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COMMITTED TO SUSTAINABLE PALM OIL?

ANALYSIS OF 2020 ACOP REPORTING BY RSPO MEMBER COMPANIES

The Roundtable on Sustainable Palm Oil (RSPO) unites thousands of stakeholders from across the palm oil industry to develop and implement global standards for sustainable palm oil.

Ordinary and Affiliate members are required to submit an Annual Communication of Progress (ACOP) report each year to measure progress towards the RSPO's shared vision of "making sustainable palm oil the norm".

In this third edition of 'Committed to Sustainable Palm Oil?', WWF and ZSL (Zoological Society of London) analysed ACOP reports submitted by growers, processors and traders, consumer goods manufacturers (CGMs) and retailers in 2021, of their 2020 data. Company response rates remained similar, at 83% in 2020 compared to 84% in 2019,¹ and 7% of members did not submit an ACOP at all. Some key findings of this year's analysis were that:

- 2020 was supposed to be a crucial milestone for progress on sustainability and halting deforestation in the palm oil industry.² However, while several companies have made progress in meeting their commitments to be 100% RSPO-certified by 2020, many RSPO members across the supply chain still have not even set targets.
- The share of companies with 100% RSPO certification has improved between 2019 and 2020, particularly across growers and retailers. However, progress remains very variable both within and between supply chain segments.
- Companies with the largest land area and volumes of palm oil handled are still falling short on certification. All companies need to take more immediate and meaningful action to close the certification gap, with additional responsibility for bigger players to rapidly and significantly increase their uptake of sustainable palm oil.
- Overall, this report finds RSPO member progress on certification has not changed significantly compared with previous years' analyses, despite the 2020 deadline. RSPO member companies across the supply chain need to act fast to set and deliver on ambitious targets and work together towards 100% RSPO certification in the spirit of Shared Responsibility.



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¹ Does not include companies that submitted ACOP responses outside of the official submission period.

² https://forest500.org/sites/default/files/consumer_goods_forum_will_not_achieve_deforestation_goal.pdf



METHODOLOGY



This report uses only publicly available data self-reported by RSPO members in the Annual Communication of Progress (ACOP) for the year 2020. The analyses presented in this report are based on operational profiles of companies, meaning some companies may be included under multiple supply chain segments. Depending on how accurately companies report, there may be duplicate volumes both within and across supply chain segments.

This highlights the need for improved accuracy of ACOP reporting to clearly analyse the dynamics of supply and demand for certified materials through the supply chain. It is also partly for this reason that this report does not attempt to analyse data on areas and volumes certified based on ACOP data - the current quality of reporting is not uniformly clear, granular and accurate enough to allow confident calculations.

Within the scope of this report, the level of 'uptake' or RSPO certification for growers was calculated based on land area, while that for processors and traders, CGMs, and retailers was calculated based on all volumes of palm oil, palm kernel oil and related products, as reported in ACOPs. All membership categories (including Ordinary, Associate, and Affiliate members) were included in these analyses. Data for growers includes scheme smallholders but excludes independent smallholders.

Shortcomings in the data sets provided from the ACOPs indicate the need for improved data collection and analysis systems in the RSPO and greater consistency in RSPO member reporting.

2020 was supposed to be a crucial milestone for progress on deforestation and sustainability in the palm oil industry, with many companies across the supply chain having set this as the target year for achieving their commitment to end tropical deforestation in their supply chains. However, when looking at the figures for progress on targets for RSPO certification, it is clear that this milestone has not been achieved by many.

With rates of tropical deforestation, biodiversity loss and GHG emissions continuing to rise, and reports of labour and human rights abuses still widespread, the urgency with which sustainability in the palm oil industry must improve cannot be overstated. In recent years, there has been increasing attention to the concept of 'Shared Responsibility' across the industry, wherein all stakeholders are responsible for contributing towards improved sustainability and increased certification and uptake of certified material.³ While this report does not specifically analyse company adherence to the RSPO's Shared Responsibility targets, it does provide insight into how this concept is being implemented. The significant variation in progress found both within and between supply chain segments suggests a lack of collective effort to improve levels of certification. RSPO member companies across the supply chain need to act fast to set and deliver on ambitious targets, and work together towards 100% RSPO certification in the spirit of Shared Responsibility.

