



## Sustainable Palm Oil Coalition for India (I-SPOC)

### Open Day

21 September 2021

#### a) Attendees

- Divya Verma, CDP
- Gautam Aggarwal, CDP
- Sandeep Bhan, Sime Darby
- Mark Wong, Sime Darby
- Aswathaman Vijayan, ITC
- Vivek Voora, IISD
- Ian Suwarganda, GAR
- Narendra Mohan, WWF
- Sanjana Das, WWF
- Kamal Prakash Seth, RSPO
- Bhavya Sharma, CRB

#### b) Brief Summary

- Bhavya gave an overview of the Sustainable Palm Oil Coalition for India (I-SPOC). The presentation highlighted the palm oil consumption in India, the need for sustainable palm oil in India and the challenges for promoting sustainable palm oil. It alluded on the work the coalition does, the governance structure, current members and the three working groups.
- Speaking of the challenges on the uptake of sustainable palm oil, Aswathaman from ITC spoke about the need for establishment of a transparent network highlighting the suppliers and the cost of procurement which would help businesses in taking up sustainable palm oil
- Kamal mentioned that there are certain anti-monopolistic practices around the world including India which means that pricing of the commodity is something that RSPO and I-SPOC cannot get involved with. There might never be a list of suppliers and pricing made available to businesses. A business could then refer to a list of RSPO suppliers which provides details of all RSPO certified suppliers across the world. The businesses could approach them and ask for a quotation and procure the commodity
- Sandeep Bhan, SimeDarby spoke about the transparency across the value chain. He added that there is complete transparency in terms of the suppliers for RSPO certified palm oil in India. SimeDarby is currently supplying to most of the well-known FMCGs. He added that the cost basically depends on what is required by the FMCG (Mass Balance (MB) or Segregated (SG)). The premium for SPO is more or less constant, it is more of having a sustainable supply chain in terms of regular shipment
- As an FMCG there is a need to look at their existing list of suppliers and choose the sustainable option
- According to the ACOP data 2020, there has been a good growth in the RSPO MB oil to India

- A lot of Crude Palm Oil (CPO) is getting refined in Pakistan and coming to India as Certified Sustainable Palm Oil (CSPO)
- Mr. Bhan added that another positive development this year seen by Sime Darby was imports were of SPO were not restricted to MNCs, but few Indian owned company have also procured it
- PepsiCo Global recently reported that they have met their 100% target for MB in India and there is a certain segment for SG as well
- NMOE-OP policy
  - Sandeep Bhan mentioned that it is a positive development which will help India in saving foreign exchange and job creation along with helping farmers getting a fair price for it. However, it is important to see that in terms of the production (land availability and rainfall) how the policy will shape up in the future
  - Aswathaman added that from the policy point of view, anything that helps in reducing imports is a positive move. On the other hand, from an oil seed perspective there are two challenges that India needs to handle; one is productivity which will include identifying the aspects that help in increasing productivity per hectare. Secondly, from a capacity production perspective the need for R&D in terms of package of practice and the availability of right variety of palm to be grown
  - Divya Verma said that the policy will push the companies/corporates who produce palm oil or are starting to produce palm oil in India to be more transparent in their processes
  - Vivek Voora said that while on one hand it is a positive move but will the announcement for increasing production also be accompanied by a commitment in investing for value addition in palm oil in India. Secondly, he added that expanding production in India will be a good thing provided it is handled sustainably. Lastly, the policy needs to enable agro-forestry systems of palm oil and the role of small holders would be in terms of production
  - Gautam Agarwal, mentioned that the policy is promising considering India is pushing towards being Atmanirbhar. He further wanted to know that the since the Indonesian and Malaysian markets are aware of RSPO certification, considering that India imports more than 90% from these two countries are there any associations based out of these countries that I-SPOC is working with on promoting uptake of sustainable palm oil
  - Mark wanted to know how the policy will actually push for changes in the supply landscape and the impacts it would have on the supply chain
  - Narendra Mohan alluded that as an environmental organization, the policy is a good step but the areas that are being promoted for producing palm oil (Andamans and North East of India) are biodiversity hotspots. He added that majority of the people are also waiting for the government to release more information regarding the policy, its implications, timelines, demarcated areas etc. Lastly, as per FSI data, palm plantation is also considered into the definition of forest it then becomes imperative that the government should produce everything sustainably and deforestation/ conversion free
  - Kamal Prakash Seth, shared few slides from the website of National Mission on Edible Oil and Oil Palm, he mentioned that a smallholder in India who grows oil palm is allocated a jurisdiction (an area/ district) and they can only supply to that mill. The company that owns the mill can only buy from that jurisdiction. This is the way it has been working in Andhra Pradesh, Telangana and Karnataka. The Andhra Pradesh Oil

Palm Act has been in place since 1993. The Act has also been copied in the other states like Telangana and the North Eastern states. He also shared a list of companies that own the mills in India. In India, unlike Malaysia and Indonesia, the farmers own the land and they have to supply to the allocated mill as per their jurisdiction. He also shared another list that included the names of the states where the government is planning the expansion of the policy. On top of the list are 8 districts of Andhra Pradesh, followed by 4 districts of Telangana. 90% of the palm oil produced currently in India comes from these two states. The reason for government to mention Andamans and North East for growing palm oil is to promote economic development in the areas. However, the reality is that most of the expansion will happen in existing agriculture land. It will also depend on the availability of land and water resources present in and around the area

