct contact, social media, and newsletter updates. We also intend to encourage our members to state their own intent by producing sustainable palm oil

sourcing policies that will promote their intentions and actions of sustainable palm oil sourcing to their customers and competitors.

We aim to enable our restaurant members, and others, to achieve sourcing 100% sustainable palm oil by 2015.

UK Cleaning Products Industry Association (UKCPIA)

The UK Cleaning Products Industry Association (UKCPI) is the leading trade association representing UK producers of washing powders and liquids, fabric conditioners, bar soaps, hand and machine dish wash, household disinfectants, air care and polishes and specialist cleaners for use in kitchens and bathrooms. We also represent the interests of the institutional and industrial (I&I) cleaning sector whose cleaning and hygiene products are used in hospitals, schools, care homes and catering environments.

Palm oil and palm kernel oil are used by the cleaning products industry to provide ingredients such as surfactants in cleaning products.

As many UKCPI member companies are already long standing members of the Roundtable on Sustainable Palm Oil (RSPO), the preferred definition of sustainability for our sector is that described by RSPO criteria i.e. includes identity preserved or segregated palm (CSPO), mass balance or purchase via the GreenPalm Book and Claim scheme.

On the basis of this definition our members can commit to a UK Government statement of intent that all UK sourcing of palm oil be from sustainable sources by 2015.

UK Government

The UK Government pledges to:

- Add a requirement into the Government Buying Standard for food and catering that the palm oil, palm kernel oil and derivatives in the food and catering products bought by central Government must meet sustainability requirements by 2015. The Government Buying Standard for food and catering is mandatory for central Government Departments and their agencies, and we will encourage its uptake in the wider public sector.
- Provide an advice and information service on sustainable palm oil for UK businesses and government procurers including a helpline, web pages, newsletters and seminars.
- Implement mandatory EU requirements, notably the Renewable Energy Directive sustainability criteria which apply to palm oil used for bio-fuels in transport and power, and the requirements for palm oil labelling in the Food Information for Consumers Regulation.
- Work with the organisations involved in the national statement to monitor the progress made in delivering their commitments, and the overall progress towards achieving 100% sustainable palm oil sourcing in the UK. We will encourage further action where it is needed, and celebrate success where sectors or businesses have made good progress or demonstrated best practice.
- Encourage other consumer nations in Europe and more widely to take action to switch to sourcing sustainable palm oil.
- Deliver DFID's 10-year, £250 million Forest Governance, Markets and Climate Programme, which aims to reduce the production of illegally-sourced commodities, including palm oil, that drive illegal forest clearance and deforestation by linking market demand in European and other consumer countries with improved governance and enforcement actions in producer countries

UK Petroleum Industry Association (UKPIA)

UKPIA represents the interests of nine member companies engaged in the UK downstream oil industry on a range of common issues relating to refining, distribution and marketing of oil products, in non-competitive areas. UKPIA's role is to inform its members of proposed legislation and related developments, and to help form and advocate the industry's position. UKPIA is also an authoritative source of information or reference on the UK downstream industry.

The Renewable Transport Fuel Obligations Order (RTFO) was made in October 2007 [SI 2007/3072] and was amended according to the SI2011/2937 which came into effect on 15th December 2011. This includes mandatory carbon and sustainability criteria for biofuels used under the order. It applies to all biofuels. The scheme is administered by the RTFO unit at the Department for Transport. Obligated suppliers therefore already meet

these mandatory carbon and sustainability criteria for all of the biofuels used under the order.

World Wildlife Fund UK (WWF)

In recent years WWF-UK has been in the forefront of campaigning in the UK and the EU to change legislation and policy to protect our environment and biodiversity. Major UK campaigns have focussed on climate change, energy, housing and the protection of our marine environment. The UK government also cooperates internationally, whether through the EU, the UN, the G8 or other fora, and we use our UK and international connections to lobby on key global issues.

WWF expects all palm oil users to only use RSPO certified sustainable palm oil by 2015 or sooner if possible. The urgency of deforestation and climate change driven by our demand for palm oil means that we must all take action now. Our 2011 palm oil buyers' scorecard showed that the availability of certified sustainable palm oil outstrips demand and combined with the flexible options available to users there is now no excuse not to use 100% CSPO immediately. Until physical supplies of CSPO are available for all derivatives and fractions the option to use GreenPalm certificates to cover the total volume used means that all companies must take action now. Beyond that all users should work together to move to physically traceable supplies of RSPO palm oil as soon as possible. In addition WWF pledges to :

Work within the Roundtable on Sustainable Palm Oil (RSPO) to:

- Continue to improve the standard and certification systems and their implementation and to ensure that they have positive impacts;
- Ensure that the RSPO responds to the needs of its membership and supports them to finance, produce, trade and use sustainable palm oil;
- Expand the membership and coverage of the RSPO globally.
- Work with industry and other stakeholders within the whole palm oil sector to:
- Support them in transforming their businesses and the sector towards the finance, production, trade and use of RSPO certified sustainable palm oil;
- Acknowledge progress by companies and bring attention to cases where they are not advancing;
- Seek partnership working that tackles barriers to sustainability where working with individual companies would be ineffective.

Work with governments to:

Advocate for policies and measures that support the production and use of sustainable palm oil;

Support Governments to take a proactive role in helping the industry to move to 100% RSPO certification.