2020 WAS SET IN MANY CASES AS A TARGET DATE FOR ACHIEVING 100% CERTIFICATION.

However, there has been limited achievement of this target by RSPO member companies, based on the reported data. While the disruption caused by the Covid-19 pandemic may be a contributing factor, it cannot explain this lack of progress, as companies seriously intending to achieve their 2020 target date would need to have been making significant progress well before the pandemic began.

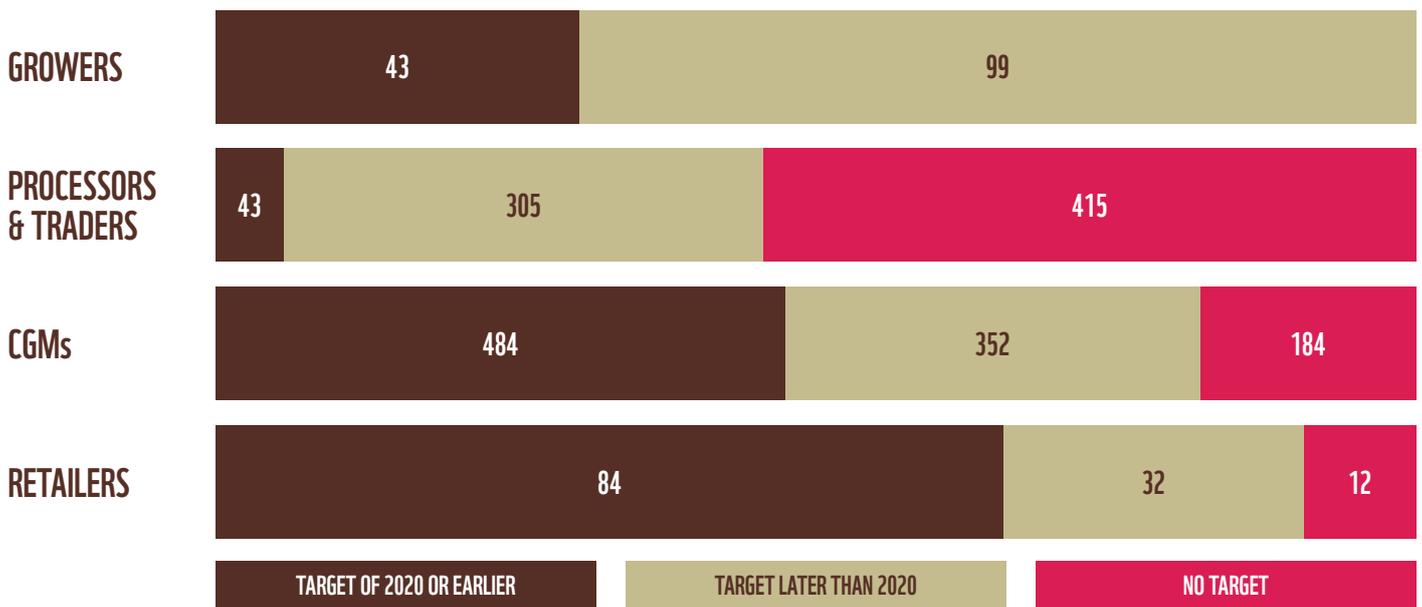
³ The RSPO states "Growers do their part through the RSPO Principles and Criteria (P&C) Certification and non-grower members do their part through the RSPO Supply Chain Certification and by implementing the Shared Responsibility requirements that were endorsed by the Board of Governors (BoG) in 2019." The Shared Responsibility requirements and targets can be seen here: <https://rspo.org/members/shared-responsibility>



SOME TARGETS FOR CERTIFICATION ACHIEVED, BUT MANY STILL HAVE NO TARGETS SET

When we look specifically at companies across the four sectors that set a 2020 target date for 100% certification, it is clear some companies have made concerted efforts, with Figure 1 showing that between 73% and 80% of those with a 2020 target date have achieved it. However, this still leaves around a quarter to a fifth of companies with a 2020 target not having reached it. Moreover, many companies have set less ambitious targets for 100% certification, aiming to achieve these later than 2020. Even more concerning is that others have set no target at all. The proportion of companies with no target is the highest among processors and traders, accounting for more than half of those reported under this sector. By contrast, all growers provide some form of time-bound target.

