



# Company Palm Oil Policy Template

An initiative by

**PMHAZE**

## [Template] Haze-free Palm Oil Policy & Implementation Plan

### Why adopt a haze-free palm oil policy?

Irresponsible practices in the production palm oil are a major cause of the annual haze that chokes Southeast Asia. The World Bank Report “[The Cost of Fire](#)” pinpoints palm oil concessions as being responsible for 505,887 hectares of burnt land in 2015, or almost 20% of the area burnt in Indonesia. Meanwhile, companies in Singapore continue to buy palm oil to produce a wide range of products such as bread and biscuits, as well as for cooking – thereby leaving these companies exposed to the risk of a negative reaction by consumers.

However, oil palm is the highest yielding oil crop. Switching to other types of vegetable oil may lead to even more land being cleared. The solution is to grow oil palm without causing the haze. In the report “Go Haze-free for Singapore”, PM.Haze outlined how existing palm oil certification by the Roundtable on Sustainable Palm Oil can provide a good starting point for sourcing haze-free palm oil - at an estimated cost of less than 6 cents a litre. Meanwhile, NGOs such as WWF are ready to support companies in building capacity to make the switch. We understand that changing suppliers takes time, and therefore **a public commitment in the form of a palm oil policy helps to communicate your intention to consumers, suppliers and your own staff.**

A convincing commitment should be accompanied by a time-bound implementation plan. In October 2015, the ASEAN environment ministers set a vision of haze-free ASEAN by 2020. It is therefore strongly encouraged that companies consider the year 2020 as a deadline to implement action plans and become haze-free.

This document serves as a template for Singapore-based companies buying palm oil to craft a palm oil policy in order to demonstrate commitment towards sourcing haze-free palm oil, thereby ensuring our consumer money supports haze-free practices instead of funding the haze.

### Who can use this template?

- Food outlets
- Caterers
- Retailers
- Consumer product manufacturers

## **Key Sections in a Palm Oil Policy**

### **Values statement**

A statement outlining the company's **values** and how your company feels is the right way to operate. The values that the company embodies will help guide your company's actions towards haze-free palm oil.

*Examples:*

*IKEA is committed to ensuring that the palm oil we use is grown and processed in a responsible and sustainable way. [[IKEA position on palm oil](#)]*

*McDonald's recognizes the social and environmental importance of supporting sustainable production. We know that our brand carries a great deal of visibility and influence, which is why palm oil has been a key focus since 2011 when McDonald's joined the RSPO. [[McDonald's Sustainable Palm Oil Action Plan](#)]*

### **A clear standard for your palm oil**

Clearly state the practices that your company expects for your palm oil sources, in order to make them haze-free (sustainable). These should include:

- 1. Zero fire**
  - a. No use of fire to clear land
  - b. Have sufficient equipment and manpower to detect and fight fires within and around concessions
- 2. Zero deforestation**
  - a. Protection of HCV (high conservation value) and HCS (high carbon stock) areas
- 3. Zero peat**
  - a. No new development on peat, regardless of depth
  - b. Apply best management practices for existing plantations on peat, with a view on rewetting the peatland at the end of crop cycle
- 4. Zero exploitation**
  - a. Respect for rights of indigenous people and local communities, including the right to give or withhold their Free, Prior and Informed Consent to development on their lands
  - b. Collaborate with smallholders and other local communities to support fire-free agricultural practices and livelihoods

*Example:*

*Protect Forests*

- *No development of High Carbon Stock forests and High Conservation Value areas*
- *No burning in the preparation of new plantings, re-plantings or any other developments. Progressively reduce greenhouse gas emissions on existing plantations*
- *Adherence to all relevant national laws, as well as RSPO or equivalent certification criteria*

#### Protect peat lands

- No new development on peat areas regardless of depth
- Apply Best Management Practices for existing plantations on peat

#### Protect human and community rights

- Respect and support the Universal Declaration of Human Rights
  - Respect and recognize the rights of all workers regardless of gender, including contract, temporary and migrant workers
  - Prohibit use of forced and child labor, and human trafficking
  - Respect Land Tenure Rights, including the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent to all new development or operations on lands to which they hold legal, communal or customary rights
  - Facilitate the inclusion of smallholders into the supply chain
  - Resolve all valid complaints and conflicts through an open, transparent and consultative process
- [\[Kellogg Company Palm Oil Commitment\]](#)

### **Goal & Milestones**

A **target date** (by 2020 or earlier) to achieve **100% verified sourcing of haze-free palm oil** (according to the standard stated in your palm oil policy).

