

The last five years have seen a growing number of initiatives focused on increasing demand for sustainable palm oil in emerging economy markets. This series of case studies illustrates the activities and strategies civil society organisations and other initiatives are undertaking to strengthen demand for sustainable palm oil in Asia, and what we can learn from them.

COLLECTIVE VOICES GUIDING COMPANIES TO SOURCE SUSTAINABLE PALM OIL

National initiatives to engage businesses in dialogue and action



FACT FILE

Countries involved:

China, India, Singapore



Target audience:

Palm oil businesses producing and sourcing sustainable palm oil



Industry platforms:

- > **China Sustainable Palm Oil Alliance (CSPOA)**
- > **Sustainable Palm Oil Coalition for India (I-SPOC)**
- > **Support Asia for Sustainable Palm Oil (SASPO)**

Organisations involved in founding the initiatives:

ASEAN CSR, Centre for Responsible Business, CFNA, Danone, Denis Group (Ayam Brand), IKEA, Rainforest Alliance, RSPO, Unilever, Wildlife Reserves Singapore, WWF

SHIFTING THE CONVERSATION

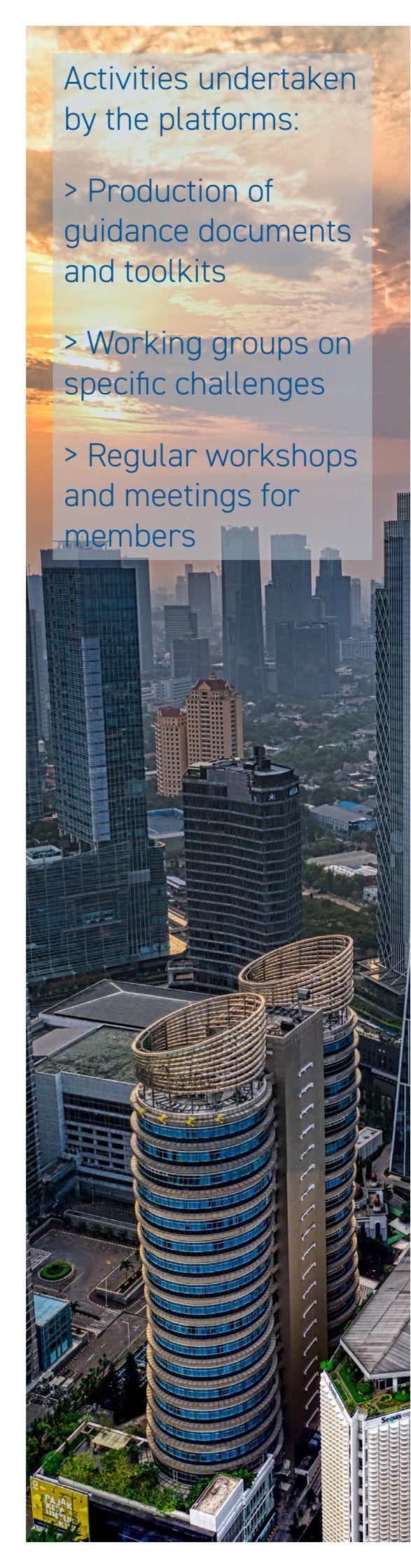
Demand for palm oil in Asia is growing, particularly in China and India, which have seen increases in domestic consumption of 41 per cent and 9 per cent respectively over the last five years.¹ Yet, there is a low level of awareness among businesses about the importance of sustainable production practices in palm oil, which is a key challenge for organisations working in this space and region.

Additionally, low consumer awareness on palm and sustainability issues, and little public policy or NGO pressure on the topic, means that getting through to palm oil businesses on shifting their sourcing practices towards sustainable palm oil has been a significant challenge.

This is where national industry platforms are playing a key role. The China Sustainable Palm Oil Alliance (CSPOA), the Sustainable Palm Oil Coalition for India (I-SPOC) and Support Asia for Sustainable Palm Oil (SASPO) in Singapore are leading the way in bringing businesses into the conversation about sustainable sourcing of palm oil.