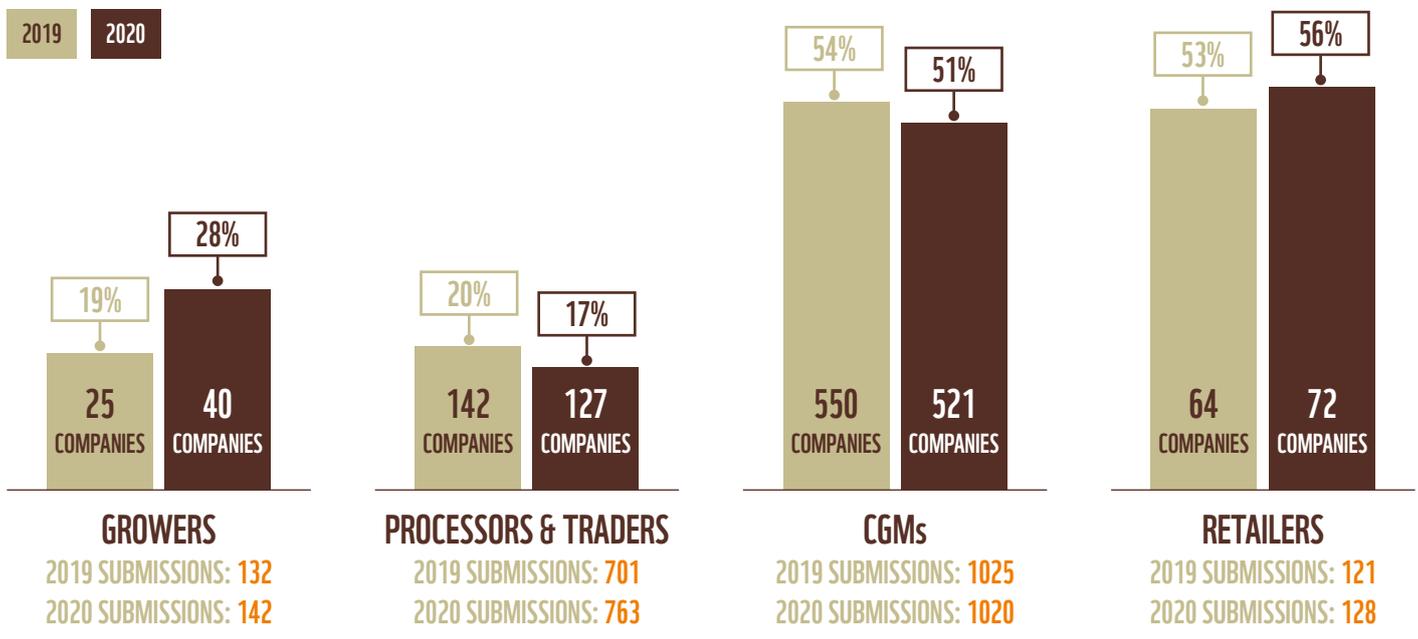
FIGURE 1
PERFORMANCE OF COMPANIES AGAINST TARGET YEAR:
BREAKDOWN OF COMPANIES BY TARGET YEAR



MORE GROWERS AND RETAILERS ACHIEVING 100% RSPO CERTIFICATION, BUT UPTAKE ACROSS THE SUPPLY CHAIN STILL TOO LOW

While there has been some progress over recent years, the majority of RSPO member companies have still not achieved 100% RSPO certification, and in some segments, there is a reported decrease in the number of companies reaching this target. Figure 2 shows that processors and traders, in particular, appear to be falling behind on progress, and as bottlenecks in the supply chain, these companies have a significant responsibility both to stimulate demand and provide the supply of certified material.

