Annual Progress Report

UK Roundtable on Sourcing Sustainable Palm Oil

November 2018

Efeca

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1. Introduction

The UK Roundtable Commitment and the Amsterdam Commitment

The UK Roundtable on Sourcing Sustainable Palm Oil (Roundtable) is an industry alliance that aims to promote the uptake of sustainable palm oil in the UK. In existence since 2012, members include trade associations for key palm oil using sectors, the 4 major UK refiners, and NGOs.[1]

The Roundtable was originally formed when Defra published the UK statement on sustainable palm oil in 2012,[2] which brought together trade associations for palm oil-using sectors, the UK government and the World Wildlife Fund to agree to work towards 100% sourcing of credibly certified sustainable palm oil by 2015.[3], [4]

Following the end of the 2015 commitment period, the Roundtable reformed and agreed to sign the Amsterdam Commitment supporting 100% Sustainable Palm Oil in Europe by 2020. With the signing of the 'Commitment to Support,' the Roundtable joined various European private sector organisations to ensure a fully sustainable palm oil supply chain in Europe by 2020.

The Commitment to Support was originally initiated by IDH, the Sustainable Trade Initiative and MVO, the Netherlands Oils and Fats Industry, who established the European Sustainable Palm Oil project in December 2015. In response, the governments of key European Union countries declared their support towards the project by signing the Amsterdam Palm Oil Declaration in support of a "private sector-driven commitment to 100% sustainable sourcing and increased traceability of palm oil by no later than 2020."[5] The wider Amsterdam Declarations are intended to stimulate private sector commitment and progress on agricultural commodities associated with deforestation (such as palm oil, soya and cocoa). The Commitment to Support is not a zero-deforestation commitment. It also does not commit signatories to source 100% physical CSPO.

The UK Roundtable signing of the Amsterdam Commitment builds on previous work to source 100% CSPO by 2015 through the 2012 UK statement on sustainable palm oil. As part of it, the Roundtable has agreed to continue to report annually on progress in the UK, and work with other signatories to the Amsterdam Commitment on increasing the uptake of sustainable palm oil.

[1] The Roundtable includes the Food and Drink Federation, Sustainable Restaurant Association, British Hospitality Association, Chilled Food Association, British Retail Consortium, Federation of Wholesale Distributors, Business Services Association, British Association for Chemical Specialties, UK Cleaning Products Association, Agricultural Industries Confederation, National Edible Oil Distributors' Association, Seed Crushers and Oil Processors Association, Renewable Energy Association, UK Petroleum Industry Association, World Wildlife Fund, Zoological Society of London, Forest Coalition, British and Irish Association of Zoos and Aquariums, and Food Additives and Ingredients Association.

[2] https://www.gov.uk/government/publications/sustainable-production-of-palm-oil-uk-statement

[3] The 100% by 2015 commitment covered the use of both sustainable palm oil and palm kernel oil, but did not cover palm kernel meal. Relevant sectors also worked to encourage sustainable sourcing of palm oil fractions and derivatives.

[4] It followed similar statements that were made in the Netherlands and Belgium. It also was also preceded by David Cameron's announcement in April 2012 about new measures to tackle illegal deforestation worldwide in partnership with the Government of Indonesia and the business community. This included working with UK businesses on sustainable timber and palm oil sourcing. The Statement was not a binding policy, but a voluntary commitment. The commitments and actions varied, and some organisations had already committed to only using sustainable palm oil by 2015. Others made commitments to explore the issues, and encourage and support their members in the switch to sustainable sourcing. Those in the renewable energy industry had legislative requirements that govern their use of palm oil.

[5] http://www.euandgvc.nl/documents/publications/2015/december/7/declarations-palm-oil

This report measures the progress of the Roundtable in meeting the Amsterdam Commitment. It will continue to be published annually until 2020. It covers previous data points reported on in the 2012-2016 commitment period, and explores the wider consumption of palm oil in the UK. For a detailed account of the evolution of the reporting methodology, and the new methodology agreed with the Roundtable for this report in 2016, please see Annexes 5 and 6.

2. Overview of Palm Oil Usage in the UK

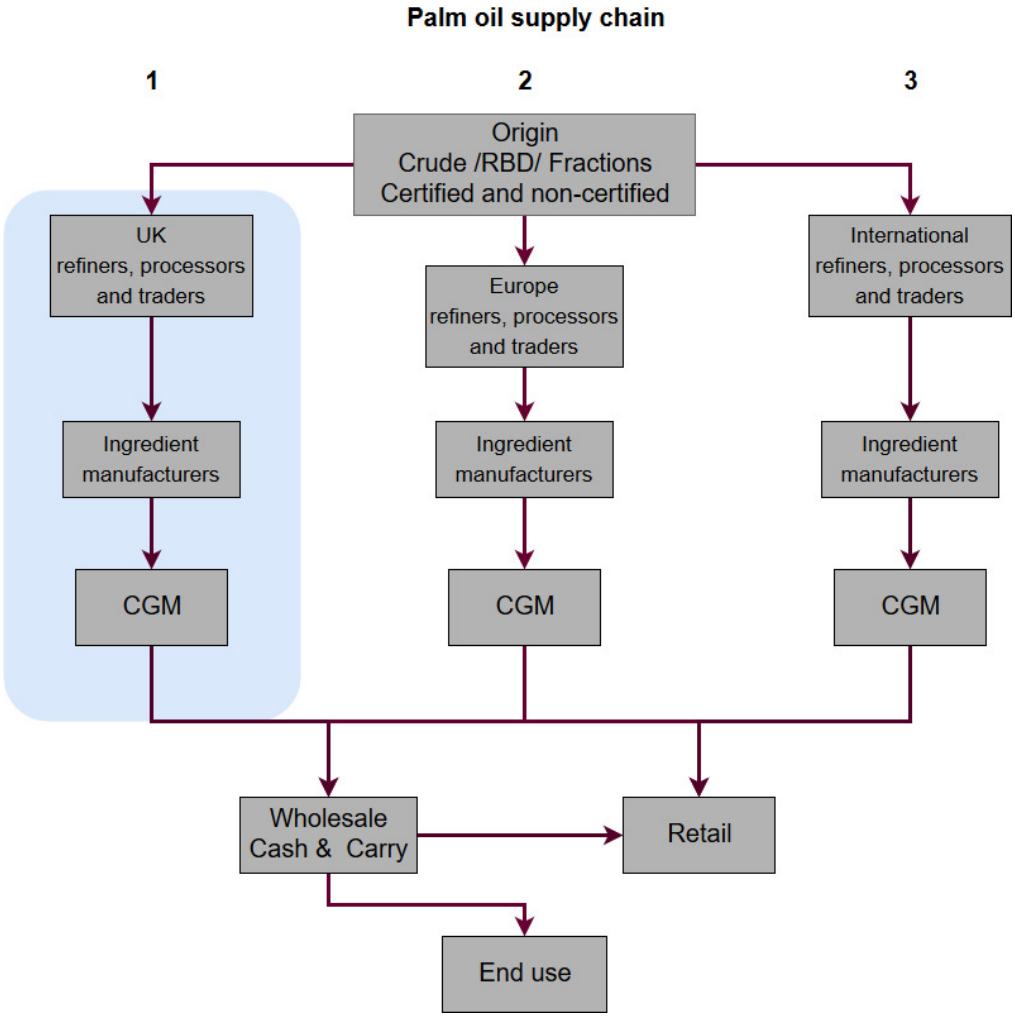


Figure 1 The Palm Oil Supply Chain (Source: Efeca 2017)

This diagram illustrates the flow of palm oil and palm kernel oil into the UK market. Palm oil comes from several sources. Column 1 (highlighted in blue) illustrates palm oil refined and processed by the UK refineries, or the main UK volume and the focus of the headline figures of this report.

Some palm oil enters the UK as refined oil, ingredients or in finished goods (both food and non-food), from either European sources (Column 2) or International sources (Column 3). Functional ingredients such as emulsifiers or bakery fats are delivered to consumer goods manufacturers (CGM), while finished goods will tend to enter lower down the supply chain. For example, the oleochemical and animal feed markets play a role as processors, often buying fractions and derivatives of palm oil and palm kernel oil from origin.

In Part A of this report, we provide data on total palm oil used in the UK that comes via UK refiners. Volumes for palm oil entering the UK separately from the main UK refiners (Columns 2 and 3) are not available in this report. In Part B of this report, we look at the potential use of palm oil imported directly through European or international refiners. We look at ingredients, CGM, and Retail, evaluating what information we have on volumes and the market, and assessing what information is missing. In Part D we look at three sectors in more detail, to understand the challenges of data collection, monitoring, and sustainable sourcing – Oleochemicals, Food Service, and Animal Feed. Finally, we address the impact of UK plc on the ground, wider trends such as zero deforestation commitments, and how these impact palm oil

sourcing. We also provide recommendations, and incorporate the results of the stakeholder survey. Qualitative updates from RT members are listed in Annex 1.

A. Palm Oil usage in the UK via UK refiners

This section looks at imports of physical certified palm oil via the main four UK refiners, using a similar approach to the 2012 – 2015 progress reports. Some refiners were able to confirm that the figures they provided Efeca encompassed fractions and derivatives of palm oil that they import and process further before selling on. Please see Annex 4 for further explanation of the fractions and derivatives supply chains. All confirmed that they do not import additional fractions and derivatives, sell these on without processing them, and report them separately from the sales figures they have provided. Therefore, the figures we have used for this report should encompass all refiner crude and refined oil, as well as fractions and derivatives. The figures below illustrate how the usage of CSPO has developed since 2009.

Imports of physical Certified Sustainable Palm Oil

The findings for 2018 illustrated in Figure 2 indicate that the volume of UK palm oil purchases supported by the RSPO certification models of Mass Balance, Segregated, and Identity Preserved represents 327,653 mt (excluding RSPO credits and derivatives and finished goods), or 75% of total palm oil imports to the UK.

The figure below compares 2016 and 2017 figures with 2009-2015 figures that do not include RSPO credits certificates purchased by companies in the volume of CSPO purchased in the UK. When GreenPalm is removed from the headline figure, the percentage of CSPO of total UK palm oil consumption in 2017 equals 75%, compared to 78% in 2016 and 77% in 2015. Total palm oil usage has increased by 14,000 tonnes overall, but is still lower than in 2010.