COMPANIES AND SUPPLY CHAINS ACTORS JOIN FORCES

SASPO was formed in 2016 as a regionally focused, industry-led association of organisations involved with palm oil, with seven founding members: ASEAN CSR, Denis Group (Ayam Brand), Danone, IKEA, Unilever, Wildlife Reserves Singapore and WWF Singapore. In Singapore, the issues surrounding bad palm oil production practices were made stark by the 2015 Southeast Asian haze, caused by forest fires resulting from illegal slash-and-burn practices to clear vegetation for palm oil and other plantations. SASPO was established after the 2015 haze to bring companies together to discuss how to build resilient supply chains and what sustainable palm oil means. Its [Guide to Sustainable Palm Oil for Singapore Companies](#) was created to empower businesses to take the first steps towards transforming their business supply chains and incorporating sustainable sourcing policies. While it was established with a remit that spans the region, in practice its activities and members are focused in Singapore.



Activities undertaken by the platforms:

- > Production of guidance documents and toolkits
- > Working groups on specific challenges
- > Regular workshops and meetings for members

I-SPOC was founded in 2018 by the Centre for Responsible Business, WWF India, Roundtable on Sustainable Palm Oil (RSPO) and Rainforest Alliance to promote uptake of sustainable palm oil and its derivatives in India. In 2015, discussions began about the need to create a common platform that would initiate dialogues with companies with an interest in certified sustainable palm oil (CSPO). India is the largest importer of palm oil globally, so its companies have the potential to play a significant role in driving sustainable practices in the sector. The coalition serves as a starting point for those businesses engaged in developing policies and operational plans for sustainable sourcing of palm oil. Now, with [24 members](#) from across the value chain, it has created working groups on government policy, supply chain and end users to help break down some of the barriers to achieving sustainable sourcing goals.

Also launched in 2018, CSPOA is a joint initiative of RSPO, WWF China and CFNA (China Chamber of Commerce of Foodstuffs and Native Produce). It brings together companies and stakeholders in the palm oil supply chain that have made a joint commitment to promote the adoption of sustainable palm oil in China's palm oil market. There are currently 12 members: Mars Wrigley Confectionery, L'Oréal China, AarhusKarlshamn (AAK), Cargill China, MingFai Group, Musim Mas, Barry Callebaut, CDP, Tropical Forest Alliance, Bureau Veritas, LDC and HSBC. Going forward, it aims to encourage more Chinese companies to participate in transforming global markets to make sustainable palm oil the norm. It also seeks to heighten awareness among key stakeholders about RSPO and the value of driving sustainability in the palm oil industry, has held workshops on sustainable palm oil, and published Chinese guidelines encouraging companies to support sustainable palm oil.

TRANSFORMING THE SECTOR STEP BY STEP

How have national convening platforms such as these helped move the needle towards shifting business thinking and practice towards sourcing more sustainable palm oil?

In India and China, I-SPOC and CSPOA are still in their early stages but already see that there is good potential, with increases in the number of members joining. A willingness by companies to join these platforms is a good first-step indication of their journey towards sustainable sourcing. Partners convening these platforms are seeing member companies switch to sustainable palm oil sourcing policies and increase their commitments to CSPO.

A key role that these platforms play is in opening up the space for dialogue, questions and information-sharing. This is key in markets where there is minimal external or internal pressure on businesses to shift their sourcing practices and where the rewards for going sustainable are not clear. The other benefit such platforms offer is that they provide a space where businesses can speak openly with their peers on challenges and opportunities. This helps individual staff within such businesses gain support and skills to pursue sustainability agendas within their company.

However, it is clear that in both countries, relative to the volume of palm oil sourced, the uptake of CSPO is still very low in volume suggesting there is long way to go before a real impact in the sector will be felt. There is also a fear amongst convening partners that participation in these industry platforms should not be restricted to 'talking and learning', and more tangible goals should be set for member companies to pursue.

On the other hand, in Singapore, SASPO is further along its journey. In 2017, the publication of the Singapore WWF Palm Oil Buyers Scorecard, that evaluated which local companies were sourcing and using sustainable palm oil in their supply-chains, and increasing pressure from consumers led to a boost in membership due to the negative press companies were facing. SASPO members also received recognition of their efforts from the government, which has helped to raise the profile of SASPO and its members.