FIGURE 2
ACHIEVING 100% RSPO CERTIFICATION:
A COMPARISON BETWEEN 2019 AND 2020 ACOP REPORTING
 SHARE OF COMPANIES WITH 100% RSPO CERTIFICATION



- Looking across the supply chain, the proportion of CGMs and retailers that are 100% RSPO certified is still much higher – more than double that of growers and processors and traders. However, this proportion has fallen slightly for CGMs compared with 2019 figures, dropping from 54% to 51%. This small drop appears to be driven by a decrease in the absolute number of companies with 100% uptake, with 29 fewer CGMs reporting 100% uptake despite only five fewer submissions.
- On a more positive note, the number of growers achieving 100% RSPO certification seems to have risen substantially, from 19% in 2019 to 28% in 2020. Retailers have also increased 100% uptake from 53% in 2019 to 56% in 2020.

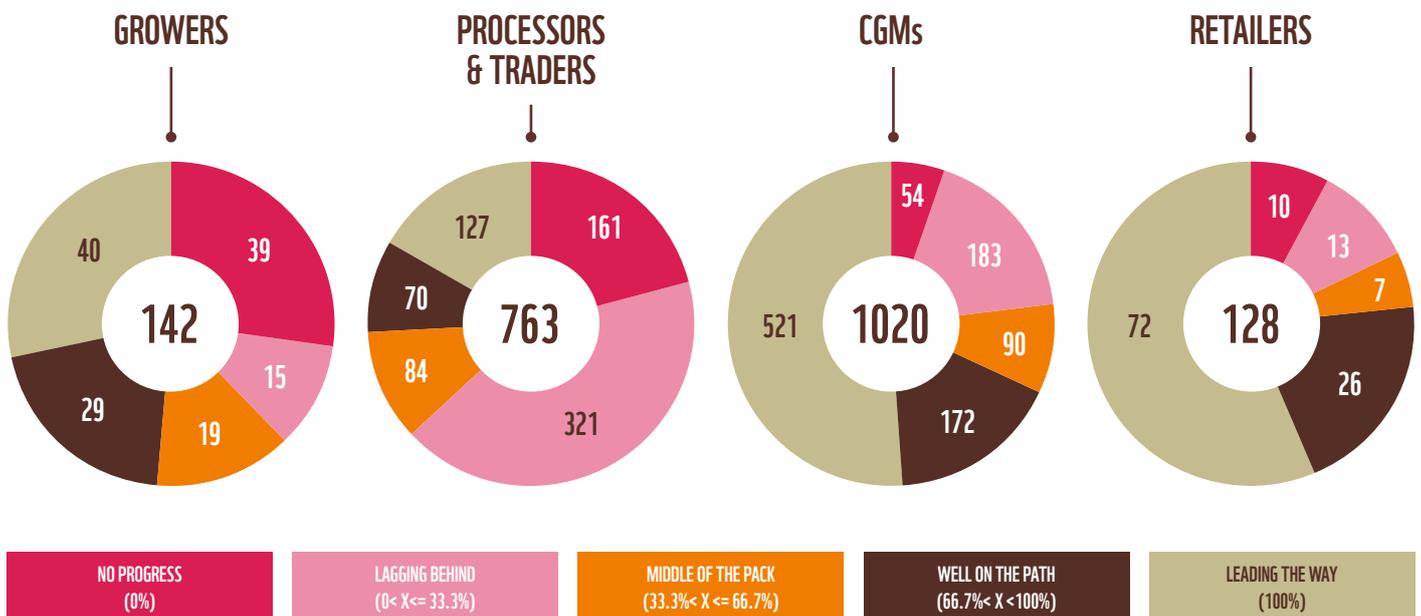


PROGRESS IS UNEVEN BOTH WITHIN AND BETWEEN SUPPLY CHAIN SEGMENTS

The levels of certification achieved both within and between different supply chain segments show considerable variation in the stages different companies have reached. This variation illustrates the difficulty of analysing overall progress, and highlights the importance of all supply chain members increasing their certification uptake.