The haze-free palm oil goal should cover

- Global operations
- Palm oil and palm kernel oil used in all its forms be it in pure form eg. cooking oil, or as an ingredient eg. margarine, shortening

Specific milestones leading up to that goal may include:

- Target date for 100% of palm oil used to be Roundtable for Sustainable Palm Oil (RSPO)-certified sustainable or covered with GreenPalm Book and Claim certificates
- Target date for 100% of palm oil used to be Roundtable for Sustainable Palm Oil (RSPO)-certified sustainable from segregated supply chain (ie. Segregated and/ or Identity Preserved supply chain model)

Different timelines may be used for palm oil used in different forms or different geographical locations.

*Example:*

*McDonald's goal is that, by 2020, 100% of the palm oil used in our restaurants worldwide and as ingredients in McDonald's products will support the production of sustainable palm oil. This includes:*

- *By 2015: 100% of palm oil used for restaurant cooking or by McDonald's suppliers to par-fry chicken and potato products will be Roundtable for Sustainable Palm Oil (RSPO)-certified sustainable or covered by GreenPalm Book and Claim certificates.*
- *By 2020: 100% of all palm oil or palm kernel oil used by suppliers as an ingredient in McDonald's products will be RSPO-certified sustainable or covered by GreenPalm Book and Claim certificates.*

[\[McDonald's Sustainable Palm Oil Action Plan\]](#)

## **Implementation plan**

Outline of how your company plans to achieve your goal and milestones. It should include:

- **Supplier engagement**
  - Communicate with suppliers on your policy for haze-free palm oil
  - Request suppliers to fill out a traceability document annually to identify the companies involved in the palm oil supply chain
- **Response to violations by suppliers** (both direct and indirect)
  - Work with supplier(s) found guilty of violating the palm oil policy to resolve the issue. Cut out supplier(s) if supplier(s) still fails to comply.

*Example:*

*IKEA will work with its suppliers to ensure chain of custody for the palm oil used in IKEA products.*

*IKEA operates robust processes and systems to ensure that IKEA products are produced in line with our standards and requirements. If any issues are discovered, we first establish the facts, and then strive to improve and remedy the situation. Once it is clear that remedy or improvement is not possible, we will phase out the relationship. [[IKEA position on palm oil](#)]*

## **Transparency and verification**

Outline how your company will be accountable to your customers through:

- **Ingredients listing** of menu items or prepacked food items with breakdown of components of edible fats and oils used [[McDonald's USA Ingredients Listing for Popular Menu Items](#)]
- **Transparent and regular progress reports**
  - Reports should state progress towards goal & milestones, evaluation of implementation plan, and etc.
  - Reports should be done at least annually
  - Can be part of your company's sustainability report
- **Independent third party verification**
  - Supply chain certification or other form of auditing by an independent third-party to verify the amount and type of certification for the palm oil used in your company
  - Partnering non-governmental organisations (NGOs) to ensure suppliers (both direct and indirect) are identified and violations are responded to accordingly (See section on supplier engagement)

*Example:*

*Ferrero has agreed with its suppliers to meet the targets of this Palm Oil Charter, and will support them in its implementation. We will work with our NGO partners, including TFT- The Forest Trust- to assess our suppliers, monitor progress in the field and publicly report our performance against this Charter. We will report transparently and publicly on progress every six months. [[Ferrero's Palm Oil Charter](#)]*

**For consideration:**

There are many platforms and groupings your company can join to receive support in the implementation of your palm oil policy. Your company may wish to highlight such collaborations, for example:

- **Singapore National Alliance for Sustainable Palm Oil**
- **Roundtable on Sustainable Palm Oil (RSPO)**

**For consideration:**

Certain commitments that leading global companies have made may be more challenging for a smaller Singapore-based company to attain but can be considered if your company wishes to demonstrate leadership:

- **Traceability:** Trace palm oil to mills and/or plantations.
- Support **ground projects**. Examples include establishing fire-free villages, restoring degraded peatlands.
- Support **small-holder palm oil growers**
- Integrate haze-free palm oil into **wider sustainable sourcing policy** covering other raw materials. *Example: sustainable seafood, cruelty-free animal products, sustainable packaging, etc.* [[Safeway's Supplier Sustainability Guidelines and Expectations](#)]
- For retailers: Extend palm oil policy to cover not only house-brand products but also **all products** carried in your store.

For more information:

Contact People's Movement to Stop Haze (PM.Haze) at [contact@pmhaze.org](mailto:contact@pmhaze.org)