

Agreement

Danish Alliance for Responsible Palm Oil

November 23rd 2020

Translated from Danish



Dansk Alliance for Ansvarlig Palmeolie



Danish Alliance for Responsible Palm Oil

Background

Palm oil is the most used vegetable oil globally and used in a wide range of products, including many different foods, soaps, cosmetics, biodiesel, candles, and more. Palm oil is defined as palm oil, palm kernel oil and derivatives.

The global production amounts to about 72 million tons of palm oil a year. Denmark annually imports approximately 250,000 tons of palm oil, of which some is exported further. In Denmark, about 150,000 tonnes of palm oil is used, mainly for food production and animal nutrition, and to a lesser extent for technical consumption (including cosmetics). In addition, there is import of consumer products containing palm oil, which are not produced in Denmark (e.g. cosmetics and food).

Amongst others, palm oil is a popular ingredient as it is taste-neutral, it does not turn rancid and has a high yield per area compared to other oils, which contributes to making it a very competitive vegetable oil. One hectare of palm oil trees produces an average of 3.7 tons of oil per year, however with varied differences in yields. About 85% of the world's palm oil production is in Indonesia and Malaysia and in these countries alone, approximately 4.5 million people are employed in the palm oil sector.

Large parts of palm oil production are associated with very significant environmental and social challenges. Among other things, the rainforest areas have been cleared and are still being cleared to make way for oil palm plantations in Indonesia, Malaysia and in recent years also several places in Africa and Latin America. This degrades biodiversity and contributes to climate change. Furthermore, there are social problems in several places related to the production of palm oil, e.g. in relation to human rights of the workers employed in the palm oil plantations.

In recent years, Denmark has politically sought to actively address global deforestation through international cooperation. Denmark has joined the so-called "New York Declaration on Forests", which contains goals to halve deforestation in 2020 and completely eliminate deforestation in 2030, as well as the Sustainable Development Goals, which contain goals to stop deforestation in 2020. In December 2015, the Danish government joined Amsterdam Declarations, which, in partnership with other European countries, supports responsible and deforestation-free value chains in agriculture, with a special focus on raw materials such as palm oil, soybeans and cocoa. In July 2019, the EU Commission presented an action plan against deforestation, followed by EU council conclusions on the subject in December 2019. In the spring of 2020, the Danish Minister of Food, Agriculture and Fisheries announced that Denmark is working on a national action plan against deforestation. In the autumn of 2020, the EU called on Parliament to introduce EU legislation to prevent deforestation related to goods imported into the EU.

For a number of years, parts of the Danish business community have also worked to promote responsibly produced palm oil. In 2014, the Confederation of Danish Industry (DI) established the "Business Initiative for Sustainable Palm Oil", which brought together a number of Danish food producers, and in 2014, the

Danish Chamber of Commerce established an initiative for responsibly produced palm oil, which brought together the Danish retailers. Both initiatives have produced significant results.

However, we are far from ensuring deforestation-free and responsibly produced palm oil (see pages 7-8 for principles for responsibly produced and deforestation-free palm oil). The RSPO (Roundtable on Sustainable Palm Oil) standard is the leading standard in responsibly produced palm oil. About 19% of the global production of palm oil is RSPO certified today. A report from the University of Copenhagen published in 2018 estimates that at least 65% of the amount of palm oil imported into Denmark is RSPO-certified.

The Danish Initiative for Ethical Trade (DIEH) has together with DI, the Danish Chamber of Commerce, the Danish Agriculture & Food Council, the trade association for Danish grocers, Danish Association of Cosmetics and Detergents, the Industry Association for the Danish Laundry, Cosmetics and Household Industry (VKH), WWF Denmark, 3F - United Federation of Workers in Denmark, NEPCon Preferred By Nature, The Ministry of the Environment and Food and a number of companies taken the initiative for a joint Danish effort. Through a binding collaboration, the Alliance must ensure the use of responsibly produced palm oil in Denmark and contribute to progress towards responsible production globally.

The group has held a number of meetings, through which a larger knowledge base has been created, e.g. on lessons learned from other countries on how to promote the use of responsibly produced palm oil. The baseline is the internationally recognized framework established by the Accountability Framework Initiative¹ and the Alliance will amongst others refer to the definitions in the framework.

Based on this, a new partnership initiative is now being launched under the heading "Danish Alliance for Responsible Palm Oil".

Purpose

The initiative aims to bring relevant Danish actors together in a binding collaboration to ensure progress towards responsibly produced palm oil - both for those that have already come a long way and those who are yet about to start. The Alliance primarily aims to convert the palm oil imported and used in Denmark to responsibly produced palm oil, but it is also the ambition to drive development at the European and global level towards more responsibly produced palm oil. From each of their starting points and different uses of palm oil, the Alliance's participants will work for continuous improvement towards this goal, and the Alliance will follow up to ensure progress.