- CGMs and retailers are 'leading the way' in achieving 100% RSPO certification, with 51% and 56% of CGMs and retailers reporting to have achieved this in 2020, compared to 28% of growers and just 17% of processors and traders.
- The growers appear the most split within the group, with the proportion of companies at 0% certification the same as the proportion having achieved 100%.
- Retailers appear to be making the most progress overall, with more than three-quarters of companies in this segment reporting >66.7% certification. Processors and traders are showing the least progress overall, with almost two-thirds (63%) of companies reporting between 0–33.3% certification.
- It should be kept in mind, however, that there is a large range in the number of companies under each supply chain segment, and this can alter the interpretation of results – for example, though processors and traders show the lowest proportion of companies with 100% certification, the total number of processors and traders reaching 100% (127) is much higher than that of growers (40) or retailers (72).
- Comparing this with 2019 ACOP data also reveals interesting trends. While the percentage of companies with 100% uptake declined for processors and traders and CGMs, the percentage of companies that are 'well on the path' within each of these sectors increased between 2019 and 2020. This demonstrates some progress in increasing RSPO uptake despite not having achieved 100% certification.

FIGURE 3
PERFORMANCE OF COMPANIES ACROSS DIFFERENT SUPPLY CHAIN SEGMENTS
BREAKDOWN OF COMPANIES BY RSPO UPTAKE



THE BIGGEST PLAYERS ARE STILL FALLING SHORT

Continuing the trend seen through 2019 reporting, progress by many of the biggest players is too slow. This is seen across the supply chain, but is particularly striking when looking at the reporting from processors and traders. These companies handle disproportionately large volumes of material in the supply chain and have significant leverage, giving them a particular responsibility to rapidly and significantly increase their uptake of sustainable palm oil.

- Nine of the ten biggest processors and traders are less than 30% certified, with the overall uptake across these nine companies being just 10%. Overall, 127 processors and traders report achieving 100% certification, proving that this is an achievable goal, and highlighting how much more progress is needed from the largest companies in this segment.
- Three of the top ten largest growers have achieved 80% certification and above, which should be applauded. However, the majority remain behind, and still, none of the ten largest grower members are 100% RSPO-certified. This is concerning given the enormous responsibility they have in the supply chain. Collectively, they reportedly control over 3 million hectares of land – around 44% of the total land area reported across all growers' ACOPs.
- There is a split in progress across the ten largest CGMs, with six of them less than 50% RSPO-certified, while three have achieved more than 80% certification.
- Eight retailers are between 90-100% RSPO-certified, suggesting that the big companies in this segment are taking their responsibility for palm oil sustainability seriously, and this is encouraging to see. In contrast, though, two of the ten are <5% certified, showing quite a divide among the largest retailers.



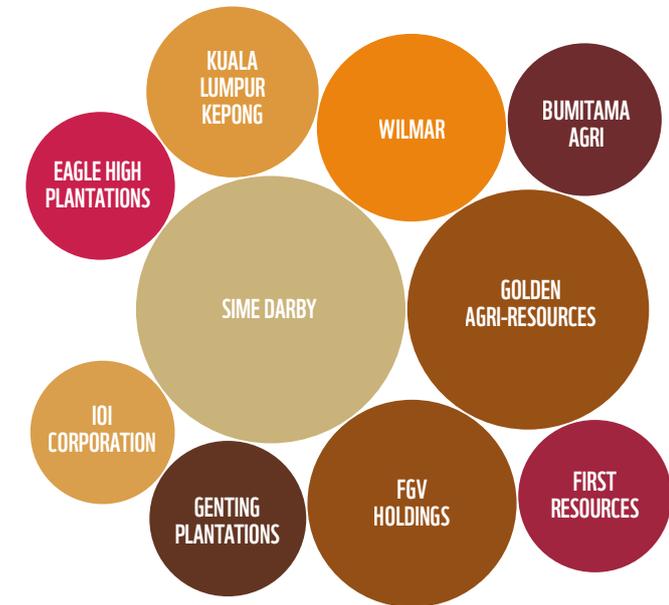
CONTINUING THE TREND SEEN THROUGH 2019 REPORTING, PROGRESS BY MANY OF THE BIGGEST PLAYERS IS TOO SLOW. THIS IS SEEN ACROSS THE SUPPLY CHAIN, BUT IS PARTICULARLY STRIKING WHEN LOOKING AT THE REPORTING FROM PROCESSORS AND TRADERS.

