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Palm Oil in India

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Why palm oil?

Palm oil is the world's most consumed vegetable oil. It is used as an edible oil, and in processed foods like chocolate bars, ice cream, instant noodles, and margarine. Cosmetics, soaps, shampoos and detergents also use palm oil derivatives.

Oil palms yield more oil per hectare of land than any other oilseed in the world. Palm oil production also provides employment in rural areas, as currently over one million workers, three million smallholders, and many more households are involved in palm oil production across the world.

Palm oil in India: What you should know

India is the world's largest palm oil importer. It imported 8.4 million metric tonnes (MMT) of palm oil in 2020-21, constituting around 18 % of global imports.

Overall, India is the third largest consumer of edible oil in the world and relies on imports for 62% (2020-21) of its consumption, with palm oil taking up a lion's share. Indonesia and Malaysia are the two main exporters of palm oil to India at 61% and 32% respectively in 2020.

India is also the second largest consumer of palm oil (around 13% of the world's total), of which 70% is used as edible oil by households, food service, and processed snacks and the remaining 30% by fast moving consumer goods (food and personal care products).

Palm oil in India: What you should know

As the demand for palm oil increases, producer countries have to clear substantial tracts of tropical forests to make room for the palm oil plantations. An estimated 28% of forest loss in Indonesia and Malaysia, between 2005 and 2010, was attributed to large-scale palm oil production. Oil palm expansion to meet this demand can lead to numerous environmental, as well as social impacts. Clearing large expanses of forests causes forest fragmentation, and endangers habitats of species, like the Sumatran tiger, elephants and orangutans, which are already on the brink of extinction. Loss of natural forests also means loss of ecosystem services, such as clean water and soil erosion control. Felling of forests and draining of peatlands for plantations generates significant carbon dioxide (CO₂), which results in global warming. In addition, burning these forests results in haze over large areas, which not only affects people's health, but also disrupts economic activities. Land acquisition and clearing forests, which are vital for communities, result in people losing their lands, livelihoods and even homes.

What is Sustainable Palm Oil?

Sustainably produced and responsibly sourced palm oil promotes environmentally appropriate, socially beneficial and economically viable practices in the palm oil industry, in accordance with globally recognised responsible production standards and/or country specific legal compliances in order to address the above-mentioned environmental and social issues. Different voluntary standards and certifications have emerged over the last two decades to promote sustainable palm oil, starting with voluntary standards like the Roundtable for Sustainable Palm Oil (RSPO) and mandatory national standards, such as, Indonesia Sustainable Palm Oil (ISPO) and Malaysia Sustainable Palm Oil (MSPO). WWF recognises that RSPO is currently the only credible, independent and multi-stakeholder certification scheme with the capacity to continue the supply of certified, sustainable palm oil to the global market and promotes a step-wise approach for companies in order to move towards sustainable procurement of palm oil in India. Companies can start by taking simple steps like setting up of time-bound responsible sourcing goals, publicly disclosing commitments through transparency and disclosure tools, joining regional and multi-stakeholder platforms (like I-SPOC) that promote the uptake of sustainable palm oil in India, developing and implementing responsible sourcing policies, and voluntary adoption of certifications and standards.

WWF-India and Sustainable Palm Oil

WWF works globally to support the transformation of the palm oil market towards sustainability, by adopting a multipronged strategy cutting across the entire palm oil supply chain. WWF-India is promoting environmentally appropriate, socially beneficial and economically viable practices in the Indian palm oil industry through:

- Corporate engagement to influence the Indian industry towards the import, trade, investment in and uptake of sustainable palm oil
- Research and policy advocacy to help promote conducive policies for production and import of sustainable palm oil
- Promoting Sustainability in domestic production of palm oil in India
- Consumer awareness and sensitization to issues associated with unsustainable production of palm oil, to increase demand for sustainable palm oil in India

1. Corporate Engagement

In order to promote the sustainable production and consumption of palm oil, WWF-India engages with large





retailers, manufacturers, traders and financiers, to promote efficient and responsible consumption, production and trade of palm oil. WWF-India works with some of the key companies along palm oil supply chains to lead markets away from sources linked to deforestation, habitat loss and social conflict, and towards sustainable palm oil consumption. WWF-India also develops different knowledge products such as the recently launched 'Sustainable Palm Oil Procurement Guide for Conscious Buyers in India' aligned with Accountability Framework Initiative (AFi) with the aim to support companies in making the transition towards sustainable procurement of palm oil in India.