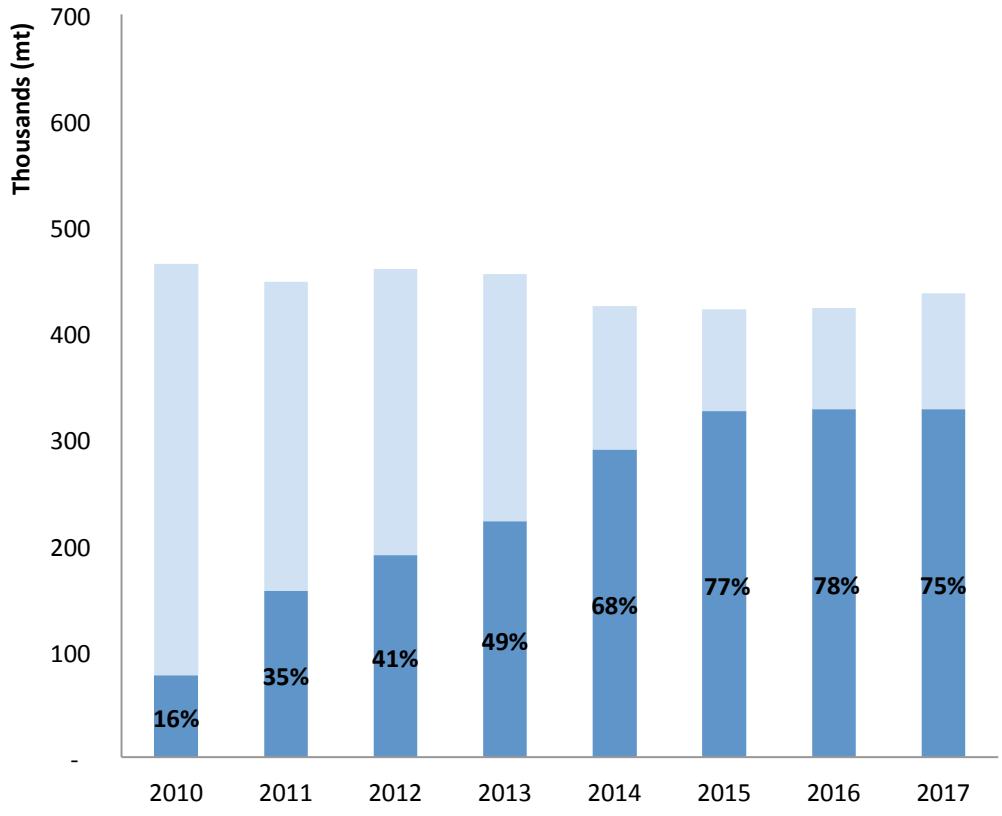


Figure 2 Certified Sustainable Palm Oil purchases in the UK supported by RSPO supply chain models (2016 not including GreenPalm), from the 2009 baseline figure in metric tonnes (Source: Efeca analysis of UK

refinery data, FEDIOL data, 2017)

In 2016 UK purchases of palm oil supported by Mass Balance, Segregated, and Identity Preserved RSPO certification (not including RSPO credits) have decreased by 0.15% since 2016 (when total purchases represented 328,139 mt).[6] The rate of change has essentially plateaued in the last 2 years (in 2014 to 2015 total purchases increased by 12%, and from 2015 to 2016 by 1%). However overall, 2017 UK purchases of palm oil supported by Mass Balance, Segregated, and Identity Preserved RSPO certification (not including GreenPalm) have increased almost six-fold since 2009 (when total purchases represented 55,000 mt).

The slight decrease in CSPO usage in the UK could be due to companies switching ingredient profiles way from palm oil, due to negative press about palm, or UK companies moving manufacturing abroad to reduce costs. It may also be due to incomplete reporting, and some manufacturers importing directly instead of via the main 4 refiners, as noted in the overview. Working with producer countries and our European partners will be important to move beyond the current plateau in usage and move entire supply chains towards 100% CSPO usage.

In terms of the broader context, it is interesting to note that UK refiners use 0.62% of total global PO and PKO production of 75 million tonnes, and 5.5% of total EU usage.[7]

Purchases of RSPO credit certificates

In 2016, UK companies purchased 41,903 mt of RSPO credits certificates (previously called GreenPalm certificates, see below), compared to 131,261 mt of palm oil supported by purchases by UK companies in 2015 and 84,949 mt in 2016.[8] PalmTrace consumption decreased from last year, at a much greater rate than in the previous year (by 51% from 2016 to 2017, vs by 35% from 2015 to 2016).

If RSPO credits were included in the total CSPO figure based on UK refinery figures, it would represent production of certified oil equivalent to 10% of UK import based on FEDIOL data. This represents a decrease from 51% of 2016's total usage, and is demonstrated in the Figure below. As a result, the amount of uncertified PO has increased, compared to previous years when more RSPO credit certificates were bought. If the total percentage of CSPO includes RSPO credits, the UK has achieved 85% CSPO sourcing, compared to 95% in 2016 or 108% in 2015.

[6] 2015 total refinery figures were in reality slightly different, due to inaccurate reporting by one refiner on total usage and total CSPO usage. Correct figures have now been submitted by the refiner, but are not incorporated here for the purpose of comparison with previous years' analysis. Please see Annex 4 for an explanation of this change.
[7] Oil World, 2017.
[8] These companies are headquartered in the UK.

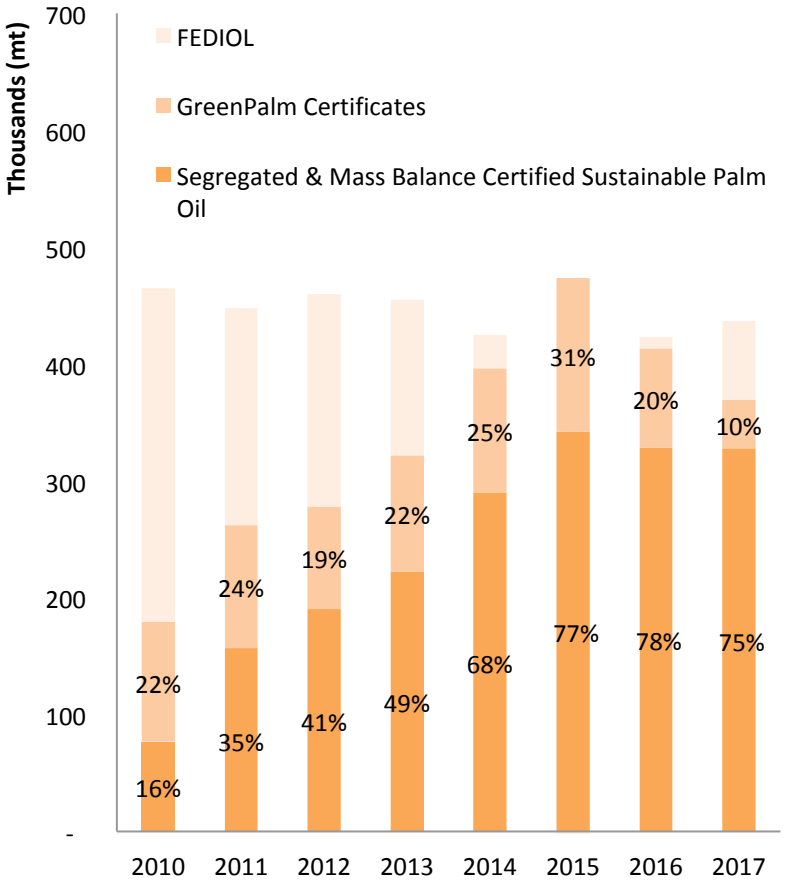


Figure 3 Proportion of palm and palm kernel oil in the UK purchased through RSPO credit certificates and Segregated/Mass Balance supply chain models, compared to total UK imports using FEDIOL data (Source: Efeca analysis of FEDIOL data, 2017)

In 2016, the Roundtable agreed to remove RSPO credit purchases from the headline figure of UK consumption due to the risk of double counting down the supply chain (see Annex 5 for further explanation). Furthermore, many of the companies headquartered in the UK have international operations, and buy RSPO credit certificates to cover the palm oil used by their international operations. We are unable to accurately allot the portion used by their UK operations, so the total figure of RSPO credit usage in the UK is potentially somewhat skewed.

It is also important to note that in January 2017, RSPO discontinued its endorsement of GreenPalm as the service provider of the trade in Book and Claim certificates. RSPO certified volumes can now be sold via the Book and Claim model on the RSPO PalmTrace platform. As of January 2017, RSPO allows Book and Claim certificates to be bought retrospectively or speculatively, although the credits must be allotted to a certain year.

RSPO credit trading may have decreased significantly from 2016 to 2017 due to these changes, as well as the greater trend to move towards physical supply chain models. In addition, in 2016 and 2017 the majority of animal feed manufacturers in the UK decided to no longer purchase RSPO credit certificates to cover their use of palm oil and palm kernel oil.

Overall, the figures of CSPO that enters the UK through the four main UK refiners indicate that CSPO usage has stabilized around 78-75% in the past 2 years. Some 10% of the remaining usage could be covered by

purchases of RSPO credit certificates, which does not represent physical CSPO. The challenge for the UK moving forward continues to be to close this gap. There remain some obstacles for ingredients and consumer goods manufacturers to source physical certified fractions and derivatives, which may make up a large part of the 25%. There may also be insufficient demand for physical CSPO from certain UK sectors unwilling to pay the premium for CSPO or unaware of the reasons to do so. Overall, the total usage of palm oil has also reduced slightly since its peak in 2015, perhaps due to manufacturing sites moving to central Europe for cost considerations, or the removal of palm oil from ingredients due to nutrition considerations or the perceived negative reputation of palm oil.

B. Palm oil usage via non-UK refiners

The headline figure for this report of 75% CSPO purchased in the UK does not cover palm oil refined by non-UK refiners that is found in ingredients or finished goods.[9] This oil is currently not monitored or tracked, and thus is difficult to quantify accurately, though it does possibly represent a large amount of additional usage. Part B explores the use of this palm oil in the UK coming via refiners in Europe or internationally (everything not covered by Part A), which is then used by ingredients manufacturers and consumer goods manufacturers either as oil, or in a wide range of products (both food and non-food) as fractions and derivatives, or as finished goods by retailers.

Ingredients usage among Consumer Goods Manufacturers and finished goods usage among Retailers

In order to complement what we know is imported by the major refiners, we have looked more closely at major palm oil using sectors and where possible reported information on CSPO usage reported to the RSPO through the Annual Communication of Progress (ACOP) to provide a sense of usage. This includes the purchase of Segregated, Identity Preserved and Mass Balance CSPO products. Because the ACOP data does not disclose whether the usage is imported directly or purchased from companies in the UK, these figures for finished goods and ingredients are excluded from the main findings for imports, to avoid the significant risk of double counting.

This information is voluntarily reported by RSPO members, a group which currently includes 412 members in the UK.[10] Therefore, this data is merely an indicator of usage. Furthermore, the UK ACOP data encompasses the international operations of companies headquartered in the UK. In some instances, palm oil usage reported by a UK company is larger than what is actually used in the UK. Finally, ACOP data is not audited, and may contain errors.

Consumer Goods Manufacturers

53 UK Consumer Goods Manufacturers (CGMs) reported to ACOP in 2017. Of the 53 that reported, 37 are food and drink manufacturers.

In 2017 CGM Members purchased approximately 475,024 mt of palm oil supported by RSPO certification, compared to 547,778 metric tonnes in 2016. This palm oil was used in the manufacture of Own Brand products. 33% of it represented physical CSPO, or Mass Balance, Segregated, and Identity Preserved certified. Of the total amount, 52,934 mt of certified fractions and derivatives were reported in the ACOP by CGMs, compared to 4,847 mt in 2016.

CGM Members	Total RSPO CSPO Tonnage	Total Derivative Tonnage
53	475,024	52,934

Retail

Reports show that by the end of 2015, British Retail Consortium (BRC) members that had signed up to the Better Retailing Climate initiative, the Amsterdam Commitment, and the RSPO) were sourcing 100% sustainable palm oil, 89% of which was physically CSPO, for use in their Own Brand/Private Label products.

This is evidenced by the Annual Communications of Progress reports retailers and other businesses provide to the RSPO. In 2017, 10 UK retailers reported to the ACOP. In 2017 palm oil supported by RSPO certification (including GreenPalm) used by UK RSPO Retail Members was approximately 78,440 mt,

[9] i.e goods that have completed the manufacturing process, but have not yet been sold.
[10] https://rspo.org/about/impacts/measuring-and-evaluating-impacts

compared to 49,081 mt in 2016. 92% of this usage represented physical CSPO, or Mass Balance, Segregated and Identity Preserved certified. Of the total amount, 10,718 mt of certified fractions and derivatives were reported in the ACOP as used in Own Brand/Private Label manufacture by retailers.

