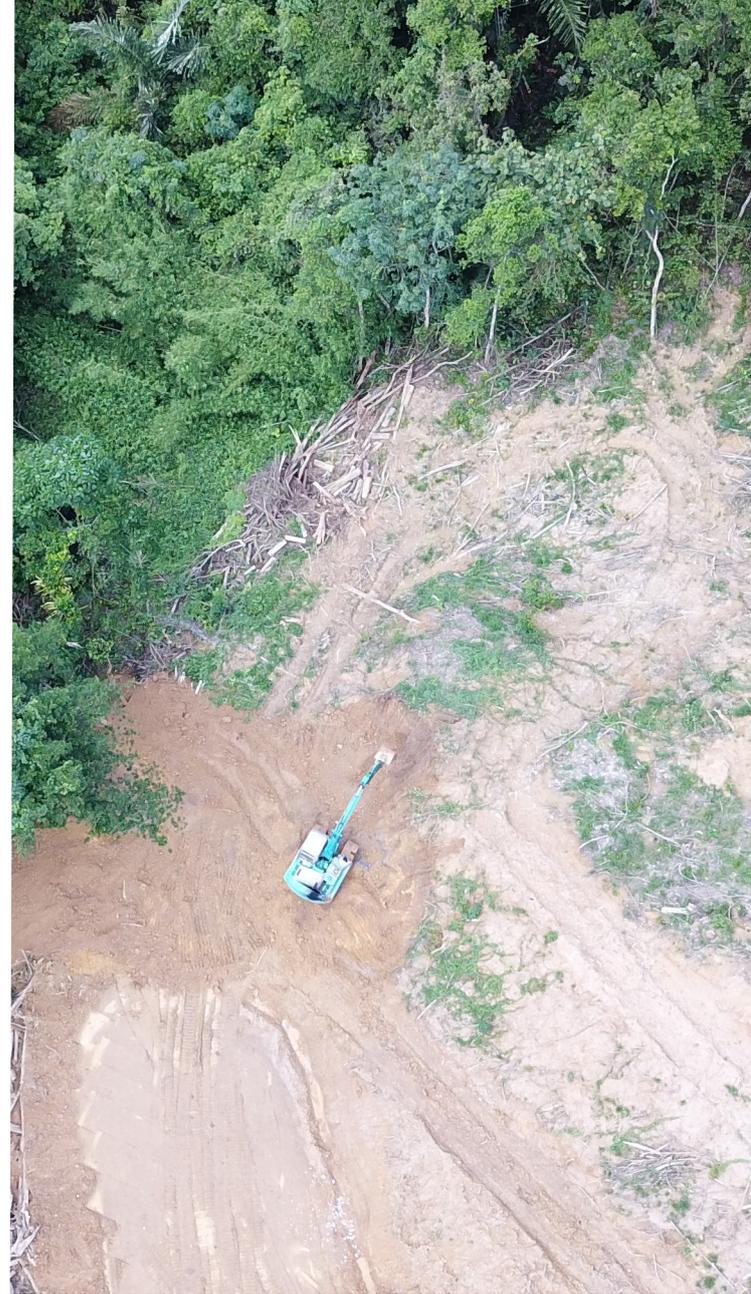
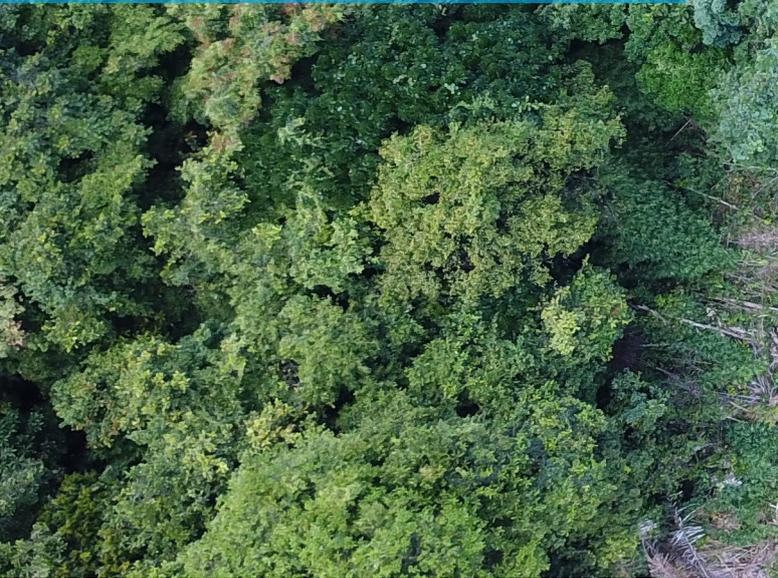


