

Palm Oil

Network Switzerland

Declaration of intent

Valid from 01.01.2025

Version 19/09/2024

Preamble

Palm oil can be found in everyday products such as food, detergents and skin creams. Global production has increased more than tenfold since the 1980s. At around 3.3 tonnes of oil per hectare, the oil palm is around five times more productive than rapeseed and eight times more productive than soya¹. The wide range of possible uses and high profitability explain the global success of the plant grown in the tropics.

However, the cultivation of oil palms has been criticised for deforestation and the destruction of ecosystems and the resulting loss of biodiversity, among other things. Although the cultivation of oil palms is an important source of income for numerous smallholder families and workers in rural regions, poor living and working conditions continue to be rightly criticised. The RSPO (Roundtable on Sustainable Palm Oil) was founded in 2004 to tackle the critical issues in palm oil production. RSPO is a multi-stakeholder initiative that is committed to sustainably cultivated and produced palm oil and has developed a corresponding standard. As the RSPO is also repeatedly criticised, the further development of the standard as well as its implementation and credibility remain a challenge.

The signatory companies to this declaration of intent, hereinafter referred to as members, agree that there is still a need to make palm oil supply chains more sustainable.

Purpose and vision

The purpose of the Palm Oil Network Switzerland is to promote sustainable supply chains in the palm oil sector, from cultivation and processing to the marketing and use of palm oil and palm kernel oil, as well as their fractions and derivatives.

The members of the network join forces to tackle the challenges not just as individual companies, but together. The network serves as a competence centre and exchange platform for members to achieve improvements with a common voice and joint activities.

The network's vision is a sustainable palm oil sector in line with the United Nations Sustainable Development Goals (UN SDGs). In particular, the focus is on freedom from deforestation, palm oil

¹ http://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/WWF-Studie_Auf_der_OElspur.pdf

cultivation that is as climate- and biodiversity-friendly as possible, the promotion and support of smallholder farmers, compliance with human rights and an improvement in living and labour standards throughout the supply chain.

The network and its members contribute to this vision through activities in several fields of action:

1. Market transformation towards fully certified, sustainable and traceable palm oil supply chains²
2. Continuous improvement of the standards and certification systems used
3. Definition of additional criteria and management of supplier dialogues
4. Commitment in the production countries through local improvement projects
5. Dialogue and networking with other stakeholders in the field of sustainable palm oil

As part of these areas of action, measures are to be implemented in a continuous improvement process and measurable effects achieved.

Self-commitment

Specific targets and measures for members are set out in a separate voluntary commitment. This self-commitment is regularly updated and amended as required and after approval by the General Assembly. The latest version is binding for all members of the network until a newer version is adopted.

Communication

The network informs the media and the public regularly and transparently about its commitment and the results achieved. Target achievement is measured and communicated annually.

Organisation

The Palm Oil Network Switzerland is an interest group of Swiss-based organisations involved in the palm oil value chain. A list of members is maintained.

The members decide on the further development of the Palm Oil Network Switzerland. The members regularly consult each other on issues arising from this declaration of intent. To this end, each member appoints a responsible contact person. These contact persons or a corresponding deputy shall meet regularly, but at least once a year, to jointly assess the progress made in implementing the obligations set out in this declaration of intent or the voluntary commitment and, if necessary, to take joint decisions.

The members can assign specific tasks to ad hoc working groups, e.g. to assess the equivalence of standards. They can also decide to commission third parties with these tasks. In addition, they can obtain funding from third parties (e.g. the federal government or foundations) to finance such tasks or other activities.

The members can elect a project management team, which is responsible for the coordination and organisation of the network. Any member can submit their concerns to the project management at any time.

² The currently recognised certification systems are the Roundtable on Sustainable Palm Oil (RSPO) and Bio Suisse.

The decisions of the members are made by majority vote.

If a critical mass of organisations joins the Network, a more formalised commitment or governance structure can replace the Palm Oil Network Switzerland.

Coordination and management of the network

The project management is responsible for the coordination and management of the network and includes the following tasks:

- Coordination of work together with the members (organisation of meetings, preparation of proposals, minutes, etc.)
- Media relations (answering media enquiries, writing media releases, media documentation, media archive, etc.)
- Target monitoring and reporting
- Communication (annual status report on target achievement; development, maintenance, editing of website)
- Monitoring political and international developments
- Relationship management with stakeholders such as potential members, NGOs, authorities, environmental and consumer organisations

Contributions

The costs of the network are borne by the members. Each member shall bear all direct costs arising from or in connection with this declaration of intent and its implementation. If further joint activities are carried out, the members shall decide in advance on cost sharing.

Accession of new members

The accession of additional members requires the approval of the existing members. The approval or potential rejection of new members is based solely on objectively comprehensible criteria. No new members (competitors of existing members) are rejected for reasons of competition. Membership of the Palm Oil Network Switzerland is conditional on membership of the RSPO. The transfer of membership is excluded.

Information, freedom of action and duty of confidentiality

Members that import palm oil undertake to provide information in accordance with the self-commitment of the members.

The members agree that the cooperative collaboration does not influence or restrict the competitive freedom of action of the participating companies as independent companies. This declaration of intent is only valid if it does not contradict Swiss competition law.

The information obtained in the Palm Oil Network Switzerland is to be treated confidentially and may not be made accessible to third parties without the express consent of the members.

Liability

If a member acts without authorisation (falsus procurator) on behalf of the Palm Oil Network Switzerland, it shall be liable internally exclusively and in full for the liability entered into. In addition, it is noted that according to Art. 51 para. 2 of the Swiss Code of Obligations, the person who

caused the damage through unauthorised action is primarily liable for the damage, and the person who is liable without fault and without contractual obligations according to the law is ultimately liable.

Duration

The Palm Oil Network Switzerland will be dissolved as soon as all members jointly decide to dissolve it.

Changes

Amendments to this declaration of intent must be made in writing to be valid.

Place of jurisdiction

This Memorandum of Understanding shall be governed and construed in accordance with Swiss law. The place of jurisdiction is Zurich, Switzerland.

Cancellation

Ordinary cancellation: Each party may terminate its commitment under this declaration of intent and its membership in the network at any time, but in such case shall be obliged to notify the network in writing of its reasons for doing so.

The membership of individual parties in the network can be terminated by exclusion if

- a. one of the parties breaches one or more obligations under this letter of intent and fails to remedy the breach of contract within 30 calendar days of a written warning to this effect.
- b. either party repeatedly engages in business practices or participates in projects that are inconsistent with the objectives of the declaration of intent; or
- c. one of the parties attempts to transfer or assign the entire letter of intent or certain rights and obligations thereunder to a third party without the prior written consent of the other parties; or
- d. bankruptcy proceedings are opened against the assets of a party, or a party is granted a moratorium on debt enforcement, or it grants its creditors an out-of-court settlement agreement.

Extraordinary expulsions of parties are decided by the members by consensus (minus the party concerned). The cancellation or expulsion of a specific party does not invalidate the entire declaration of intent.

With their legally valid signature, the members declare their agreement to the above points.

Basel, 19 September 2024