Retail Members	Total RSPO CSPO Tonnage	Total Derivative Tonnage
10	78,440	10,718

Overall, the ACOP data indicates that the CGM sector, the majority of which are food and drink companies, is lagging behind the Retail sector in terms of sourcing CSPO. In 2017 the CGM total CSPO declined even since 2016, though the amount of derivative CSPO sourced increased significantly.

Changes to reporting

In 2018 the RT discussed what appetite there was to produce a more in-depth calculation of palm oil in finished goods. Efeca investigated whether the it was possible to use a combination of ACOP data and WWF palm oil scorecards as a proxy for more accurate data on imports of finished goods. It was determined that neither source is detailed or involves enough market coverage to be used as a proxy.

C. Spotlight on oleochemicals, animal feed and food service

As a result of our assessment of palm oil usage and monitoring in the UK in the previous APR, this APR focuses on 3 broad sectors facing challenges in sourcing – Oleochemicals, Animal Feed and Food Service.

Section C describes progress in the oleochemical sector (cosmetics and homecare) where palm oil, palm kernel meal and/or fractions and derivatives may be imported directly through complex supply chains. It also describes some of the obstacles in sourcing CSPO faced by the food service industry and the animal feed industry due to limited buyer influence over supply chains, and the non-consumer facing nature of these sectors.

Oleochemical manufacturers

Many oleochemical[11] manufacturers in the UK import palm or palm kernel oil, or fractions and derivatives for further processing, directly from producers, not buying material from the four main UK refiners. In some cases, this is because they are international companies with manufacturing sites in other countries and established global supply chains, or because it is more convenient or less expensive to import directly. They use palm oil and palm kernel oil and their derivatives to create ingredients for personal care and cleaning products. Similar to 2017, we were unable to collect this commercially sensitive data from companies and therefore unable to track this usage in the UK for this report. After discussions with several stakeholders (Wilmar, Croda and BASF), it became clear that the complexity of the supply chain, the lack of clear monitoring, and the swap-ability with other oils also makes it difficult to determine volumes.

Although we could not find more accurate data, in 2018 Efeca engaged with the sector, to try to increase uptake and understand what obstacles oleochemicals manufacturers face. Efeca held a webinar on this topic for companies, and published a briefing note on the use of palm oil and certified sustainable palm oil in the oleochemical industry, looking more closely at the policies and activities of key oleochemical manufacturers in the UK, in order to try to gain an understanding of what progress is being made and how common sustainable sourcing is. The briefing note describes the oleochemicals supply chain, market

[11] Oleochemicals are chemicals derived from plant and animal fats, and are analogous to petrochemicals derived from petroleum. They have a diverse range of applications, including in personal care products such as shampoo or shower gel, in food additives such as emulsifiers, as surfactants used in fabric softeners and personal cleaning products, and in pharmaceuticals. Palm-based oleochemicals are produced as by-products of the refining process, before fractionation.

structure and some of the key market dynamics, before looking in more detail at the CSPO policies of many of the key players.

The briefing note outlines what steps key UK cleaning product manufacturers, personal care product manufacturers and oleochemical manufacturers are taking towards sourcing 100% sustainable and fully traceable palm-based derivatives. As the company profiles illustrate, levels of certified palm oil use among UK cleaning product manufacturers, personal care product manufacturers and oleochemical manufacturers are generally quite high.

Many oleochemical manufacturers and cleaning product/personal care product manufacturers in the UK also have commitments to source physically traceable palm oil and palm kernel oil in the near future. As traceability continues to improve, several are already working with suppliers to source products made with mass balance or segregated certified sustainable palm oil.

A significant number of the key players in the oleochemical sector have set clear timelines to achieve certified sustainable physical flows for the home and personal care industry, with many companies committing to source 100% physical RSPO certified materials in the near future. Companies appear to be overcoming difficulties in sourcing and supplying certified material, often beginning with Mass Balance oils as an entry point. Many retailers have CSPO targets in line with the Consumer Goods Forum Sustainable Palm Sourcing Guidelines (published in 2015), which is helping to drive momentum. It should be noted though that only 19% of global palm oil production is RSPO certified.[12] Therefore, continuing to drive demand for certified oleochemical ingredients is important in increasing certified supply overall.

Some retailers may require more simple information on the availability of sustainable options from manufacturers, in order to drive uptake. To incentivise further sustainable consumption by consumers, retailers can also provide clear labelling on products.

As the UK nears the Amsterdam Commitment 2020 deadline for 100% sustainable sourcing of deforestation commodities, it is important to continue to drive change in the sector, and also celebrate the successes of many of the key players in this area.

Animal feed

Unfortunately, reliable data on the current uptake of Segregated and Mass Balance CSPO across the animal feed sector is not available. In 2014 a number of companies represented on Agricultural Industries Confederation (AIC) feed sector committees committed to using sustainable palm oil through the purchase of GreenPalm certificates via the Book and Claim scheme. In the majority of cases this is achieved by asking fat blend suppliers to purchase GreenPalm certificates to cover the volume of palm oil in the products that animal feed manufacturers purchase from them. In 2015 and 2016 the use of sustainable palm oil by the industry was estimated to exceed 75%. In 2017 when GreenPalm became RSPO credits, companies had to become members of the RSPO in order to purchase RSPO credits. The majority of animal feed manufacturers in the UK decided to no longer purchase RSPO credit certificates to cover their use of palm oil and palm kernel oil, as they are unable to pass down the RSPO credit claim and sell certified product to their customers without becoming RSPO members, an onerous step for them. Thus far only one blender and two animal feed manufacturers that are members of the AIC have joined the RSPO, which means that the percentage sustainable palm oil being purchased by the sector is likely to have recently reduced.

[12] https://rspo.org/about/impacts

The AIC has taken steps to meet with the RSPO and has in theory been granted permission to buy RSPO credits on behalf of all members (although several larger members already buy RSPO credits directly, as noted above), so that they do not have to join RSPO individually. The AIC is currently waiting for their membership application to be approved so that they can purchase credits.

The current challenge is still around the lack of focus on palm oil, which makes up a very small proportion of the products used by the industry (estimated at around 0.33%). This is exacerbated by the fact that many feed manufacturers purchase a blended oil which reduces the visibility of the palm oil itself. We also know from interviews with feed companies that some oil is imported directly to manufacturers from European suppliers, and is not included in the refinery figures of total imports, possibly due to convenience and price.

The AIC estimates that palm oil included in blended fats for animal feed totals around 40-50,000 tonnes of palm oil per annum. Most palm oil is used in fat blends for ruminants along with PFAD and mixed soft acids. The AIC estimates PFAD usage at 16-20,000 tonnes.

The animal feed sector is also a large user of palm kernel meal, which is not included in the headline figures in this report on palm oil and palm kernel oil usage. Imports of palm kernel meal in the UK accounted for 438,000 mt in 2017, compared to 455,000 mt in 2016, 382,000 in 2015, and 663,300 mt in 2009, according to FEDIOL data. According to the Defra report (2011), in 2009 over 80% of the imported palm kernel meal was used for animal feed, with the remaining 20% going into electricity generation. In 2016 no palm kernel meal was reported to Ofgem as used in electricity generation,[13] but it is unclear how much palm kernel meal was used by the animal feed sector. Nevertheless, it is certain that this significant volume of palm kernel meal will have sustainability impacts that should be addressed in future work.

Food service industry

It was determined in our previous report that the food service industry currently lags behind retail in terms of CSPO usage, especially when looking at the large number of SME's operating in the sector. To engage with the sector, Efeca held a webinar and workshop for foodservice companies, and published a briefing note on the market, in the past year. The briefing note that Efeca published describes the market structure and some of the key market dynamics, before looking in more detail at the CSPO policies of many of the key players. It sheds some light on the current state of awareness and action in the industry on sourcing CSPO, in order to understand how it is used and what key points can be leveraged to encourage more uptake in the market.

As the note illustrated, in the UK, the Pub, Quick Service Restaurant (QSR) and Contract Catering sectors are mostly dominated by large group operators, such as Whitbread, SSP or the Compass Group. Within the QSR sector, businesses are often franchised, but deliver a set menu or product list linked to the brand's contract distributors (e.g. MacDonald's). Catering operators like the Compass Group are active across all sectors, from healthcare to workplace and travel. Operators with pubs and pub restaurants, such as Whitbread, hold the largest property estates.

Larger foodservice operators tend to purchase from wholesalers or source directly from manufacturers through contracted distribution in order to meet their branded menu requirements. Smaller, independent outlets, such as independent cafes, are likely to buy from cash and carry's or retail stores, or purchase stock through wholesalers or regional producers. Currently over half of all food sold to foodservice operators is delivered by wholesalers that buy product in bulk and provide delivery services to operators.

[13] https://www.ofgem.gov.uk/publications-and-updates/biomass-sustainability-dataset-2015-16

Important players in the foodservice industry are listed in the briefing note, with their current efforts on palm oil. They span the pubs and bars, QSR, accommodation, contract catering, travel, leisure and restaurant sectors. They were selected to show a range of companies, with the largest in each sub-sector included. As the company profiles illustrate, awareness levels of palm oil among foodservice companies and wholesalers are mixed. Several of the large restaurant and pub operators in the UK do not have palm oil policies, while many of the large contract caterers have implemented buying policies already. The QSR companies linked to multi-national brands are also performing well, likely due to their global presence.

In terms of the business-to-business wholesaling, the companies profiled represent significant portions of the market, selling to Catering and Hospitality (C&H) businesses and Independent and Convenience Retailers (IC&R). Their current efforts on palm oil are detailed in the note. The IC&R category includes both unaffiliated retailers as well as symbol retailers, covering groups such as SPAR, Premier, Londis, Budgens, Costcutter and Nisa. Symbol retailers act as wholesalers, manufacturing own-brand products that are then supplied to franchised store operators. Wholesaler performance is mixed; none listed are RSPO members, though 2 do have CSPO sourcing policies, and one sources CSPO for selected own brand products. Two of the largest symbol retail groups do not have policies and are not RSPO members.

According to the Business Services Association, a policy and research organisation whose members include business services companies involved in the contract catering and hospitality sectors, the main issue contract caterers face as they endeavour to move towards 100% sourcing of sustainable palm oil is the complexity of supply chains and, therefore, the traceability of ingredients, particularly when they are made from derivatives and are a component part of products.

It is also important to note that unlike retailers, some contract catering and hospitality companies do not manufacture any products, have any own label products, or purchase palm oil products directly. This means that whilst they can help to influence the product specifications that they purchase from suppliers, they do not have direct control of their composition/ ingredients sourcing. Some of the large operators however, like Whitbread, do have menu items that are manufactured specifically for their outlets, according to buying agreements.

Because consumers may be unaware of palm content in food, there may be a lack of consumer demand for change as well. Food labelling helps to drive demand, and in the foodservice sector, most food is served or sold without ingredient information.

In terms of government food service customers, the Government amended the Government Buying Standard (GBS) for food and catering in 2012 to include a new requirement about sourcing sustainable palm oil, palm kernel oil and derivatives. A target of 2015 was set for 100% sustainable palm oil (with the four RSPO certification models being proposed as one form of evidence that can be used in demonstrating compliance). Efeca is currently undertaking a study to determine what uptake of the Food and Catering Government Buying Standard across central Government has been like, and how it has impacted the foodservice market.