## Double Standards

Why the RSPO must adopt rather than adapt the High Carbon Stock Approach



### Summary

The Roundtable on Sustainable Palm Oil (RSPO) is reviewing its requirements for certification – its Principles and Criteria (P&C). Its current P&C allow significant deforestation, which has prompted a plethora of independent ‘no deforestation’ commitments from companies, including RSPO members. This in turn pressures the RSPO to prove it can integrate ‘no deforestation’ standards to meet market demands.

The adoption of the High Carbon Stock Approach (HCSA) – an agreed method on ‘no deforestation’ – represents a viable way for it to do so.

Yet while claiming it is presenting a ‘no deforestation’ standard, the RSPO’s revised draft P&C only incorporates the HCSA in a half-hearted way. Where clearance is ongoing, the HCSA will not be properly applied.

The RSPO has created loopholes for weakening the application of the HCSA in high forest cover (HFC)

landscapes by inventing its own “HFC procedure” and proposing definitions that allow for the clearance of forests in new oil palm frontiers in the name of ‘local communities’ and ‘legacy cases’.

Such different procedures will create an implementation nightmare for the RSPO – an organisation that has already suffered serious implementation failings.

The RSPO does not need to create its own methods and cannot be relied on to enforce them. The HCSA already has or is finalising methodologies allowing for its application in high forest cover landscapes in ways that address local community development and legacy cases.

To be the credible ‘no deforestation’ standard it needs to be to survive in a new market, the RSPO must adopt the HCSA in full, rather than seeking to adapt it to the will of its current membership.

## Last Chance Saloon

It's 'do or die' time for the RSPO. It is currently revising its core standard – its Principles and Criteria (P&C) – which set out the requirements oil palm growers need to meet to be certified “sustainable”.

The RSPO's current P&C, adopted in 2013, has been extensively criticised for not sufficiently conserving forests.<sup>1</sup> It only protects primary forests and High Conservation Value (HCV) areas since November 2005, meaning other forests can be cleared.

As a result, forest loss has happened before and continued after RSPO certification. Forest cover in plantations which became RSPO-certified in Indonesia declined from 1,988 km<sup>2</sup> in 2000 to 330 km<sup>2</sup> in 2015, with merely 1.9 per cent of their area remaining forested.<sup>2</sup> No difference has been found between RSPO-certified and non-certified plantations for a range of sustainability metrics.<sup>3</sup>

In the wake of this, more and more companies in the palm oil industry have leapfrogged the RSPO's ambition by committing to implement their own 'no deforestation' policies outside of the RSPO system, threatening not merely the RSPO but certification more widely. Other companies are abandoning palm oil altogether – partly due to the RSPO's weak standards on deforestation.

The High Carbon Stock Approach (HCSA) has emerged as an agreed method for implementing 'no deforestation' commitments. The HCSA categorises land into six classes, including four classes of High Carbon Stock (HCS) forests to be conserved and non-HCS areas which can potentially be developed.<sup>4</sup> It also integrates HCV assessments and Free, Prior and Informed Consent (FPIC), current key requirements under the RSPO.

Forty-four per cent of the world's 50 largest palm oil growers and traders have already committed to the HCSA.<sup>5</sup> In contrast, RSPO-certified palm oil covers only 17.5 per cent of all palm oil globally produced<sup>6</sup> and only 50 per cent of this is sold as being RSPO-certified.<sup>7</sup>

The HCSA presents an opportunity for the RSPO to adopt a credible 'no deforestation' standard that will strengthen and reinforce its certification scheme and

recapture market credibility by bringing it back into the realms of market leadership.

Given that the RSPO only reviews its P&C every five years – and its 2013 P&C review was considered a lost opportunity at the time<sup>8</sup> – failure to adopt the HCSA now will make the RSPO increasingly redundant, putting its very survival over the next five years in significant doubt.