- **Sustainable Palm Oil Coalition for India (I-SPOC)**

WWF-India, Centre for Responsible Business (CRB), Roundtable on Sustainable Palm Oil (RSPO) and Rainforest Alliance (RA) launched the Sustainable Palm Oil Coalition for India (I-SPOC) in September 2018, to facilitate industry collaboration across the value chain to promote the increased uptake of sustainable palm oil. The forum works towards addressing barriers and challenges to sustainable palm oil by taking into consideration the unique characteristics of the palm oil sector in India, focusing on aspects including policy, trade linkages and consumer sensitisation to sustainability. I-SPOC currently has more than 30 members from diverse sectors of the industry, including producers, refiners, consumer goods manufacturers, investors, and civil society organisations.

- **Encouraging Deforestation-Free Supply Chains**

WWF-India encourages companies to take part in sustainability disclosures, such as WWF Palm Oil Buyers Scorecard (POBS), ZSL SPOTT, CDP (Carbon Disclosure Project) amongst others. It also encourages companies to get their supply chains certified by recognised sustainability standards. WWF-India also hosts sessions and panel discussions at flagship industry events in order to sensitise the industry and make them aware about the need to transition towards deforestation-free supply chains by adopting various

disclosure tools and thus increasing the uptake of sustainable forest linked commodities like sustainable palm oil in India.

- **Finance Sector Engagements**

WWF-India offers guidance to Indian banks and financial institutions, supporting the financial sector in driving responsible investment through ESG strategies – which improve financial performance and reduce the risk in their lending portfolios.

2. Research and Policy Advocacy

WWF-India is exploring government-led mechanisms, which aim to incentivise the production and import of sustainable palm oil, in line with the SDGs, for establishing a level playing field for increasing the uptake of responsibly sourced edible oil in India.

3. Consumer Outreach

WWF-India works towards creating awareness on the impacts of unsustainable palm oil production and driving consumer demand for sustainable palm oil in the local market through awareness campaigns and other related consumer engagement activities. The Be Conscious consumer awareness campaign was launched recently in order to sensitise the consumers about the challenges with unsustainable palm oil and the need to transition towards sustainable palm oil by increasing the demand for the same.

4. Sustainable Production of Palm Oil in India

WWF-India has been working towards promoting sustainable palm oil production in India, through research to influence relevant governmental policies and frameworks, as well as active participation in standard development processes, such as the RSPO National Interpretation. WWF-India is the co-chair of the National Interpretation Working Group for the RSPO India Standard and is working to establish domestic supply of certified palm oil. A pilot has been launched in Andhra Pradesh to train farmers and build capacity.

Way Forward for the Indian Palm Oil Industry

With sustainability becoming a license to operate in many parts of the world, WWF-India encourages multinationals as well as Indian companies to understand and incorporate sustainability as part of their core business operations.

Several solutions are available to address the environmental impacts of their supply chains. These include credible sustainability certifications, industry roundtables and coalitions,

stepwise approaches, scorecards, transparency and disclosure frameworks etc. Adopting these approaches can help the industry promote positive environmental and social practices in regions where palm oil is produced, and protect people, habitat, and wildlife. Indian companies can also benefit from improved supply chain resilience and meet the future requirements of an evolving customer base. This approach will also be key for ensuring that the rising global demand for palm oil is met in a sustainable way.



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