In summary, the foodservice sector lags behind retail in the UK in terms of CSPO uptake. This may be due to the lack of visibility among consumers of palm food ingredients that are used in preparation or contained in many items of foodservice outlets. As the UK nears the Amsterdam Commitment 2020 deadline for 100% sustainable sourcing of deforestation commodities, it is important to drive change in sectors that have not fully embraced palm oil sustainability. The Chester Sustainable Palm Oil City campaign, led by Chester Zoo, is encouraging foodservice businesses such as restaurants, cafes, hotels, fast

food outlets, workplace and school canteens, council and hospital food outlets, and visitor attraction cafes, as well as other sectors across manufacturing and retail, to join the initiative by sourcing 100% CSPO. Efeca will provide on-going technical assistance and support. As the initiative grows, knowledge and information on sourcing CSPO will be disseminated throughout the UK.

D. NDPE policies of refiners

In addition to work in the sectors, it is important to note the work higher up the supply chain among the four major UK refiners. They have now all adopted No Deforestation Peatland Exploitation (NDPE) policies, to ensure that no deforestation takes place within their supply chain.[14] This is significant because it goes beyond RSPO requirements. The EIA recently published a briefing report calling for stronger 'no deforestation' criteria among corporates and government, indicating next steps for the industry. It calls for RSPO to ensure 'no deforestation' through the adoption of the High Carbon Stock Approach (HCSA) or equivalent. There has recently been a multi-party agreement on a working definition of "deforestation", expanding it beyond purely virgin forests, and the RSPO is considering a proposal to update its standard with this definition in late 2018, in order to ensure no deforestation occurs in forests that have been previously logged or regrown after clearance. Companies are increasingly considering adopting NDPE policies as well, with adequate monitoring and verification, as certification evolves.

As the bottleneck in the supply chain, palm oil refineries have the leverage to drive sustainability in the sector. The majority of refineries are located not in Europe but in Indonesia (capacity of 45 million MT/year), Malaysia (27 million MT/year) and India (24 million MT/year). In Indonesia and Malaysia, company groups with NDPE policies operate a combined refining capacity of 53.2 million MT per year. This represents 74% of the total capacity in these countries.

In terms of the refinery market in the rest of the world, NDPE policies cover 65% it. A segment of the refining market does not apply NDPE sourcing criteria, and unsustainable practices continue to take place and non-compliant palm continues to be produced, traded and consumed. Markets that still accept unsustainable palm oil include the domestic Indonesian market, India, Pakistan and China. In India, the largest importer of CPO from Indonesia, only 35% of all refineries are operated by companies with NDPE policies. On average, leakage actors have less refining capacity than NDPE committed companies, and the leakage market share is likely to shrink further in the coming years.

2. Other National Initiatives

Most recent figures published by MVO indicate that overall, 74% of the PO imported to the EU was made up of CSPO (excluding palm oil use in biofuel). This is largely in line with UK results. 2.6 million MT RSPO (SG, MB) made up the CSPO (RSPO secretariat).

The European Sustainable Palm Oil (ESPO) Project[15] published more detailed information on the targets and performance of the other national initiatives that are party to the Amsterdam Commitment Group in 2018 here. These are summarized in the image below. Compared to several of the southern European countries, the UK's reporting capabilities are advanced and encompass large parts of the palm oil consuming market (some other initiatives only report on palm oil in food use, for example). However, the Roundtable's commitment, which is in line with the baseline Amsterdam Commitment, is not as ambitious as several of the other national initiatives, such as Germany, Belgium, Denmark, and France. These

[14] https://chainreactionresearch.com/report/unsustainable-palm-oil-faces-increasing-market-access-risks-ndpe-sourcing-policies-cover-74-percent-of-southeast-asias-refining-capacity/
[15] ESPO was established by IDH and MVO to drive uptake of CSPO in Europe in line with the Amsterdam Commitment.

countries have committed to switch to 100% segregated or fully traceable palm oil, some by 2018, and many have additional ambitions in the areas of traceability, peatland protection, and support for smallholders.

It was decided at the February 2018 meeting of the Amsterdam Group, ESPO and EPOA[16] that the various countries would continue to report as they have been doing according to their own scopes and methodologies, instead of attempting to align reporting along one methodology. It was also decided that the AD Group would work to jointly promote positive messaging on palm oil, to interact recent bans in the marketplace for the oil. The UK will continue to share lessons and approaches with EU Member States reporting under the Amsterdam Commitments, to improve data gathering and reporting, and aiming to fill the gaps in the reporting of UK usage.

[16] The European Palm Oil Alliance (EPOA) is a business initiative to engage with and educate stakeholders on palm oil. It includes the MVO and other palm oil companies.

3. Conclusions and Next Steps

Headline figures

Since the 2009 baseline, the overall volume and the proportion of UK palm oil imports supported by RSPO supply chain models has increased almost six fold. According to FEDIOL figures, the volume accounted for by imports of Identity Preserved, Segregated and Mass Balance CSPO totals 327,653 mt (excluding PalmTrace and derivatives and finished goods), or 75% of total palm oil imports to the UK. RSPO credit purchases reduced by 51% from last year, likely due to January 2017 changes in the Book & Claim system, and the greater trend to move towards physical CSPO sourcing.

While this headline figure demonstrates a significant improvement on the 2009 baseline, it also demonstrates that work remains to be done on reaching 100% sourcing. The remaining 25% of conventional palm oil indicates that some sectors are not sourcing enough CSPO or possibly not reporting on what they are buying.

In terms of the broader context, it is interesting to note that UK refiners use 0.62% of total global PO and PKO production of 75 million tonnes, and 5.5% of total EU usage.[17] While this represents a small amount of total consumption, it remains important that the UK maintain its leadership role in CSPO sourcing, driving change among European consumers, as well as sharing knowledge with wider partners in grower countries.

Palm oil usage via non-UK refiners/ manufacturers

It is difficult to track palm oil imported into the UK in the form of finished goods, or imported directly as ingredients to manufacturers. The oleochemical, animal feed and food service sectors are all important users of ingredients and finished goods. Some palm oil fractions and derivatives come to oleochemical manufacturers directly from non-UK refiners and some palm kernel meal goes directly to animal feed manufacturers.

ACOP figures provide an indication of palm oil that the CGM and Retail sectors buy in the form of certified oil and goods, as well as fractions and derivatives, but the data has limitations to its incomplete nature and the risk of double counting between CGM and Retail. It is interesting to note that the majority of the CGM category are food and drink businesses, and that this category is sourcing almost 75,000 tonnes less RSPO CSPO than last year.

The food service industry continues to lag behind possibly due to a lack of visibility of ingredients and the non-consumer facing nature of the business, similar to the animal feed industry. Efeca has produced a briefing note on the key players and obstacles faced, and engaged with the sector through workshops and webinars. The recent launch on the Chester City Challenge to become the UK's first sustainable palm oil city has also ignited greater interest in sourcing CSPO, especially among the many restaurants, cafes and foodservice providers in Chester who have signed up to the challenge. This should spread to other cities and zoos across the UK and Europe. In other good foodservice news, the RSPO also recently issued changes to its Supply Chain Certification for foodservice companies, allowing multi-site providers to simply certify their head office, and avoid certifying individual outlets of their company.

After research into the oleochemical industry, it became evident that many of the major players have palm oil policies and are sourcing CSPO materials. The animal feed sector should hopefully buy credits as a

[17] Oil World, 2017.

group through the AIC in the upcoming months, showing some progress, though engagement with manufacturers could be strengthened. Efeca will continue to engage with both groups to encourage uptake.

Wider deforestation commitments – developments of RSPO with no deforestation

Wider zero deforestation goals that cover a host of forest commodities and social issues are growing in number among companies and organisations, possibly driven by the New York Declaration on Forests for example. This is also linked to the wider Amsterdam Declaration which aims to improve sustainable sourcing of related forest commodities beyond palm oil (soya, cocoa). Because of these commitments, many companies are creating comprehensive sourcing policies that in some instances go beyond the requirements of RSPO certification, focusing issues such as forced labour or peatland burning, or requiring traceability to mills. This trend has been encouraged by RSPO itself, with the RSPO Next certification.

The EIA recently published a briefing report calling for stronger 'no deforestation' criteria among corporates and government, indicating next steps for the industry. It calls for EU member states to harmonise public procurement policies to include 'no deforestation' criteria, as well as for RSPO to ensure 'no deforestation' through the adoption of the High Carbon Stock Approach (HCSA) or equivalent. There has recently been a multi-party agreement on a working definition of "deforestation", expanding it beyond purely virgin forests, and the RSPO is considering a proposal to update its standard with this definition in late 2018, in order to ensure no deforestation occurs in forests that have been previously logged or regrown after clearance. Companies will increasingly need to consider adopting NDPE policies as well, with adequate monitoring and verification, as certification evolves.

Positive palm oil messaging

In response to the UK Retailer Iceland's recent decision to ban palm oil used in own-brand products, members of the UK Roundtable suggested pulling together some positive stories related to certified palm oil sourcing.. As RSPO, WWF and many others noted in their response to Iceland's ban, switching to alternative oils will in many cases will shift or even increase the environmental impacts of oil crops. Therefore, it is important to support the development of certification. In the coming months, Efeca will showcase much of the progress being made among UK companies and trade associations, as the influence of certified palm oil continues to spread, as well the positive news of progress being made on the ground. We will be working with WWF and EPOA to spread the positive news through newsletters and social media.

Next steps

The UK Roundtable on Sourcing Sustainable Palm Oil can make an important contribution to the efforts of the private sector across Europe and further afield to remove deforestation from their supply chains, and to ensure fully sustainable palm oil supply chains by 2020. It will continue to report annually on progress in the UK, and work with other signatories to the Commitment to Support on increasing the uptake of sustainable palm oil. Measuring palm oil imported in the UK in finished goods and ensuring its sustainability, switching to 100% physical CSPO usage, and working with international partners on increasing the number of global CSPO supply chains are important next steps. In terms of the upcoming year, Efeca will focus on the following action points:

1. Engaging further with the foodservice and oleochemical sectors through webinars, workshops, technical assistance and guidance
2. Researching the 25% gap, and whether we can capture any additional CSPO coming into the UK directly from EU/Asian refiners to businesses, as well as in finished goods
3. Continuing to develop our ability to map UK impacts on the ground with partners like TRASE, ZSL SPOTT and GFW, so that we can report positive impacts and developments

4. Liaising with European and international partners such as UNDP Indonesia, the upcoming Chinese RT on sourcing CSPO, developing buyer's groups focused on Papua New Guinea, the Africa Palm Oil Programme, Ceres, IDH, the AD Group, and Forum for the Future so that we can increase the RT's knowledge and impact.

Annex 1. Qualitative Updates from Roundtable Members

British and Irish Association of Zoos and Aquariums (BIAZA)
BIAZA is a conservation, education and wildlife charity representing over 100 member organisations including all the significant zoos and aquariums in Britain and Ireland. BIAZA's Environmental Impact and Sustainability Working Group aims to support members in helping to meet both local and global sustainability challenges. The Sustainable Agriculture and Forestry Subgroup (SAF) reports to this group – previously known as the Palm Oil Subgroup but changed to reflect its expanding remit.

BIAZA and SAF have in 2017 and 2018 continued to encourage their members to use sustainable palm oil, reflecting our palm oil statement and guidance. A wider palm oil communication group was established to share information across our members. SAF is currently compiling a spreadsheet of recommended suppliers using CSPO as a resource for the BIAZA membership.

During Nestle's temporary suspension from RSPO in June 2018 several BIAZA members responded by removing Nestle products containing palm oil from their sites and engaged in communications encouraging Nestle to meet the RSPO requirements.