## The Draft Revised P&C – New backdoors to deforestation

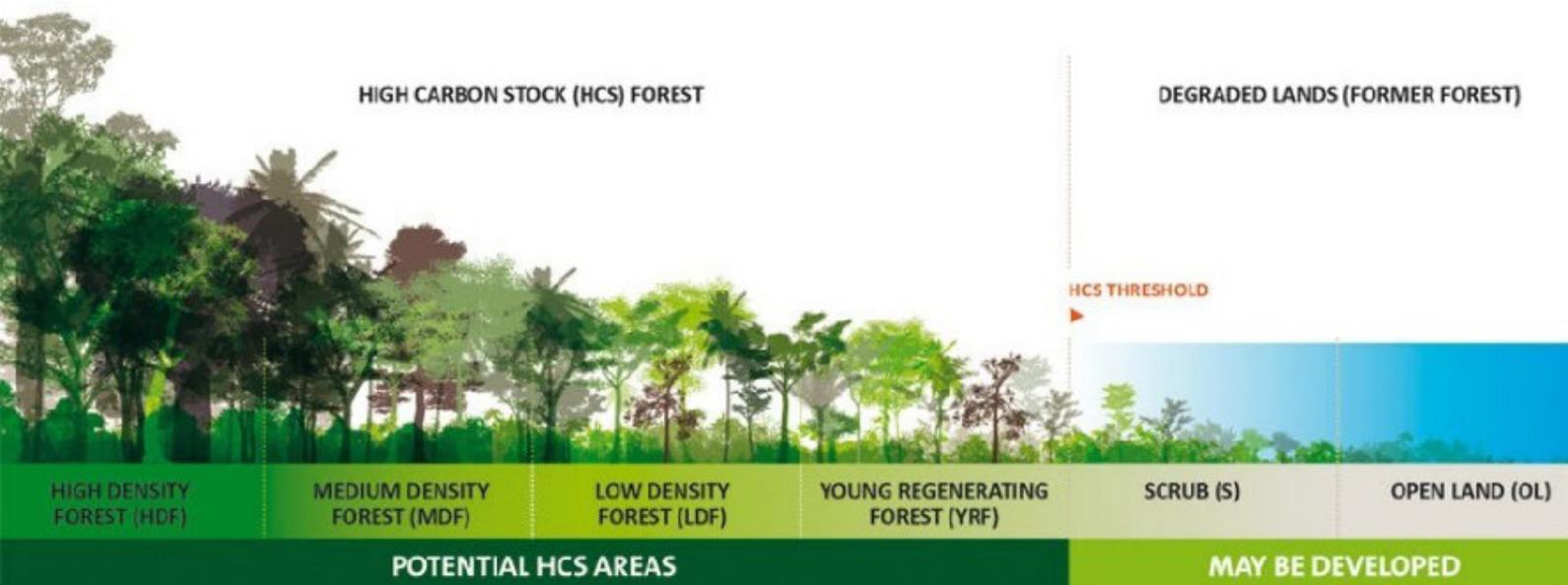
To its credit, the RSPO has made clear its intent to include 'no deforestation' within its standard and has included language around this in Criterion 7.13 in the second draft of the P&C – the final draft for public consultation, prior to the new P&C being adopted in November 2018.<sup>9</sup>

However, the second draft makes clear that the RSPO is still resisting properly adopting 'no deforestation' requirements, seemingly to cater for companies among its membership with large forested landbanks for palm oil expansion in new forest frontiers.

Although the indicators under Criterion 7.13 incorporate the HCSA and state that high carbon stock forests will not be replaced after November 2018, the RSPO has refrained from adopting the HCSA in its entirety and invented its own procedures and definitions. Combined, these create extensive loopholes that will permit the destruction of critical forests and complicate compliance.

### Not stopping ongoing forest clearing

Notable is that high carbon stock forests are only required to be identified for New Planting Procedures (NPP) submitted after November 2018. This seems to allow companies which have already registered new plantings and started clearing, but not necessarily finished, to continue deforesting under the old RSPO rules. Additionally, for NPPs post November 2018 in high forest cover (HFC) landscapes, not all high carbon stock forests will be protected as the RSPO has come up with its own different procedure.



### *Fiddling the definitions for high forest cover landscapes*

There are no definitions given for 'high carbon stock forests' nor 'high forest cover landscapes' in the second draft, making it impossible to know if the RSPO will adopt the HCSA's definitions or make up its own.

