

RSPO Secretariat
Unit A-37-1, Level 37, Menara UOA
Bangsar No.5 Jalan Bangsar Utama 1,
59000 Kuala Lumpur Malaysia

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 paraquat;
- 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	Everence and the Praxis Mutual Funds
Boston Common Asset Management	First Affirmative Financial Network
Brunei Pension Partnership	First Swedish National Pension Fund (API)
California Public Employees' Retirement System (CalPERS)	Franciscan Sisters of Perpetual Adoration
Calvert Research and Management	Friends Fiduciary Corporation
Central Finance Board of the Methodist Church	Generation Investment Management
Christopher Reynolds Foundation	GES International
Clean Yield Asset Management	Green Century Capital Management
Conference for Corporate Responsibility of Indiana and Michigan	Hermes EOS
Congregation of Sisters of St. Agnes	Hexavest
Congregation of St. Joseph	JLens Investor Network
Committee on Mission Responsibility Through Investment of the Presbyterian Church U.S.A.	Karner Blue Capital, LLC.
Dana Investment Advisors	KBI Global Investors
Daughters of Charity, Province of St. Louise	Le Regroupement pour la Responsabilité Sociale des Entreprises (RRSE)
Dignity Health	Local Government Super
Domini Impact Investments LLC	M&G Prudential
Earth Equity Advisors	Maryknoll Sisters
EdenTree Investment Management Limited	Mennonite Education Agency
Environment Agency Pension Fund	Mercy Investment Services, Inc.
Epic Capital Wealth Management	Midwest Coalition Responsible Investment
Epworth Investment Management Ltd.	Miller/Howard Investments, Inc.
Ethos Foundation Switzerland	Mirova
Etica Sgr – Responsible Investments	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