SASPO now has more than 80 brands and 200 food and beverage companies that have signed a commitment to a step-by-step approach to increase their sourcing of sustainable palm oil. Research (soon to be published by WWF) is showing that the proportion of the sustainably certified edible oil in the Singapore market has increased. Now, they are helping to move the conversation beyond sourcing CSPO to haze, making

Regional alliances are pivotal in providing resources and outlining clear next steps for actors. This can be crucial for companies confused by issues around certified sustainable palm oil. It recognises that tailored regional guidance is essential and that not all companies are at the same place in their journey.

Singaporean stakeholder

clear that the benefits to companies go beyond marketing and reputation. Yet, there is still a way to go to moving beyond haze to discussing biodiversity.

KEY CHALLENGES TO DRIVING CHANGE

Education about sustainable palm oil has been one of the barriers to sector transformation. The companies that are interested in joining generally have a low level of knowledge and understanding about CSPO – even agreeing on a definition of sustainable palm oil can be challenging – and it can take a long time to build up their knowledge. In India, in particular, this means that growth has been slow and it can take up to two years to ‘on-board’ a new member to I-SPOC.

It can also be difficult to get interest from some companies. In China and India, where primarily it is multinationals that are already engaged, more support is needed from leading domestic companies. In Singapore, SASPO is struggling to gain interest from big brands. It is clear that for any company, shifting sourcing practices to more sustainable options is a long term journey and often joining one of these platforms is only a very early small step.

Our research also revealed that once companies join the platforms, there are varying levels of engagement and action from members. For I-SPOC, there is no eligibility criteria for companies to join, only the intent to operate with sustainable palm oil, which makes it difficult to incentivise members to actively engage in the working groups. For SASPO, once members have met the eligibility criteria, it is challenging to get them to think about what they must do next to continue on their journey. Whilst for CSPOA, although many companies have commitments, they are not mandatory and there are varying levels of implementation.

Another challenge is the lack of outside pressure on companies to source sustainable palm oil. Although there is some support from government, there is a lack of strong policy requirements for sourcing CSPO. Demand from consumers, although increasing, is not yet creating enough pressure. In these markets, companies do not yet see unsustainable palm oil as a business risk and all-round price-sensitivity means that they are not sufficiently incentivised to source CSPO.

CROSS-CUTTING LEARNING AND INSIGHT

CSPOA, I-SPOC and SASPO play an important role in educating and providing resources to build up companies’ capacity to start and then make progress on their sustainable palm oil journeys. They outline clear steps for actors to take, which helps break down barriers for companies confused by issues around CSPO. By starting with basic, simple steps that companies can take, they lower the barriers on companies making commitments to CSPO and reassure companies that they are not expected to achieve everything at once.

By having an alliance or platform that operates in just one country, they can tailor guidance to local contexts, focus on the country-specific issues and support companies at different stages in their journey, educating and empowering them as needed. By building a common approach and joint ways of working, they have established a great starting point for engagement.

It is clear that one organisation cannot singlehandedly transform a sector. There is power in an industry-led collective voice guiding companies towards sourcing CSPO. At the same time such platforms have enabled NGOs interested in moving the sector towards sustainability to also combine forces and work together. Yet, experience to date suggests that industry platforms can be great pre-competitive spaces and conversation-starters but insufficient to spur sector-wide company action towards a sustainable sourcing policy. The power of such platforms can be better leveraged if there is more external pressure from the government, consumers and finance sector.



This case study was developed by ISEAL as part of the Good Growth Partnership’s Responsible Demand Project, thanks to financial support from the Global Environment Facility (GEF) through World Wildlife Fund (WWF). It was developed using information and insights gathered from desk research, and interviews and country-workshops conducted by ISEAL with stakeholders working on youth engagement activities in China, India and Singapore in 2020.



GOOD GROWTH PARTNERSHIP



1. Foreign Agricultural Service/USDA, 2020. Oilseeds: World Markets and Trade – September 2020 Global Market Analysis. Page 1 photo courtesy of Mehrad Vosoughi and Page 2 photo courtesy of Tom Fisk via Pexels.