BIAZA hosted, together with the MP for City of Chester, Chris Matheson, Chester Zoo and Efeca a Parliamentary Lunch Reception in June 2018. This brought together key stakeholders working on sustainable palm oil to celebrate the launch of an initiative to make the City of Chester the world's first Sustainable Palm Oil City. The focus of BIAZA's own annual Parliamentary Reception in July 2018 was the UN Sustainable Development Goals. BIAZA Director, Dr Kirsten Pullen, gave an excellent presentation outlining the importance of the SDGs and the important role zoos and aquariums play in achieving these.

Members of the SAF subgroup continue to engage with the European and worldwide zoo and aquarium community. Catherine Barton (Chester Zoo) and Chair of the sub group has been involved in the European Association of Zoos and Aquaria (EAZA) palm oil group to work with EAZA members across Europe on palm oil issues. The World Association of Zoos and Aquariums (WAZA) has set up their own palm oil subcommittee to discuss how zoos across the world can commit to the sustainable use of palm oil. WAZA asked their members to participate in their sustainability questionnaire in which three BIAZA members participated. Catherine Barton and staff from ZSL also met for a WAZA engagement side event alongside the RSPO European Roundtable in Paris in June 2018.

British Retail Consortium (BRC)
Following the achievement of the retail industry target to voluntarily source 100% certified sustainable palm oil by the end of 2015, BRC members are working collaboratively with the sector to strengthen standards and build transparency of the supply chain.

Leading BRC members are committed to provide RSPO certified products as certified palm oil remains the most effective way to limit the risk of deforestation within retail supply chains. They are also members of the Retail Palm Oil Transparency Coalition (RPOTC), which is formed of retail companies working together to remove deforestation and exploitation from their supply chains. The coalition has worked together to develop a harmonised process for assessing the performance of the importers of palm products to Europe.

In 2018, many retailers signed up to BRC's Better Retail Better World campaign to meet some of the biggest global environmental and social challenges in line with the UN Sustainable Development Goals. Building on existing efforts for deforestation-free palm oil by 2020, one goal is to eliminate deforestation across all retail commodity supply chains by 2030. Signatories of the campaign will publicly disclose their sourcing practices for key raw materials.

Chilled Food Association (CFA)

CFA represents manufacturers of chilled prepared foods, predominantly supplying the major multiples in the UK's retail market under retailers' own labels. The UK's £12 billion-plus chilled prepared food sector has never been a major user of palm oil. As in previous years, in the order of 99% of palm oil used by CFA members in chilled food production in UK operations is SPO, all certified. Only small quantities, as constituents of ingredients, remain to be certified. The majority of SPO used is RSPO supply chain certified. If this has not been possible, suppliers have found alternatives to palm oil. RSPO Annual Communication of Progress reports have been completed each year since 2012 and data are reported to retail customers. The limited availability of some derivatives is a problem where these are required for functionality. This disproportionate cost of pursuing certification is also a barrier for the small, insignificant remaining quantities outstanding. Retail customer commitments to deforestation are helping to drive use of SPO.

Sustainable Restaurant Association (SRA)

The Sustainable Restaurant Association is a not-for profit organisation whose membership represents a broad spectrum of the hospitality industry, all united in their commitment to sustainability and making positive changes towards a better food system. The SRA framework pillars of Sourcing, Society and Environment take a broad and holistic view of sustainability.

The SRA encourages and supports its members to produce sustainable palm oil sourcing policies and to share their intentions and actions for sustainable palm oil sourcing to their customers, suppliers and fellow food service businesses.

The SRA has been working closely with Efeca on informing its members about recent developments in the palm oil sector. In 2018 the SRA and Efeca hosted a workshop and a webinar for SRA members, which was well received. As a result Efeca produced additional support material for SRA members to be better equipped to communicate with suppliers about their palm oil standards. .

SRA's Food Made Good online community hub is a platform for members to discuss current sustainability topics, including sustainable palm oil. Food service businesses from different sectors are encouraged to share knowledge and best practice, discuss challenges and find common solutions. The topic of sourcing sustainable palm oil has been of particular interest to the contract caterer and university sectors.

Whilst there are still a number of challenges for being able to report on progress in sourcing sustainable palm oil in any detail, this year has seen an increased interest in the topic. The SRA will continue to work closely with Efeca on supporting its members in this area.

Zoological Society of London (ZSL)

As an international wildlife conservation charity, ZSL (Zoological Society of London) works to influence both the public and private sectors on sustainability issues. In January 2018 we launched a co-publication with Aviva Investors on "Sustainable palm oil and responsible investment" (https://www.spott.org/news/sustainable-palm-oil-responsible-investment/). The report highlights

the power of investors to transform the whole palm oil industry, by encouraging the companies they finance to adopt more responsible policies on deforestation, land conflicts and labour conditions. Focusing on the palm oil investment case through case studies, it outlines key questions that institutional investors should ask during their engagement with oil palm growers, traders and buyers to incentivise improvements to environmental, social and governance (ESG) practices.

Reframed as the Sustainability Policy Transparency Toolkit, ZSL's SPOTT is a free, online platform assessing commodity producers and traders on the public disclosure of their policies, operations and commitments related to ESG issues. SPOTT scores tropical forestry and palm oil companies annually against over 100 sector-specific indicators to benchmark their progress over time. Launched in March 2018, SPOTT features a customisable login dashboard, enabling registered users to track score changes and trends, and download assessment data (https://www.spott.org/dashboard).

ZSL also supported the launch of the Soft Commodity Risk Platform (SCRIPT) developed by Global Canopy with SPOTT as a data partner. SCRIPT helps financial institutions to understand and mitigate the deforestation risks associated with financing companies in soft commodity supply chains (https://www.script.finance).

In April, ZSL published a report on the use of the High Conservation Value (HCV) and High Carbon Stock (HCS) approaches by palm oil companies assessed on SPOTT. Developed with researchers at University of Sussex and Imperial College London, the report examines corporate commitments to conserving areas in their concessions deemed to be rich in biodiversity, carbon or important to local communities (https://www.spott.org/news/hcv-hcs-approaches-palm-oil-companies/).

As an active member of the Roundtable on Sustainable Palm Oil (RSPO), ZSL serves as an alternate member on its Board of Governors and co-chaired its Biodiversity and High Conservation Value (HCV) Working Group. In June, we attended the RSPO European Roundtable in Paris for the launch of the International Union for Conservation of Nature (IUCN) situation analysis on oil palm and biodiversity (https://portals.iucn.org/library/node/47753), to which ZSL contributed.

In July, we published SPOTT assessments of 50 timber and pulp producers – many are failing to disclose where they operate, thereby hindering the monitoring of forest loss and corporate no deforestation commitments (https://www.spott.org/news/terra-incognita-missing-maps-tropical-forestry-sector-hamper-efforts-combat-forest-loss/). This echoes issues faced by the palm oil industry, with assessments for 70 companies set to be published in November 2018 (https://www.spott.org/palm-oil). ZSL has partnered with French sustainability consultants Transitions to develop SPOTT assessments of palm oil crushers and refiners. These assessments will allow downstream companies, who use palm oil, palm kernel oil and palm-based derivatives, to measure conformity of their direct or indirect suppliers with their own commitments.

Together with the British and Irish Association of Zoos and Aquariums (BIAZA), ZSL continued to promote sustainable behaviour change among visitors and best-practice in zoological management. Although good progress has been made in the sector, one of the main barriers preventing zoos from reaching 100 per cent sourcing of CSPO is the current lack of traceability, levels of RSPO membership and uptake of RSPO certification in animal feed supply chains. ZSL's position statement on palm oil includes a time-bound commitment to ensure that all palm oil used in processed animal feed and cleaning products at both ZSL London Zoo and ZSL Whipsnade Zoo will be CSPO by the end of 2018. Food for human consumption at both zoos is already 100 per cent CSPO. These commitments will be

updated in line with the revised RSPO Principles & Criteria.

National Edible Oil Distributors' Association (NEODA)
NEODA is the trade association representing edible oil and fat refiners, processors, distributors and other sundry activities within the UK.

NEODA members are committed to supporting the UK Government's initiative of working towards achieving 100% sourcing of certified sustainable palm oil.

Members will continue to offer sustainable palm oil, (under whatever name or format it is sold), packed and distributed by members, from an approved RSPO supply chain. As an organisation, NEODA encourages all its members to engage in sustainability and in turn, encourage their customers to follow suit.

The Food and Drink Federation (FDF)
The Food and Drink Federation is the trade association for UK food and drink manufacturing. Food and drink is the largest manufacturing sector in the UK (accounting for 19% of the total manufacturing sector) turning over £97.3bn per annum; creating GVA of £28.8bn and employing over 400,000 people. FDF represents over 250 food and drink manufacturers, ranging from large corporation to SME's, many of which have their own individual positions and, in some cases, targets on achieving sustainable palm oil.

FDF's Ambition 2025, our environmental ambition launched in 2016, includes the commitment to promote the recognition and uptake of sustainability standards and initiatives in the food and drink sector which, in our mind, includes the increased uptake of sustainable palm oil.

The Ambition 2025 Annual Progress Report 2017 informs readers of the development of the Sustainability Resource Hub which contains information on voluntary certifications, collaborative platforms and practical tools available to businesses looking to further their sustainability agenda. The Hub was launched to FDF members in July 2017 and to the public in January 2018. It includes information related to RSPO and RSPO NEXT, Palm Oil Innovation Group and Tropical Forest Alliance 2020 and IDH Sustainable Trade Initiative.

FDF has a number of resources available on its website to help businesses transition to sustainable palm oil, including a palm oil Q&A and publication 'Sustainable Palm Oil – Five steps to ensure responsible sourcing'.

Through the UK Roundtable on Sourcing Sustainable Palm Oil, FDF backs the commitment to Support 100% Sustainable Palm Oil in Europe by 2020. A number of challenges remain in the transition to 100% sustainable palm oil, a target that FDF is committed to contributing to through collaborative action with all stakeholders across the supply chain.

Annex 2. Stakeholder questionnaire

	Background The Roundtable on Sourcing Sustainable Palm Oil has signed the Amsterdam Declaration to work towards 100% sustainable palm oil supply chains in Europe by 2020, and has agreed to continue reporting on sustainable palm oil consumption in the UK. Efeca has produced a draft Annual Progress Report (APR) focusing on the import of palm oil in the UK as the core indicator of sustainable consumption of palm oil for the UK. The results of the APR are addressed in this questionnaire. **About this survey** Your input into this APR is essential to our analysis. The survey consists of **18 questions** and should take approximately **15 minutes** to complete. Please complete the survey by **December 1st** at the latest. In the following, we would like to ask for your views on our initial preliminary findings. Please note that the findings have not yet been approved for publication and may change. If you would like to share our preliminary findings externally, please contact us. We would also like to gather your input on obstacles to sourcing 100% and ideas on where further support would be helpful. **How to complete this survey** Please select the answer(s) which best reflect your view and make as many comments as you would like. It would be very helpful if you can provide examples that support your views. Note that some questions have an option to select more than one answer and you can always insert comments. If you would like more information or need help completing this questionnaire, please email us at info@efeca.com.
	Methodology for 2016 analysis
	As an indicator for the consumption of sustainable palm oil in the UK this analysis has focused on the import and supply of RSPO mass balance or segregated Certified Sustainable Palm Oil (excluding derivatives and finished goods) by UK refineries. It has not accounted for the purchase of GreenPalm certificates by UK based companies in the headline figure. This has been supplemented by RSPO ACOP figures on UK retail and manufacturing for additional commentary on progress on the sustainable consumption of palm oil in the UK among Retailers and Consumer Goods Manufacturers. Total volumes of UK imports of palm and palm kernel oil have been gathered from one data source: FEDIOL (representing the EU vegetable oil and protein meal Industry) in order to maintain consistency with European counterparts. In previous years data from Oil World was used as well.
1	Do you have any comments on the new methodology used?

