August 1, 2018

Re: RSPO Principle’s and Criteria Review, ESG Factors for Integration in 2nd Consultation

Dear Principles and Criteria (P&C) Review Task Force,

We, the undersigned investors representing $6.7 trillion in assets under management, are writing to encourage the adoption of a robust and effective standard for sustainable palm oil production during the 2018 Principles and Criteria review period. This review process and outcomes – which will set the standard for the next five years – is a critical opportunity for the RSPO to build credibility and expand sustainable practices.

Our investment portfolios include companies that have significant exposure to deforestation risks and therefore, have made robust no-deforestation policies and strong commitments to sourcing sustainably certified palm oil. As such, both investors and companies rely on the RSPO to ensure reliable supplies of verified sustainable palm oil. We strongly support the RSPO’s mission and the central role of RSPO certification in the industry.

However, we are concerned with the current disconnect between leading corporate policy commitments and the RSPO standard. Many of these policies and standards push best practices beyond the RSPO, including “No Deforestation, No Peat and No Exploitation (NDPE)” commitments. Others, which are not currently included in the P&C draft, include using the High Carbon Stock Approach (HCSA) methodology to determine appropriate areas for expansion, hiring a permanent non-casual workforce, ensuring a zero tolerance policy for retention of worker passports, and banning paraquat and other harmful pesticides. We are concerned that the RSPO’s relevance and effectiveness will be significantly impaired without the inclusion of these principles in the final stages of the Principles and Criteria revision.

We understand the Task Force is aware of this dynamic and we commend the inclusion of additional critical elements in the revised second draft. These improvements include 1) defining high carbon stock forests through HCSA, 2) requiring companies to report location of peat soils to the RSPO Secretariat and the use of drainability assessment procedures to determine viability of replanting on peat, 3) increased restrictions on use of paraquat and, 4) additional direction on protections for human rights defenders.

We urge you to maintain these elements. However, significant shortcomings remain that materially weaken the P&C. We offer the following recommendations to remedy these areas:

**Protecting High Carbon Stock (HCS) Forests and Land**

- A ban on cutting down and planting on High Carbon Stock forests (as defined by the HCSA) and development of management plans for the conservation of HCS forests;
- The application of HCSA in high forest cover landscapes should align with the consensus position of the HCS Approach Steering Group in these landscapes, creating a unified approach to the application of “no deforestation” in high forest cover landscapes rather than proposing a weakened system and competing set of guidance and standards in those landscapes. Language in the
current draft is considerably weaker, and undermines, the HCSA Steering Group’s position;

- A greater focus on community co-management and monitoring of HCS forest conservation to ensure inclusion (to also be checked in the auditing process);
- Revised definition of peat soil, and offer guidance on a phase-out of development on peat soils and replanting on peat (and associated reporting on peat).

**Mandating Traceability and Mapping**

- Language requiring public disclosure of concession maps in digital format;
- The RSPO should not certify palm oil from lands taken through eminent domain.

**Protecting Human Rights and Labor Concerns**

- The existence of procedures and mechanisms (not just policies) that ensure protection of human rights defenders from threats, intimidation and/or violence, aligned with the UN Declaration on Human Rights Defenders;
- Guidance for living wage aligned with the Global Living Wage Coalition (GLWC);
- Zero tolerance for retention of identification documents;
- A complete ban on the use of parquat;
- Alignment with the *Free and Fair Labor in Palm Oil Production Principles and Implementation Guidance*, published by a broad coalition of NGOs.

In addition to improvements to the P&C, investors are keenly interested in making sure the RSPO has robust accountability systems that support certification, including improvements that ensure an expedient and credible complaints mechanism that actively enforces standards when companies are non-compliant. This should also include the enforcement of consistent sanctions against member companies if they or their related entities violate RSPO Principles and Criteria and Code of Conduct.

Thank you for your leadership on these issues and your consideration of these concerns and suggestions. Please direct your response to Siobhan Collins, Manager, Food and Water Program at Ceres (collins@ceres.org, 617-247-0700 ex. 181), who is coordinating this engagement on behalf of the participating investors and will communicate your response to the undersigned.

We look forward to hearing from you in the coming weeks.

Sincerely,

Accrued Equities

Adrian Dominican Sisters, Portfolio Advisory Board

Aegon Asset Management

Alquity Investment Management

Andra Ap-fonden (AP2)

AP4 (Fourth Swedish National Pension Fund)

APG Asset Management

ASR Nederland N.V.

Australian Ethical Investment

Aviva Investors
Batirente
Boston Common Asset Management
Brunel Pension Partnership Ltd
California Public Employees’ Retirement System (CalPERS)
Calvert Research and Management
Central Finance Board of the Methodist Church
Christopher Reynolds Foundation
Clean Yield Asset Management
Conference for Corporate Responsibility of Indiana and Michigan
Congregation of Sisters of St. Agnes
Congregation of St. Joseph
Committee on Mission Responsibility Through Investment of the Presbyterian Church U.S.A.
Dana Investment Advisors
Daughters of Charity, Province of St. Louise
Dignity Health
Domini Impact Investments LLC
Earth Equity Advisors
EdenTree Investment Management Limited
Environment Agency Pension Fund
Epic Capital Wealth Management
Epworth Investment Management Ltd.
Ethos Foundation Switzerland
Etica Sgr – Responsible Investments

Everence and the Praxis Mutual Funds
First Affirmative Financial Network
First Swedish National Pension Fund (AP1)
Franciscan Sisters of Perpetual Adoration
Friends Fiduciary Corporation
Generation Investment Management
GES International
Green Century Capital Management
Hermes EOS
Hexavest
JLens Investor Network
Karner Blue Capital, LLC.
KBI Global Investors
Le Regroupement pour la Responsabilité Sociale des Entreprises (RRSE)
Local Government Super
M&G Prudential
Maryknoll Sisters
Mennonite Education Agency
Mercy Investment Services, Inc.
Midwest Coalition Responsible Investment
Miller/Howard Investments, Inc.
Mirova
Natural Investments
NEI Investments
New York City Office of the Comptroller
New York State Common Retirement Fund (Patrick Doherty)
Newground Social Investment
NN Investment Partners
NorthStar Asset Management, Inc.
Northwest Coalition for Responsible Investment
Ostrum Asset Management
Pax World Funds
Raiffeisen Capital Management
Region VI Coalition for Responsible Investment
Responsible Investment Advisors
Robeco
School Sisters of St. Francis
Seamans Capital Management
Seventh Generation Interfaith Inc.
Sisters of Charity, Halifax
Sisters of Saint Joseph of Chestnut Hill, Philadelphia, PA
Sisters of St. Dominic/Racine Dominicans
Sisters of St. Francis of Philadelphia
Sisters of the Good Shepherd
Sisters of the Presentation of Aberdeen SD
Skandia
Skye Advisors
Socially Responsible Investment Coalition
Stardust
Stewart Investors
Sumitomo Mitsui Trust Bank
The Sustainability Group of Loring, Wolcott & Coolidge
Tredje AP-fonden AP3
Trillium Asset Management
Trinity Health
Unitarian Universalist Association
Walden Asset Management
Zevin Asset Management