In its latest report, WWF India discusses the risks associated with conventional production of palm oil and presents a step-wise approach aligned with the principles of the Accountability framework for businesses to transition towards sustainable procurement of palm oil following the pillars of transparency, traceability and accountability.

With its adequate availability, versatility, and relative cost-effectiveness, palm oil remains to be one of the main sources of edible oil in India.

This rising demand is often associated with irresponsible sourcing and unsustainable expansion of palm oil that has caused rapid deforestation, devastating loss of biodiversity, and contributed heavily to pollution, land degradation, and climate change in producer countries.

Sustainable palm oil is palm oil produced in a way that is legal, protects forests and nature’s biodiversity, and improves the lives of the millions of people that depend on the industry for their livelihood, while ensuring food security for growing populations around the world.

Given India’s position as the largest importer and the second largest consumer of palm oil, businesses in the country play a significant role in changing the narrative by transitioning the palm oil industry to a sustainable one, not only domestically but also globally by adopting responsible sourcing practices.

With the rising awareness of social and environmental challenges associated with unsustainable palm oil procurement, there is a greater need for businesses to understand the risks of continuing with conventional practices and the business opportunities that will arise if they explore new sustainable practices.

### WHY BUSINESSES NEED TO CARE?

**FINANCIAL RISKS**

Failure to meet sustainability criteria means exclusion from accessing capital and markets

**OPERATIONAL RISKS**

Impact on the environment may lead to supply chain disruptions, higher purchasing costs and reduced demand of palm oil

**REPUTATIONAL RISKS**

Increasing awareness on sustainability issues means reputational risks for companies sourcing unsustainably leading to a loss of market share

**REGULATORY RISKS**

Companies could be on the receiving end of India’s sustainable public procurement policies and even at the risk of losing license to operate
 Recognition of these risks is rapidly increasing among Indian buyers many companies beginning to see value in sustainable palm oil and adapting to the changing stakeholder expectations. There are a number of resources available for forward-looking companies that are looking to take action. WWF India outlines detailed guidance on key steps that palm oil buyers in India can take to mitigate the above risks and leverage opportunities around palm oil by starting with responsible sourcing in their supply chain.

**01 ESTABLISH A BASELINE**

Carry out a baseline exercise to map your palm oil supply chain, understand your footprint and develop a repository of surrounding palm oil usage. This will focus on elements including type and volume of palm oil and derivatives, products containing palm oil, a database of consumers, and sustainability standing of suppliers.

**02 SET AND STRENGTHEN COMMITMENTS**

Set long-term targets that extend through the entire supply chain. Get senior leadership on board during the formulation and implementation of policy. Easily achievable short-term targets and periodic review of time-bound and geographically specific targets with a defined scope are necessary.

**03 IMPLEMENTATION OF COMMITMENTS**

Develop a formal organisation-wide sustainable sourcing policy. Undertake supply chain mapping and traceability through credible assurance systems. Engage in risk assessments, activities to build and strengthen supplier capacity, and monitor and verify supplier performance.

**04 MONITORING AND REPORTING**

Regularly monitor compliance and progress made by establishing a robust monitoring and verification (M&V) system. Yearly public and accessible reporting of metrics including percentage of certified palm oil, percentage of certified facilities and percentage of traceability.

This guide is aimed at helping the three major stakeholder groups develop and follow their sustainability policy.

**EMBRACING THE FUTURE POTENTIAL OF SUSTAINABLE PROCUREMENT OF PALM OIL:**

Companies in India are increasingly seeing the value in taking action toward sustainable palm oil given the global trends towards sustainable sourcing across value chains. Sourcing certified sustainable palm oil (CSPO) can help companies gain credibility and build long-term financial and reputational value. Increased availability of sustainable palm oil can also lower the collective costs associated with it, subsequently increasing consumer demand for it.

**ADDITIONAL ACTIONS**

- Become a member of multi-stakeholder initiatives such as the Sustainable Palm Oil Coalition for India, (I-SPOC), RSPO.
- Encourage uptake of sustainable palm oil within as well as beyond the company supply chain by working with suppliers and buyers.
- Encourage corporate disclosures through promoting sustainability trademarks such as RSPO, participating WWF Palm Oil Buyer Scorecard.

Read the full sustainable palm oil procurement guide [here](#).