2	Do you have any comment on potential non-refinery imports we should include in our analysis?
3	Do you have any comment on the use of FEDIOL as the main data source?
4	Do you have any comment on other trade data sources that should be considered during the analysis?
	Summary findings - your views
5	Do you agree or disagree with the estimate that in 2016 approximately 328,139 metric tonnes of UK imports of palm and palm kernel oil were sustainable through mass balance, segregated or identity preserved Certified Sustainable Palm Oil?
6	Do you agree or disagree with the estimate that 84,949 metric tonnes were sustainable as accounted for by GreenPalm certificates?
7	The preliminary findings indicate that volumes of mass balance and segregated Certified Sustainable Palm Oil showed a slight increase, while the number of GreenPalm certificates purchased in the UK decreased greatly since 2015. Please comment based on your experience on what you think may be driving these trends.
8	Do you agree or disagree that the 328,139 metric tonnes of UK imports of palm and palm kernel oil represent 78% of UK palm oil consumption, or do you feel some import data is missing from this analysis?
	Meeting the 2020 Amsterdam Commitment
9	Did your sector or trade association members source 100% CSPO by the end of 2016?
10	If not, what were the main obstacles to sourcing 100% CSPO?
11	Has your sector or trade association set a new target moving forward?
12	How will you communicate the Amsterdam Commitment to your stakeholders?
13	What actions can the private sector, NGO's, and the government take to support progress towards sourcing 100% credibly certified sustainable palm oil?
14	Would it be helpful for the RT to undertake a formal assessment with members on areas where technical assistance is required?
15	Would it be beneficial to develop indicators for specific sectors that use difficult to quantify amounts of palm oil, i.e. animal feed, food service, oleochemicals?
16	Should the RT liaise formally with European counterparts on monitoring and technical assistance?
17	Have you been asked by buyers to supply information in addition to that required by RSPO certification (i.e. according to other corporate responsible sourcing protocols)?
	Please feel free to make any additional comments you would like.

Annex 3. Summary of Stakeholder Survey results

The Stakeholder Survey was sent to 101 stakeholders from 76 organisations, including all major trade associations. Out of the 101 stakeholders contacted, 6 responded. Many respondents skipped several questions.

CPET methodology for 2017 analysis

1. Do you have any comments on the new methodology used?

- Considering we are focusing on Sustainable Palm Oil, and the standard is RSPO; can we ask for both Fediol (total used) and RSPO (total imported).
- It is correct that RSPO credits should be disregarded. At this time FEDIOL would be the most reliable data source. For future reference RSPO have developed a system for capturing RSPO purchases and sales via the supply chain certification audit. All CBs now use a standardised form to record this data so, while there will be some double counting of product as it moves through the supply chain it might provide a better sense of how much certified PO and PKO that enters the UK actually ends up in a finished product sold with an RSPO claim.
- It would be good to look more closely at derivatives, ingredients and finished projects to give us a better idea of how much palm oil is actually used in the UK and how much is sustainable.
- I don't feel qualified enough to comment, despite having attended sustainable palm oil workshops.
- To provide a better gauge of the sustainable palm oil market, it could be worth looking deeper at sustainable consumption by retailers and consumer goods manufacturers, i.e. beyond refinery "first importers". While refinery "first importers" may be currently making sustainable palm oil available, if the follow-on manufacturing and retail market does not support this, it may erode the case for refinery "first importers" to continue doing so. This is something that is starting to be discussed in other markets.
- Whatever the methodology, make sure you define where in the supply chain you monitor and what this means for uptake or use of CSPO. 'Out of refinery %' is not necessarily the same as % further downstream.

2. Do you have any comment on potential non-refinery imports we should include in our analysis?

- If we have RSPO information, this will include surfactants, soaps, etc.
- Not sure how you would capture this data reliably at the moment. The purchase data that CBs capture during the audit is purely volume based and not attributed to suppliers. It might be possible to ask UK certified companies to provide this data via a questionnaire but the response would probably be no better that 10-15% so the volumes involved probably would not be worth the effort.
- Assuming that you mean direct imports from refiners in other countries to manufactuers in the UK. Do we have an idea how significant the volume is? <5%? or more. Do we know the main importer of these products into the UK? One country or more? The above could help you determine whether it is feasible and relevant to do the exercise.

3. Do you have any comment on the use of FEDIOL as the main data source?
• Probably the most indicative source at this time. • Fediol is eurostat right? maybe better refer to that directly?

4. Do you have any comment on other trade data sources that should be considered during the analysis?
• Animal feed importers? • RSPO ISF credits? You could also report on traceability volumes or NDPE covered volumes to highlight how industry is working towards SPO. See our Dutch report http://www.taskforceduurzamepalmolie.nl/uploads/media/DASPO_Rapportage_2017_(def)_online_ENG.pdf

Summary findings - your views

5. Do you agree or disagree with the estimate that in 2017 approximately 327,653 metric tonnes of UK imports of palm and palm kernel oil were sustainable through mass balance, segregated or identity preserved Certified Sustainable Palm Oil?	
Agree	**Disagree (please comment below)**
4 (100%)	(0%)
• But we need to be looking at all areas where palm oil is used, such as finished goods.	

6. Do you agree or disagree with the estimate that 41,903 metric tonnes were sustainable as accounted for by RSPO Credits?	
Agree	**Disagree (please comment below)**
4 (100%)	0

7. The preliminary findings indicate that volumes of mass balance and segregated Certified Sustainable Palm Oil showed a slight decrease, while the number of RSPO Credits purchased in the UK decreased greatly since 2016. Please comment based on your experience on what you think may be driving these trends.	
Companies switching from GreenPalm to mass balance or segregated	Reformulation of products to reduce palm oil content
0	3 (100%)
• Many of our clients are being asked by their customers to consider options for changing from palm oil to another vegetable oil type. Often this is not practical from a technical or commercial perspective, but frequently when these are not constraints, manufacturers are dropping their palm oil use. • We need to compare the annual use of non-sustainable palm oil to see if that	

supply chain is increasing/decreasing as well. It might be that those who were using credits may have switched to non-sustainable palm oil instead. However, it also could be because companies are switching to palm oil free to stay aligned to the public perception of palm oil. • A deeper assessment of the follow-on manufacturing and retail market should be conducted to better gauge the health of the sustainable palm oil market and the case for refinery "first importers" to continue making physical sustainable palm products available.

8. Do you agree or disagree that the 327,653 metric tonnes of UK imports of palm and palm kernel oil represent 75% of UK palm oil consumption, or do you feel some import data is missing from this analysis?
• Some data is missing but maybe the focus should be more on why manufacturers are being asked to change from PO rather than spending a lot of time and effort trying to find the missing 25%. • Without looking at the whole issues, including derivatives, finished goods etc, I would say this is probably to optimistic

Meeting the 2020 Amsterdam Commitment

9. Did your sector or trade association members source 100% CSPO by the end of 2017?
• Yes

10. If not, what were the main obstacles to sourcing 100% CSPO?
• We are still in the process of auditing our supply chain and updating our palm oil policy. The main area that causes problems is suppliers who buy from other suppliers - the supply chain is so long with so many stakeholders it's hard to know how far we can realistically go. • Market demand. Supply is available.

11. Has your sector or trade association set a new target moving forward?
• Yes - update our palm oil policy and aim to support 100% sustainable palm oil. • TUCO is placing sustainable palm oil on its agenda with the aim of making supplier provide information regarding where palm oil in their products has been sourced. • No

12. How are you communicating the Amsterdam Commitment to your stakeholders?
• We have no formal communication with clients around the agreement. Our sense is that awareness of the terms of the agreement amongst RSPO certified companies is probably relatively low. Some type of formal communication or information sheet would be quite helpful in this regard. • We are not! • No • http://www.taskforceduurzamepalmolie.nl/uploads/media/DASPO_Rapportage_2017_(def)_online_ENG.pdf. Use NGOs to tell story, approach politicians, send in and write blogs on media, approach journalists

13. What actions can the private sector, NGO's, and the government take to support progress towards sourcing 100% credibly certified sustainable palm oil?
• See earlier comments. The actions taken by Iceland Supermarket to re-formulate their own-brand products is a profoundly self-serving publicity stunt but wouldn't the only bad idea to gain traction in recent times. Supermarkets hold the key and must be persuaded of the merits of holding the line on sustainable palm oil. • There needs to be more positive information and clear messages on sustainable palm oil making it into the public eye. This can be done by all stakeholders, from NGOs who can talk to the public about it to retailers who can label their products as containing sustainable palm oil. • Government could make it compulsory for UK companies to only source sustainable palm oil, but this would still allow products from abroad to include non sustainable palm oil. • There needs to be more visible support for sustainable palm oil by organisations that are trusted by consumers. At present, the main message consumers are hearing are that there is no such thing as sustainable palm oil and that palm free should be the preferred choice.

Please feel free to make any additional comments you would like.
• This is a very complicated subject and for the end users we need to have confidence in our suppliers only providing products with sustainable palm oil. Hopefully this could be a proviso put in place at the tendering stage.

Annex 4. Fractions and Derivatives Supply Chain

This Annex provides some background on fractions and derivatives, in order to illustrate how the supply chain works and why sourcing sustainable fractions and derivatives can be challenging.

Palm oil and palm kernel oil are complex due to the versatility gained from the large number of fractions and derivatives that can be produced. In fact, about 60% of the palm oil and palm kernel oil consumed globally is in the form of fractions such as olein and stearin. The supply chains for these derivatives are multi-layered and have been historically difficult to trace.

The 2011 Defra published report estimated 435,000 MT of fraction and derivative usage in the UK. It was not always possible to disaggregate between products manufactured in the UK and finished products containing palm oil that are imported and sold on the UK market, but this does give an indication of total usage. Top sectors using fractions and derivatives included food and drink, personal care, cleaning products, and industrial manufacturing.[18] It is extremely difficult to obtain accurate data on the amount of palm oil imported directly into the UK in the form of derivatives and fractions, as this information is commercially sensitive for some companies and not publicly reported.

Furthermore, although traceability is improving, the derivatives can also be challenging to source as sustainable, due to the restraints of the supply chain. First, because the certified sustainable cost premium must apply to the original feedstock and then be carried from derivative to derivative, the impetus for all facilities along the derivative chain to become certified is not always present. This applies to all parties within the supply chain, whether manufacturers of brand or private label or the many other manufacturers upstream supplying a range of ingredients with derivatives. Some are unwilling to bear the cost of certification due to cost implications – especially when the volume of a palm derivative in products is very low.

Second, because fractionation results in unequal ratios of fractions (i.e. 4:1 olein vs. stearin), certain derivatives of these fractions are more difficult to source. In order for 1 tonne of certified stearin to exist, 4 times the amount of certified olein must be produced. Furthermore, palm kernel oil has a more complex supply base than palm oil. The kernels are sent to crushing facilities (as opposed to processed by the palm oil mills that produce palm oil from the palm oil fruit) where they can be mixed with uncertified palm kernel. At present, only some of these facilities are RSPO certified. Again, because the certified sustainable cost premium must apply to the original feedstock and then be carried from derivative to derivative, the impetus for crushing facilities to become certified is not always present.