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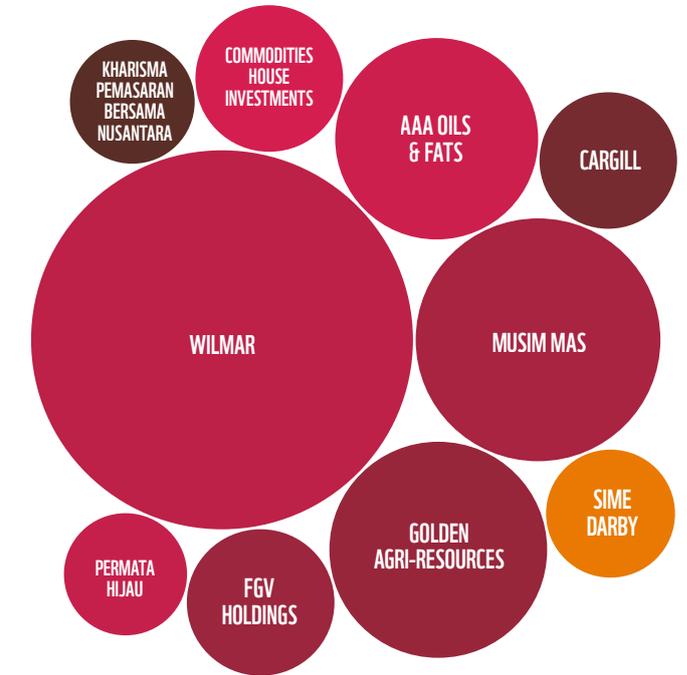


FIGURE 4

PERFORMANCE OF THE TEN LARGEST COMPANIES BY SUPPLY CHAIN SEGMENT



200,000 HA



2,000,000 TONNES



400,000 TONNES



50,000 TONNES



CONCLUSION AND CALL TO ACTION

Although some companies and supply chain segments have made noteworthy progress towards achieving their certification targets, the analysis shows that a lot remains to be done by all members in increasing volumes of RSPO certified materials that are produced, traded, and consumed. Despite the strengthening of the RSPO Principles & Criteria in 2018 and the introduction of clear, mandatory Shared Responsibility requirements in 2019, **2020 was not the milestone year for achieving zero deforestation and 100% certification that it was intended to be.**

WWF and ZSL urgently call on all RSPO members to:

- **Increase awareness:** Understand and embrace the Shared Responsibility requirements, and improve awareness of these among other members.
- **Improve reporting:** Ensure clear and precise reporting of data in annual ACOP submissions, to allow improved analysis of ACOP reporting across and within sectors – in particular by vertically integrated companies. A clearer picture of current efforts on Shared Responsibility is essential to accelerating progress.
- **Act on certification:** Implement the Shared Responsibility requirements and work towards increasing certified production and meeting the latest uptake targets, as relevant to each supply chain segment, and continue to strengthen these requirements over time.⁴
- **Collaborate for progress:** Work collectively, embracing the principle of Shared Responsibility, to drastically improve efforts towards the production and sourcing of 100% RSPO-certified palm oil.

Beyond the urgent need to increase RSPO Certified Sustainable Palm Oil (CSPO) production and uptake, WWF and ZSL recognise that creating a sustainable and responsible palm oil industry requires a multi-faceted approach which involves a variety of actions, as well as all actors along the palm oil supply chain. Check out [SPOTT](#) and [Palm Oil Buyers Scorecard](#) to find other actions supply chain stakeholders can take.



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⁴ The shared responsibility requirements and targets can be found here: <https://rspo.org/members/shared-responsibility>