- Since the past two to three years, RSPO and WWF have been building capacity of mills and farmers to get certified as per the RSPO standard. The two mills they are currently working with are; Navabharat and Radhika
- I-SPOC members and observers to come together and approach the relevant government authorities and promote sustainable production of palm oil in India
- The challenge is with the existing standards, since Malaysia and Indonesia have their own standards and RSPO is a voluntary standard. We should then let the businesses make their own decision on what is the demand in the market, decide on the standard they want to be associated with as an organization
- There was also a discussion on the implications in terms of price and feasibility if India was to ask for 100% sustainable palm oil into the country. During the pandemic the price of edible oil escalated, government has been trying to tackle the issue and taking steps to make it affordable for the consumers. According to some surveys and reports, 80% palm oil in India is directly used as refined palmolein in coastal India for deep frying food. The price of the palm oil thus matters. Indian government tries to play around with import duties and other tariffs to reduce the inflation around edible oil
- The part of the proposal (I-SPOC representation to the government) could then also include the price point; if it mandatory for every importer in India to buy sustainable from Indonesia and Malaysia then everyone will be on the same page. This could then be referred to as pre-market collaboration
- Narendra added that standards like MSPO and ISPO are mandatory standards so if an importer is importing from Indonesia and Malaysia, he is abiding to either one of the standard mandate. The organization that would demand RSPO certified palm oil, will be choosing RSPO standard over and above MSPO or ISPO. Abiding to RSPO standards could be pitched to the government while talking about recommendations as a coalition
- India meets 2-3% demand of palm oil through domestic production. The supply chain will drastically change if we as a country aim to achieve 10-12% of demand through domestic production. This however, might never happen to meet the organization's demand a company will continue to buy from refiners in Indonesia and Malaysia. In terms of domestic production, we might not be able to achieve an amount that will lead us to stop importing from other countries for the next 5-7 years
- Ian from GAR, spoke about their programme that looks at supporting smallholders in Latin America who were affected by the hurricane. GAR helps them in replanting their torn trees by providing seedlings. They also help setting nurseries. He proposed that for India if the Indian

growers or smallholders need support be it technical or raw materials, GAR would be happy to explore this through I-SPOC

- Kamal mentioned that on an average the productivity of India is extremely low, we have about 350,000 hectares planted with oil palm but we produce only 250,000 metric tonnes which makes it about 0.8 metric tonnes per hectares whereas the average in Indonesia and Malaysia is 4 to 6 metric tonnes per hectare
- From an efficiency point of Indian growers do need technical support to increase the yield per hectare
- Talking about working with other associations, Kamal added that as I-SPOC no MoU has been signed with other associations. As RSPO (a Founding Member of the coalition), they are a founding member or an integral member of the China Sustainable Alliance (CSPOA), which is meeting in the next 3-4 weeks for their annual meeting. RSPO is also part of the Support Asia for Sustainable Palm Oil (SASPO) team led by WWF in Singapore.
- Drawing parallels between the India and China markets, Kamal and Rijit will be representing I-SPOC at the CSPOA talking about what I-SPOC annual meeting on 18 October 2021. The presentation will highlight the work I-SPOC does along with identifying methods in which I-SPOC and CSPOA can collaborate to help grow the sustainable palm oil market
- Gautam from CDP mentioned that CDP doesn't work on the policy front in case of sustainable palm oil. However, CDP's strength lies in the data they collect from companies for the disclosure report. He added that in their forest questionnaire, where palm oil is listed as a forest – risk commodity many companies fail to disclose any information related to the use of palm oil within their supply chain. Moving forward, what are the actions could CDP and other members take in order to help I-SPOC in creating awareness and promoting sustainable palm oil sourcing across the supply chain
- Kamal highlighted that there are three organizations that collect the data and share it with the larger audience, one is WWF through their Palm Oil Buyers Scorecard (POBS), ZSL's SPOTT and CDP's disclosure report. With all the three the struggle has been that the Indian companies hasn't been reporting data. As I-SPOC it then becomes important to identify methods that will push members/observers to report regarding their palm oil purchases to either of the three studies
- Vivek added that one thing that has worked for some organizations is the competitive advantage in being more transparent if that is integrated into the Indian palm oil sector. It might mean that if we are able to convince 5 top palm oil user organization to participate in either of the data collection study, seeing the competitive advantage other companies might be prompted to submit their information as well. He further mentioned that in terms of reporting, SDG reporting could be fed into the report(s) motivating companies to share their data as well as their growth in various sections
- In terms of banks and investors side, there has been a trend to demand financial disclosure and transparency along with measures to ensure the investments are sustainable or support sustainable development outcomes. I-SPOC could work towards influencing the Indian financial sector to promote more disclosure and transparency related to sustainability
- It was suggested in order to push organizations to disclose regarding their palm oil usage, a mandate from the government regarding palm oil disclosure might push the organizations to disclose their volumes of palm oil used across the supply chain. Another way of doing this is ensure that amount of palm oil produced domestically in India should be produced sustainably across the country