Finally, major buyers do not buy fractions or derivatives but finished ingredients containing them. They may not have access to information about the feedstock origin of the derivatives they buy. The derivatives can vary and be replaced by other plant-based oils and fats (i.e. from coconut), depending on market price. Therefore, they are often not tracked.

[18] http://randd.defra.gov.uk/Document.aspx?Document=EV0459_10154_FRA.pdf

Annex 5. Development of Methodology

The Evolution of Reporting

From 2012-2016, the UK Roundtable reported on the consumption of sustainable palm oil in the UK annually, and met bi-annually to give updates on trade sector progress and discuss any issues with sourcing. Reporting was completed by the Central Point of Expertise (CPET),[19] a body which provided advice, support and communication on the Government's Timber Procurement Policy (TPP), palm oil and sustainable woodfuel sourcing. CPET provided four annual updates to the UK government on progress towards its goal to 100% source credibly certified sustainable palm oil products by 2015 through the Annual Consumption of Sustainable Palm Oil Report, based on a 2009 baseline.[20] The results of the 2015 commitment period are documented in the 4th Annual Consumption Report (ACR). They show that the UK performed well in the period 2012 to 2015, with figures showing either 87% or 108% sourcing of CSPO by end of 2015, depending on which set of baselines figures are used.

Previous Approach

CPET's ACR analysis built on the methodology used to obtain estimates of UK sustainable palm oil consumption in the Defra research report (2011) 'Mapping and Understanding the UK Palm Oil Supply Chain (EV0459)'. That report estimated 643,400 MT of palm oil was imported in 2009 including Palm Oil (PO) and Palm Kernel Oil (PKO), and including direct fractions, olein stearin and palm fatty acid distillate. The 2009 import figures were developed using trade data. Volumes of PO and PKO imported into the UK were used in the Defra research report (2011) as a reliable indicator of consumption in the UK market and consequently were used for all 4 ACR's completed by CPET.

Imports of finished products, derivatives, oleochemicals and Palm Kernel Meal (PKM) were excluded from the 2009 estimate. Consequently, to ensure that the 2009 estimate could be used as a baseline, the estimate of CSPO in the 2012-2016 CPET ACR's also excluded PKM, imports of finished products, oleochemicals and derivatives.

Based on the Defra research report (2011), UK palm oil purchases supported by RSPO certification included Identity Preserved, Segregated and Mass Balance Certified Sustainable Palm Oil products and GreenPalm's Book and Claim system. The volume of palm oil supported by RSPO supply chain models was estimated by collating the submissions of data generously provided from GreenPalm, UK refineries with the help of the Seed Crushers and Oil Processors Association (SCOPA), together with data from RSPO's Annual Communication of Progress (ACOP)[21]. This was used to estimate the proportion of PO and PKO imports accounted for by Segregated and Mass Balance CSPO and purchase of RSPO credit certificates by UK companies.

A further description of the ACR Methodology (2012 – 2016) can be found in Annex 1 of the 2012-2016 ACR's.[22]

FEDIOL vs. Oil World

In the ACR reports, the total volumes of UK imports and sales of PO and PKO were gathered from two data sources, FEDIOL and Oil World, for the years 2009, 2010, 2011, 2012, 2013, 2014 and 2015, as

[19] CPET was contractually managed by LTS and technically run by Efeca.
[20] All previous Annual Consumption Reports on Sustainable Palm Oil (ACRs) in the UK can be found here: http://www.efeca.com/our-work/resources/cpet-resources-palmoil/
[21] http://www.rspo.org/en/annual_communications_of_progress
[22] All previous Annual Consumption Reports on Sustainable Palm Oil (ACRs) in the UK can be found here: http://www.efeca.com/our-work/resources/cpet-resources-palmoil/

in the original Defra research report (2011) 'Mapping and Understanding the UK Palm Oil Supply Chain'.

Between 2012-2016, CPET and the Roundtable had several discussions with Defra about changing the methodology to only use one baseline figure source. The stakeholder group never reached a consensus on which figure to use, and presenting both baselines showed a range in results, which was considered valuable, so the ACR continued to use both sources until the final 2015 report.

In terms of the difference between the data sets, both FEDIOL and Oil World use trade data from EUROSTAT, taking into account the same tariff lines for palm oil and palm kernel oil. EUROSTAT relies upon submissions of trade data from individual countries. FEDIOL uses EUROSTAT data, without any further revision, although it collects the EUROSTAT data later in the year once it has been refined. Oil World on the other hand uses trade intelligence to refine their estimates of PO and PKO data including imports into the UK.

Issues with the ACR methodology

As the 108% CSPO sourcing figure based on FEDIOL trade data indicated in 2015, there were some limitations in the ACR analysis, due to issues with data accuracy and completeness.

First, the baseline data used from Oil World and FEDIOL may only be relied upon as best estimates. The tonnage of UK conventional palm oil consumption could be under or overestimated. FEDIOL has estimated a lower import of palm oil into the UK than Oil World and relies on the accuracy of individual countries customs data, and accuracy and methodology may vary among reporting countries.[23] Oil World on the other hand attempts to account for this discrepancy by triangulating with market intelligence, but cannot claim 100% accuracy either. If UK consumption of conventional palm oil based on trade figures is underestimated, this could lead to a figure of greater than 100% CSPO in the UK.[24] Whilst this could be the case for FEDIOL data, it should be noted that in the stakeholder survey, 50% of respondents, several of whom represent industry experts, preferred the FEDIOL estimate.

Second, because the percentages of sustainable palm oil are based on both refinery sales figures of sustainable palm oil, in addition to the purchase of RSPO credit certificates by UK companies, there is a potentially small risk that double counting may occur, contributing to an overestimation of CSPO in the UK. This is because some physical CSPO products may be sold in the UK as conventional palm oil products and downstream supply chain buyers of processed products may be unaware of upstream claims and purchase RSPO credit certificates to cover their palm oil consumption. No data is available to estimate the risk of double counting, although industry experts have indicated they feel the risk is low.

Furthermore, the analysis did not account for palm oil imported and consumed in the UK downstream in the form of finished goods and derivatives. Data on these volumes is extremely

[23] Eurostat Data Quality issues are discussed here: http://ec.europa.eu/eurostat/statistics-explained/index.php/International_trade_statistics_-_background

[24] In 2015, the FEDIOL figures of how much conventional palm oil was imported into the UK were actually lower than the volumes of conventional palm oil reported to be imported by the four main refiners that contributed data. (Volumes of conventional palm oil sold by refiners are not published in this report, as they are commercially sensitive, but have been used to calculate the headline figures.) This means that either some additional palm oil was imported by the refiners, but not reported in the total they have shared for the 2015 Annual Consumption Report (which is unlikely), or, that the FEDIOL figures were underestimated. It is more likely that the FEDIOL figures were fundamentally underestimated, and did not capture all palm oil imported by the four main refiners or truly reflect the UK market. This further underlines the inaccuracy of the resulting figure of the percentage of CSPO used in the UK in 2015.

difficult to track and obtain, and so what may be a considerable volume of palm oil consumed in the UK in imported finished goods was left out of the measurement.

A further discussion of the limitations of the 2012-2016 analyses methodology and the data collected can be found in Annex 1 of the 2015 ACR.

In response to CPET's annual stakeholder survey, as part of the ACR reporting process, some stakeholders expressed dissatisfaction with the ACR measurements, and felt that sustainable palm oil use was not truly at 100% when taking the incompleteness into account.

New Approach

After consultation with stakeholders, this Annual Progress Report, while building on previous ACR's, continues 2016's new approach to measuring and analysing data on UK consumption of sustainable palm oil.

Baseline Data

For this commitment period, the Roundtable agreed to use FEDIOL for the headline figure, and report the Oil World baseline in Annex 7 to this report. This was agreed because it was considered valuable to align with the other European Palm Oil Alliances, which are reporting into the Amsterdam Commitment Secretariat using Eurostat trade data.

GreenPalm

Previous analyses focused on UK palm oil purchases supported by RSPO certification, including the import and sale of Segregated and Mass Balance CSPO (excluding derivatives and finished goods) by UK refiners and the purchase of RSPO credit certificates in the UK, as the central figure indicating sustainable consumption of palm oil for the UK.

Given the highly complex nature of palm oil supply chains and the risk of significant double counting of sustainable palm oil claims, this analysis presents RSPO credits separately, not incorporating them into headline figures.

Finished Goods and Palm Kernel Meal

Previous analyses also attempted to illustrate progress in the finished goods and biofuels sectors and provide some commentary on the consumption of palm kernel meal. We continue to report on finished goods separately, outlining some analysis for key palm oil using sectors below. We also continue to provide commentary on the consumption of palm kernel meal. Because biofuels use in the UK has not encompassed any palm oil consumption for the past 5 years, we now list these figures in Annex 8.

This report's analysis on the oleochemical, retail, animal feed, and food service sectors also covers issues with tracking and measuring palm oil derivatives and fractions.

Efeca has sent a modified questionnaire to all stakeholders, based on this new report structure and draft data results. Results are listed in Annex 2 and referred to throughout the report.

Efeca has also collected qualitative updates from Roundtable members. Not all members responded with updates, but those that did are listed in Annex 1.

Annex 6. 2016-2017 Methodology

This Annex describes in detail how the total of UK sustainable palm and palm kernel oil, as a percentage total of total UK consumption was calculated. This analysis builds on the methodology used to obtain estimates of UK sustainable palm oil consumption in the Defra research report (2011) 'Mapping and Understanding the UK Palm Oil Supply Chain (EV0459)', undertaken by Proforest, and the methodology of previous Annual Consumption Reports (ACR's) prepared by CPET from 2012 – 2015.

The initial 2011 Defra report estimated 643,400 mt of palm oil imported in 2009 including PO and PKO, including direct fractions, olein and stearin and palm fatty acid distillate. These 2009 import figures were developed using trade data. Imports of finished products, derivatives, oleochemicals and PKM were excluded from the 2009 estimate. The 2012 – 2015 ACR's used the same methodology.

Consequently, to ensure that the 2009 estimate can be used as a baseline, and a comparison can be made with the 2012 – 2015 figures, this study also excluded imports of finished products, oleochemicals and derivatives from the import figures. We have included additional information on imported finished products, derivatives and fractions, and various palm oil using sectors under section 2.

Estimating UK consumption of sustainable palm oil and palm kernel oil

The highly complex nature of palm oil (PO) and palm kernel oil (PKO) supply chains means that it is not currently possible to develop a reliable indicator of total palm oil use in the UK, including PO and PKO found in finished goods.

However, volumes of PO and PKO imported into the UK were used in the Defra research report (2011) and the subsequent Annual Consumption Reports (2012-2015) as a reliable indicator of consumption in the UK market and consequently have also been used for this Annual Progress Report (APR).

Previously, CPET included UK palm oil purchases supported by RSPO certification including Identity Preserved, Segregated and Mass Balance Certified Sustainable Palm Oil products as well as GreenPalm's Book and Claim system in the calculations for the ACR's from 2012-2015 (based on the 2011 Defra research report). As agreed in 2016 by the Roundtable on Sourcing Sustainable Palm Oil, a stakeholder group of industry associations and NGO's, the APR now reports RSPO credit usage as separate from the headline figure.

Imports of sustainable PO and PKO

Total volumes of UK imports and sales of PO and PKO have been gathered from two data sources, FEDIOL and Oil World, for the years 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017. Both FEDIOL and Oil World use trade data from EUROSTAT, taking into account the same tariff lines for palm oil and palm kernel oil. EUROSTAT relies upon submissions of trade data from individual countries.