To ensure progress, the Alliance will help Danish companies and make the work of securing responsible palm oil easier, amongst other things through knowledge, exchange of experience, joint communication, development of common tools, workshops, as well through a collective effort to strengthen the existing international standards, etc. The Alliance also wants to promote dialogue and debate among Danish stakeholders and inform consumers about palm oil and sustainability. Communication to consumers will include a focus on the positive properties of responsibly produced palm oil, as well as comparisons with alternative vegetable oils.

By participating in the Alliance, Danish companies and other stakeholders will help to promote responsibly produced palm oil, and at the same time, the participants commit themselves to the Alliance's vision and obligations.

¹ <https://accountability-framework.org/>

Vision and commitments

Vision

The Alliance's vision is that all palm oil imported to Denmark – both in raw form and embedded in products - is produced responsibly, including legally produced and not contributing to deforestation or conversion of other natural vegetation.

Through a joint Danish effort, it is also our vision to contribute to continuous improvements in the responsible production of palm oil globally.

Commitments

The members of the Alliance commit to work to achieve the vision and disseminate information about the Alliance.

In order to achieve the vision, the Alliance's business participants also commit to:

- 1) Prepare and publish an action plan for responsible palm oil, incl. a time schedule, no later than 31st of May 2021. The action plan must describe the status of the company's work with responsible palm oil¹ and describe initiatives to ensure progress towards the Alliance's vision.***
- 2) Report progress annually to the Alliance Secretariat (confidential) - first time before the end of May 2022.***

¹The action plan must contain quantitative information on the status of the company's work with responsible palm oil either in the form of the estimated amount of palm oil used annually and/or the share of the total consumption of palm oil that is sustainability certified.

Palm oil exists in varying amounts in a very large number of different products. In the effort to achieve the Alliance's vision, the participating companies are initially expected to focus there, where there is the greatest potential for improvement, e.g. where they have the greatest influence or largest volumes.

The Alliance's vision includes both palm oil in raw form and palm oil derivatives imported to Denmark (e.g. used in animal nutrition or other food production), as well as palm oil and palm oil derivatives used in products not produced in Denmark, but imported into Denmark (e.g. in cosmetics).

The Alliance also recognizes that participating companies have different starting points. The most appropriate effort to promote responsibly produced palm oil depends both on the industry in question (e.g.

food or non-food), the type of palm oil used (e.g. crude palm oil or derivatives) and on whether the goods are produced in Denmark, or are imported with embedded palm oil.

What are the benefits of participating in the alliance?

By participating in the Alliance, Danish companies will receive help to ensure responsibly produced palm oil. The Alliance will work to make it easier for participating companies to work with responsible produced palm oil, e.g. through knowledge, exchange of experience, joint communication, development of common tools, facilitate workshops, as well as a joint effort to strengthen the existing international standards etc.

Companies that have just started can, among other things gain knowledge, sparring, tools and a forum that supports them in their work to increase the proportion of sustainably certified palm oil in their value chains.

Companies that are already using only sustainably certified palm oil in all or the majority of their products can, among other things use the Alliance for the following:

1. Share experiences and inspiration for other participants in the Alliance (efforts that influence, motivate and/or support other players in the market in their work towards the Alliance's vision)
2. Gain insight into the latest developments in the field, including from the political side in Denmark and internationally
3. Use the Alliance as a common voice and thereby contribute to a nuanced debate and communication about palm oil and sustainability in Denmark
4. A joint Danish effort to continuously influence and raise international standards in the field, including RSPO, through the Alliance's cooperation and joint influence, and thereby strengthen support for the standards and create continuous progress in terms of traceability and sustainability in the global production of palm oil

Organisation of the Alliance

Participants in the Danish Alliance for Responsible Palm Oil are divided into one of the following two groups:

1. *Participating companies* from i.e. retail, food manufacturers, cosmetics, hygiene and detergent manufacturers, animal nutrition manufacturers, industrial companies, food services, etc. Participating companies must comply with the alliance's obligations - i.e. prepare and publish an action plan and report annually on status and progress.
2. *Supporting members* include NGOs, business and industry organizations, authorities, universities, the trade union movement and the like. Supporting members are not obliged to publish the status and action plan, but undertake to contribute actively to achieving the alliance's vision, including by

contributing professional knowledge and work to disseminate the initiative, as well as to report on this effort once a year to the secretariat.

The Danish Ethical Trading initiative (DIEH) acts as secretariat for the Alliance. The Secretariat supports the Alliance by:

- Supporting Alliance participants to achieve the vision from their different starting points through guidance, sparring, tools and sharing of good practice
- Take stock of the Alliance's results and progress and communicate about it
- Contribute to a nuanced Danish debate on palm oil and sustainability
- Spread the alliance's vision to Danish and foreign stakeholders
- Collaborate with similar initiatives in other countries as well as relevant international organizations, certification schemes and other fora

Participation in the Alliance

Participation in the Alliance is free of charge for companies, while participation as a support member requires membership of DIEH. The participants, i.e. both participating supporting members and company participants, will decide on any changes with regards to the Alliance.