It is highly worrying that the RSPO has proposed a whole new process, termed the "RSPO HFC procedure", for determining when the application of the HCSA in HFC landscapes can be weakened. In contrast, the HCSA Steering Group has announced that the HCSA, including its Toolkit and Decision Tree, will not be altered for HFC landscapes (defined by the HCSA as landscapes with more than 80 per cent forest cover).<sup>10</sup>

As part of its HFC procedure, the RSPO has invented another new concept not included in the HCSA – "HFC countries". HFC countries are arbitrarily defined as countries with over 60 per cent forest cover. Yet three of the eight HFC countries explicitly listed in the second draft P&C do not actually have over 60 per cent forest cover.<sup>11</sup> Contentiously, Indonesia's Papua and West Papua provinces are also included – despite being sub-national regions.

The RSPO's HFC procedure – itself not yet fully defined – appears to be designed to allow some types of HCS forests to be cleared when found in HFC landscapes, in HFC countries, when on "local community lands" or in "legacy cases". This creates unnecessarily complex conditionality in the application of the HCSA principles that is likely to increase non-compliance while reducing audit accuracy.

Some of the conditions structurally contradict core provisions of Criterion 7.13. For instance, draft guidance on the implementation of the RSPO HFC procedure includes a proposal that a "*develop:conserve ratio of at least 1:1*" must be "ensured" in HFC Landscapes in HFC Countries (inclusive of Papua). This suggests up to 50 per cent of an area should be deforested, if 50 per cent is conserved.

### *Local community lands – potential exploitation*

The second draft P&C allows companies to clear HCS forests where they occur on "local community lands" in HFC landscapes in HFC countries. With "local community lands" defined as any land where communities have legal or customary rights, it is conceivable that entire concessions covering tens of thousands of hectares could qualify for these special RSPO-determined exemptions from the HCSA. This is likely to be systematically exploited by companies pursuing new sources of supply from forest frontiers.

### *Legacy cases – more permitted deforestation*

The RSPO also proposes its own system for determining the applicability of HCSA in "legacy cases". While these are poorly defined in the second draft, it suggests that any company which has an ongoing new development located in a HFC landscape in a HFC country and which registers with the RSPO within six months of November 2018 will be allowed to deforest some HCS forests. This permits companies to be certified compliant with this RSPO HFC Procedure under an RSPO branded 'no deforestation' standard, while clearing forests.

The contradictory nature of the second draft P&C text structurally violates Criterion 7.13 overall – that new plantings do not cause deforestation. Nearly a third of HCSA assessments (26 out of 81) undertaken to date have been in what the RSPO defines as "HFC countries".<sup>12</sup> Under the RSPO's proposed definitions and procedures, such concessions could clear some of their HCS forests and therefore cause deforestation, while under the HCSA's procedures they cannot clear any HCS forests.

The RSPO's proposals suggest that only if a concession area has not started clearing and is not highly forested it will have to rigorously apply the HCSA. When clearing forest in a HFC landscape and HFC country, the RSPO does not require rigorous application of the HCSA.



## Ensuring compliance

By creating its own procedures and definitions deviating from the HCSA, the RSPO creates confusion and makes it a highly difficult standard to audit and implement. The RSPO has been plagued by bad implementation so far.<sup>13</sup> For example, primary forest loss has still occurred in certified plantations, in violation of the current P&C.<sup>2</sup>

The RSPO needs to fully adopt the HCSA and resist the creation of its own different rules. Both legacy cases and local communities are being addressed as part of the HCSA, which the RSPO can plausibly also adopt, that will allow for development as well as conserve HCS forests.<sup>14</sup> Additional information on the legacy case review process is due to be published on the HCSA website shortly.

By adopting its own definitions and procedures, the RSPO will still allow extensive deforestation and it will not be a credible 'no deforestation' standard. This will not meet the market's nor RSPO members' needs, nor will it contribute to the global goal to halt deforestation. Over 60 NGOs have expressed major concerns on the second draft P&C to the RSPO, inclusive of its 'no deforestation' standards.<sup>15</sup>

As the governments of consumer markets – including EU member states and the European Commission – increasingly consider market regulation to eliminate deforestation,<sup>16</sup> the RSPO has a clear choice on whether to be 'no deforestation' or not.

## Recommendations for the revised RSPO P&C

- Ensure that all new clearance after November 2018 does not replace HCS forests
- Adopt the HCSA Toolkit that is applicable to both fragmented forest landscapes and HFC landscapes
- Do not create a separate RSPO HFC procedure and do not seek to define HFC countries
- Adopt the HCSA's definitions of 'High Carbon Stock Forest' and 'High Forest Cover Landscape'
- Adopt the HCSA's eligibility criteria for 'legacy cases' and its identified alternatives for local community development, once finalised.

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