FEDIOL uses EUROSTAT data, without any further revision, although it collects the EUROSTAT data later in the year once it has been refined. Oil World on the other hand uses trade intelligence to refine

their estimates of PO and PKO data including imports into the UK. Previously, two scenarios were developed to reflect the different data sets.[25]

As agreed by the Roundtable on Sourcing Sustainable Palm Oil, a stakeholder group of industry associations and NGO's, this APR will report one headline figure based on the FEDIOL baseline data. The figure resulting from the use of the Oil World data is listed in Annex 7. This was decided because stakeholders wanted to align with Eurostat data as much as possible, in order to mirror what other European countries are measuring.

The volume of palm oil supported by RSPO supply chain models was estimated by collating the submissions of data generously provided from UK refineries with the help of the Seed Crushers and Oil Processors Association (SCOPA). This was used to estimate the proportion of PO and PKO imports accounted for by Mass Balance, Segregated and Identity Preserved CSPO.

Consumption of Palm Kernel Meal

Total volumes of UK imports of PKM have been gathered from two data sources, FEDIOL and Oil World, for the years 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017. FEDIOL figures have been listed in the main body of the report for 2016, with Oil World figures listed in Annex 7.

Consumption of sustainable PO and PKO by Consumer Goods Manufacturers and Retailers

Volumes of PO and PKO reported in the RSPO ACOP 2016-17 were used to analyse UK RSPO Retail and Consumer Goods Manufacturers Members sustainable palm oil consumption in the Sector sections listed under Section 2, Part C.[26]

This was done by collating the RSPO ACOP data for volumes of 'RSPO certified' palm oil in metric tonnes (which includes Segregated, Identity Preserved and Mass Balance CSPO and RSPO credit certificates from companies operating in the UK).

It should be noted that RSPO members' data reported through the RSPO ACOP digest has been used as the only data source for estimating the consumption of sustainable PO and PKO by finished goods producers and retailers. RSPO membership accounts for a relatively high proportion of all consumer goods manufacturers and retailers, but not all. This means that the estimated total consumption and estimated sustainable consumption is likely to be an underestimate.

Stakeholder consultation

An online questionnaire (found in Annex 2) was sent to key stakeholders. Questions were designed to triangulate the trade, refinery and RSPO ACOP data with stakeholder views, by asking stakeholders to select their relevant sector and choose which set of import figures best reflect their experience.

This approach aimed to enhance the levels of stakeholder feedback from the previous study, whilst maintaining commercial confidentiality. The questionnaires also allowed the opportunity for stakeholders to comment and provide their own estimates and data where they wished.

Final analysis

Once stakeholder feedback on the initial estimates had been gathered, figures were refined.

[25] With their latest annual statistics publication, Oil World revised their palm oil figures retrospectively for 2012 and 2013 by 2% and 3% respectively. These new figures are not reflected in this report's findings, in order to maintain continuity in reporting.

[26] http://www.rspo.org/en/annual_communications_of_progress

Assumptions and Limitations

Due to the complex nature of palm oil supply chains and the availability of data it has been inevitable that a number of assumptions have been made at each stage of the analysis. Where possible these have been in line with the previous research and/or informed by stakeholder engagement. This section explains what assumptions have been made during the analysis.

Calculating the total consumption of UK palm and palm kernel oil:

- Total UK consumption has been defined as the total imports in volume for a given year (metric tonnes). UK imports are based upon solely EUROSTAT data provided by FEDIOL.
- Derivatives/fractions and finished goods have not been included in the import figures. This means that the import figures are likely to be an underestimate.

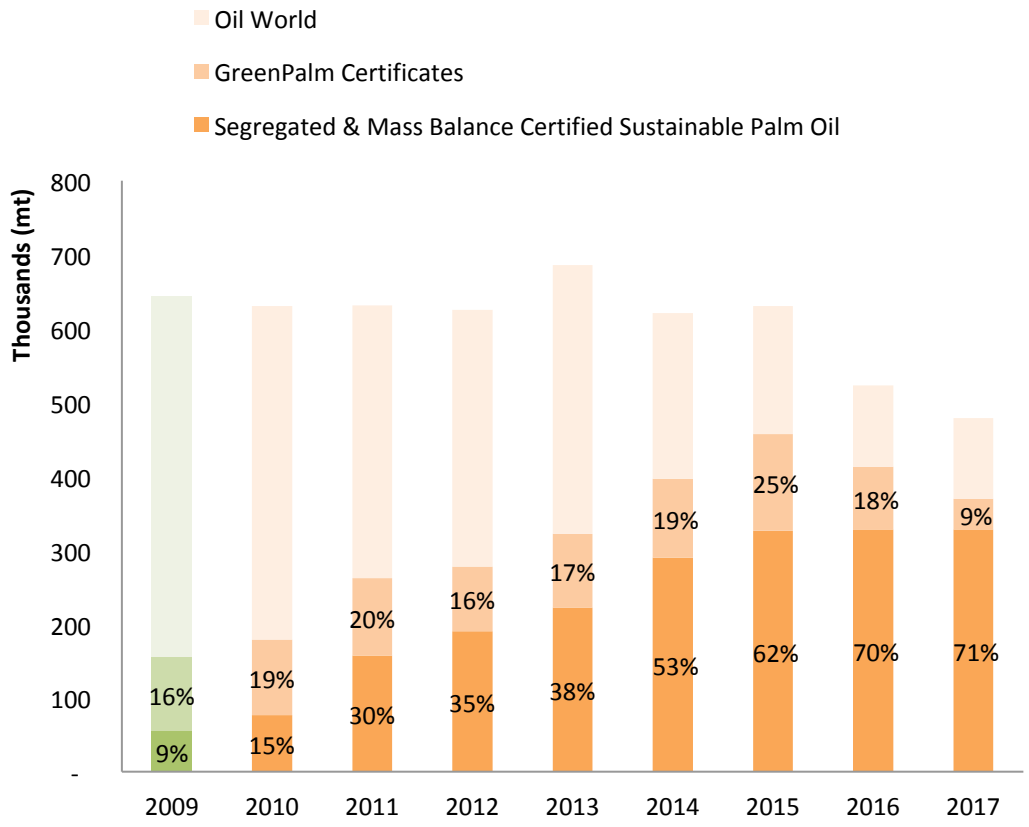
Calculating the volumes of sustainable palm and palm kernel oil:

- This analysis defines CSPO differently from previous reports, which included RSPO supply chain models Mass Balance, Segregated and Identity Preserved Certified Sustainable Palm Oil and RSPO credit certificates. This report does not include RSPO credit certificates in the headline figures.
- The 2011 Defra research report identified a range of companies that imported palm oil into the UK. As the major importers of palm oil into the UK (as substantiated by stakeholder engagement) this analysis refined the original approach taken in 2011 and focused solely on the refinery data, as the most robust means to capture the upstream supply sustainable palm oil in the UK. Refiners provided sales data, as opposed to import data. Sales and import figures are assumed to be essentially the same, though a very minor amount of palm oil and palm kernel oil may be lost in the refining process.
- It should be noted that the estimate of imports of Segregated, Mass Balance and Identity Preserved Certified Sustainable Palm Oil (CSPO) is likely to be an underestimate as it is based upon import data from UK refiners only and excludes imports by other companies.
- The RSPO Annual Communication of Progress data was used to assess the downstream consumption of sustainable palm oil for the UK (the 'consumer goods producers' and 'retailer' classifications), although this is likely to be an underestimate as it excludes purchases made by non-RSPO members. All UK registered companies were included in the analysis. This consumption data was not included in overall figures showing sustainable palm oil consumption in the UK.
- In addition this study also includes information about palm oil consumption for biofuels under the International Sustainability & Carbon Certification as sustainable for biofuels reported under the Renewable Transport Fuel Obligation (RTFO) and Renewables Obligation (RO) as listed in Annex 8.

Annex 7. Oil World Figures

Oil World and FEDIOL figures were only 6% different in 2017, as opposed to 10% in 2016, and 24% and 21% in 2014 and 2015 respectively.

According to Oil World data, imports of palm oil and palm kernel oil in the UK accounted for 463,200 mt in 2017. Using this baseline data, purchases of Mass Balance, Segregated, and Identity Preserved CSPO represents 71% of UK palm oil usage. The below figure compares total Oil World imports with Mass Balance, Segregated, and Identity Preserved CSPO use and Green Palm purchases from 2012 – 2017.



According to Oil World data, imports of palm kernel meal in the UK accounted for 463,100 mt in 2017, compared to 463,300 mt in 2016, 382,000 mt in 2015, or 663,000 mt in 2009. There is very little discrepancy between FEDIOL data and Oil World data for palm kernel meal.

Annex 8. Biofuels

Sustainable consumption of palm oil within the biofuels sector is controlled by the Renewable Fuels Transport Obligation (RFTO) and the Renewable Obligation (RO).

The statistics of the RFTO are in their tenth year of reporting with the most recent running from the 15th April 2017 to the 14th April 2018. Volumes of total as well as sustainable palm oil used in biofuels were gathered from the RFTO statistics for the last 10 year periods and were used to produce the below figure. It should be noted that this RFTO reporting calendar does not directly correspond to the reporting calendar used by RSPO's Annual Communication of Progress. In year ten, no palm oil was contained in biofuels. Previously, biofuels had been 100% sustainable since year 5. There had also been a substantial decrease in the volumes of palm oil from 127,008,760 litres in Year 1 (2008-9), which represented 9.9% of all biofuels, to zero litres in Year 9 (2016-17), or 0% of biofuels. This decline in the use of palm oil as a biofuel in the UK has been attributed to policy changes such as the introduction of the Renewable Energy Directive (RED). This was adopted by the EC in 2009 and adapted into the UK's existing Renewable Transport Fuel Obligation (RTFO).

Changes to the RFTO, as a result of the RED, included mandatory sustainability criteria such as robust Greenhouse Gas Emission targets and land criteria, to ensure the lifecycle GHG emissions of biomass are acceptable and to prevent adverse land use change such as deforestation. Some biofuel suppliers may have found it hard to purchase palm oil and palm kernel oil products that complied with these requirements, leading to a reduction in their use in the biofuels sector.

The Renewables Obligation (RO) provides incentives for large-scale renewable electricity generation by requiring UK suppliers to source a proportion of their electricity from eligible renewable sources, including palm oil plantations.

Palm Kernel Expeller (PKE, also known as palm kernel meal) and Palm Fatty Acid Distillate (PFAD) are the main palm products consumed by the electricity generators in the UK claiming support under the Renewables Obligation Scheme. According to the Annual Sustainability Report 2016-2017 (Ofgem, 2018), in 2016-17 there was no PKE or PFAD consumed, compared to the consumption of a mixture of PKE and PFAD in some previous years - 48,012 mt in 2011-12, 17,735 mt in 2010-11 and 113,090 mt in 2009-10. This fluctuation is likely to be driven by a number of factors, which could include availability of PKE and PFAD.

Annex 9. Revised 2015 Refiner Figures

The 2015 total refinery figures were somewhat incorrect, due to inaccurate reporting by one refiner on total usage and total CSPO usage. Correct figures have now been submitted by the refiner, but are not incorporated in the main body of the report for the purpose of comparison with previous years' analysis.

The correct 2015 total refiner imports, when including GreenPalm, should equal 473,320 mt, as opposed to 457,294 mt. The correct 2015 total refiner imports, when not including GreenPalm, should equal 342,059 mt, as opposed to 326,033 mt. The graph below details a comparison of 2012 – 2017 total CSPO use, including GreenPalm, using the revised 2015 figures.