There will be two annual meetings in the Alliance. In addition, workshops and working group meetings will be planned as needed.

Participation in the Alliance takes place by contacting DIEH's secretariat. Alliance participants who sign up after the launch of the initiative (November 2020) commit to publish an action plan within six months of joining the Alliance.

Monitoring and reporting

Participating companies commit to publish an action plan for responsible palm oil, incl. a time schedule, which describes initiatives to ensure progress towards the vision that all palm oil imported to and used in Denmark is produced responsibly, including does not contribute to deforestation or conversion of other natural vegetation. In addition, the action plan may also contain and highlight participants' initiatives and efforts that contribute to a more sustainable production of palm oil in other contexts, but which do not directly live up to the definition given above.

The participating companies' action plans for responsible palm oil must be published no later than 31st May 2021. Thereafter, the participants are obliged to report once a year to the Alliance Secretariat (DIEH) on progress, for the first time before the end of May 2022. The reporting is confidential and will be completed through a questionnaire. The reporting must amongst other contain specific information on the tools used (certification schemes, other verification methods, etc.).

The participants in the Alliance decide on the format of reporting. The aim is to make the reporting as easy and smooth as possible for the participating companies, thus it will be harmonized as much as possible with other reporting obligations. There may be a need to distinguish between pure palm oil and derivatives in the reporting to enable comparison and identify gaps. The companies that report directly to the RSPO can use the RSPO reporting as a basis for reporting to DIEH.

DIEH collects the participants' data in an aggregated, anonymized format to protect commercially sensitive data. The secretariat prepares a comprehensive status report that presents the participants' results and progress towards the vision in an anonymised way. The publication of results enables participants to highlight changes and progress over the course of a year and at the same time acts as a 'roadmap' of steps towards the overall vision.

Exclusion

Participants who do not fulfill the Alliance's obligations to actively support the initiative and the initiative's vision and (for participating companies) to publish the status and action plan for responsible palm oil and report progress within the deadlines set out in the Alliance's commitments, may be excluded.

Communication

The members of the Alliance can communicate that they participate in the Danish Alliance for Responsible Palm Oil, and this means that they support the vision for responsibly produced palm oil. Participating companies can also communicate that they commit to publish an action plan and report annually on progress towards the vision. Finally, members are encouraged to contribute to promoting dialogue and debate among Danish stakeholders as well as information and communication to consumers about palm oil and sustainability.

Definition of responsibly produced palm oil

The Alliance defines "responsibly produced palm oil" based on the internationally recognized framework established by the Accountability Framework Initiative and internationally recognized standards as established by the RSPO certification scheme.

Responsible palm oil production is defined by the Alliance by the following general principles:

1. Producers and actors in supply chains must drive/promote ethical business behaviour; build trust and transparency with stakeholders to ensure strong and healthy relationships, so that palm oil production contributes to sustainable development locally in collaboration with local communities.
2. Comply with relevant legislation (local, national and international)
3. Optimize productivity, efficiency, positive impacts and resilience by maintaining continuous improvement plans, procedures and systems.
4. Respect human rights and contribute positively to local communities, including respect for collective rights as well as for legal and established land rights.
5. Support the inclusion of small farmers, by including them in the supply chains and improving their livelihoods through fair and transparent partnerships.

6. Abolition of all forms of forced labour; effective abolition of child labour; abolition of discrimination in employment and occupation. There are secure working conditions, freedom of association and decent wages.
7. Protection, conservation and improvement of ecosystems and the environment. Including ensuring:
 - a. That the production does not contribute to deforestation or conversion of other habitats of high conservation value
 - b. Protection of endangered species, wetlands and wide zones, soil conditions, water and air quality, etc.
8. Responsible and safe use of agro-chemicals
9. Production must be third party verified or third party certified, according to a standard that meets the above criteria.

How can companies create progress?

The purpose of the Alliance is to ensure that the palm oil imported into and used in Denmark is responsibly produced within the framework of the above principles. The most common tool available for companies at present to ensure compliance with these principles is RSPO certification (here there are four options: Credits, Mass Balance, Segregated or Identity Preserved) or other third party certification schemes with the same standards. The Alliance recognizes the need for - and will continuously contribute to - improving the RSPO standard and other similar certification standards, e.g. in relation to criteria for the use of agro-chemicals in the production of palm oil.

Considering companies have different starting points, e.g. depending on industry, size of company, etc. the Alliance also recognizes all degrees of RSPO certification, but recommends that the participants, as far as possible and where relevant, work for a gradual progress in terms of traceability.

Participants in the Danish Alliance for Responsible Palm Oil

As of November 27th 2020 the following companies and supporting members have signed up:

