



RSPO Roundtable on Sustainable Palm Oil



Sustainable Palm Oil Dialogue: Market Transformation Towards Sustainable Palm Oil in India

Led by: RSPO

Co-Host : Rabo Bank

Moderator: Mr. Kamal Prakash Seth, India Country Head, RSPO (expand)

Panellists: Mr. Darrel Webber, CEO, RSPO, Mr. Paul Schuilwerve, CEO and Head, Rabobank India, Mr. Prakash Chawla, Chairperson, AAK Kamani, Mr. Sandeep Bhan, COO, Sime Darby Oils and Ms. Teenal Sethi, Chief Risk Officer, Rabo Bank

The session brought important players and consumers of sustainable palm oil sector to take stalk of the Indian markets. Are Indian markets conducive to shifting towards certified sustainable palm oil, what can be done to speed up the uptake, the challenges and the potential solutions were tabled by the speakers. Keeping it interactive, important aspects were added by the audience to this very engaging session. The panellists agreed it is a slow transition but also expressed positivity towards it. Consumer awareness, climate change impacts, and pressure built by financial institution can play an important role in this transition.

Key Highlights

Mr. Kamal Seth initiated the morning panel with a video, reminding us of our dependency on nature. Saying that the failure to move towards our commitments to produce and consume sustainable palm oil will come at a huge cost, he invited the panellists to share their role in forwarding the agenda.

Mr. Prakash Chawla reflected on the journey of one of the biggest manufacturers of speciality oils and how their current practices are aimed at enhancing sustainability. Mr. Paul Schuilwerve representing Rabobank India talked about its sector focussed policies which mandates the engagement with industry clients. Mr. Darrel Weber while highlighting his role as a facilitator, ensured that they key towards achieving the goal is that the opinions of the right people are represented at RSPO platforms. He also mentioned that RSPO comes out with policies governing the sector through universal consent. RSPO encourages its members to become ambassadors to encourage sustainable palm oil procurement and production and consumption, certified palm oil across regions. Mr. Sandeep Bhan representing Sime Darby Oil - the largest producer of sustainable palm oil mentioned that the organization complies 100% to the RSPO, MSPO and ISPO.

Elaborating on the certification provided by RSPO, Mr. Weber explained the credit system of buying or supporting certified sustainable palm oil. The credit system provides market access to small farmers as well as big plantation. Mr. Ashwin Selvaraj, Head of Smallholder Programme, RSPO added that 40% of global palm oil production comes from small scale producers, though regionally it can go up to 90%. He further added that there is a price difference for credits between mills and small farmers, the difference is due to the cost involved in getting small farmers certified.

India uses 10% certified sustainable palm oil (CSPO) which constitutes only 1% globally produced. Since palm oil is being grown for India outside India, it was mentioned that there should be shared



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responsibility of sustainability between both partners. Sharing a survey result, Mr, Seth said that consumers in India are happy to pay the premium of extra cost of using certified palm oil. He made a case for spreading consumer awareness, especially millennials to demand companies to use certified palm oil in their products. Consumer awareness has the potential to drive change was echoed by both Mr. Weber and Mr. Schuilwerwe.

Talking about the uptake of sustainable palm oil, Mr. Bhan added that the Indian and multinational FMCGs show a keen interest towards sustainable palm oil, it is the Indian traders who are more resistant. Cost is another factor slowing the uptake.

Adding to the point by Mr. Bhan, Mr. Chawla stated that unless the products are priced properly, it is difficult to promote large scale use of expensive oils. He further stressed upon the slow, stage wise shift as the consumers become more aware. He also opined that certificates have the largest potential to steer India towards sustainable palm oil consumption. The cost of climate change impacts needs to be built in the product pricing, added Mr. Schuilwever, agreeing with Mr. Chawla. Mr. Schuilwerwe also mentioned policies by financial sector can be driving force.

India produces 2-3% of its home demand, relying on exports for the rest. According to Mr. Bhan, India does not have a choice, keeping in mind the growing demand. Though the Government wants to explore local oil seeds as a substitute to reduce imports, the demand for palm oil will not change in the next couple of decades.

Growing palm oil locally though is a good idea theoretically, the panellists pointed to a host of issues. Dr. Weber warned about allocating land in ecologically sensitive area can never get RSPO certification as it's not sustainable. Mr. Schuilwerwe also questioned this decision by saying issues like water scarcity and land holding are not conducive to palm oil production. Mr. Chawla added that palm oil is not an easy crop to grow and requires multiple support and facilities. The panellists requested to engage with the Government to present the impacts of growing palm oil in North East to dissuade them from making this mistake.

Mr. Seth introduced of India Sustainable Palm Oil Coalition (I SPOC) forum. The aim of the forum is to engage with RSPO non-members to educate them about palm oil and its impact. The experience shared by Mr. Rijit Sengupta resonated with the speakers saying there is a growing trend of Indian companies showing interest towards sustainable palm oil consumption. The session was neatly wrapped up by Ms. Teenal Sethi briskly summarising the key points as mentioned in the session.

Recommendations

- Consumer awareness can drive companies to use sustainable palm oil. Millennials can play an important role.
- Engage and influence Government not to grow palm oil in ecologically sustainable areas
- Relook at product pricing, build in the cost of climate change impact, water scarcity in the products.
- Engage with Indian companies who are aware of impacts of palm oil to facilitate the shift as part of the pledge 'India will not import deforestation'