

16 November 2023, 15:00 – 16:00

Q. What new regulations require companies to prove that ingredients are produced sustainably?

A. At present, the primary driver is the [EU Deforestation Regulation](#) (2023/1115/EC), which entered into force on 29 June 2023 and requires operators to exercise due diligence before placing certain products and commodities on the EU market, or exporting them. CTPA members can access a [Reference Zone page](#) providing an overview of this Regulation.

Other drivers in the EU include the proposed [Corporate Sustainability Due Diligence Directive](#) and the proposed [Forced Labour Regulation](#).

Additionally, the UK Government has held two consultations, most recently in 2022, on implementing due diligence for forest-risk commodities. In its [response](#) to the 2022 consultation, the Government outlined its intention to lay Regulations at the earliest opportunity.

Q. Do finished cosmetic formulations require a due diligence statement according to the new EU Deforestation Regulation?

A. Under the EU [Deforestation Regulation](#), operators are required to collect information, conduct a risk assessment and submit a due diligence statement for certain commodities and certain products before they are placed on the EU market or exported. The relevant commodities and relevant products are listed in [Annex I](#) to the Regulation and include palm oil, cocoa, soya, etc.

When a due diligence statement is submitted, a reference number for the relevant commodities and relevant products will be assigned, which must be provided to customs authorities when lodging customs declarations.

Only the products listed in the Annex to the Regulation, as classified by the Combined Nomenclature code, require a due diligence statement. At this stage, finished cosmetic products do not require a due diligence statement, however, some raw materials and paper/card products do require a statement.

CTPA members can access a [Reference Zone page](#) providing an overview of this Regulation.

Q. How is Action for Sustainable Derivatives (ASD) different from the Roundtable on Sustainable Palm Oil (RSPO)?

A. ASD works very closely with the [RSPO](#), however, whilst the RSPO manages palm in general, ASD focuses specifically on derivatives and the needs of the end-users of derivatives.

Part of ASD's theory of change is to work with the RSPO, and now that it has a greater understanding of the derivatives supply chain, it is bringing this knowledge to the RSPO's Working Groups, ensuring that collaboration takes place when developing solutions.

ASD does not offer certification; however, ASD does require its members to also be a member of the RSPO.

Q. How is ASD different from Union for Ethical Biotrade (UEBT)?

A. ASD focuses specifically on derivatives; it started with palm and has since expanded to soy and coconut due to the complex supply chains. Unlike [UEBT](#), ASD does not offer certification; however, it does work closely with the RSPO to align the sector.

Q. Does ASD recommend Mass Balance certification from the RSPO?

A. Mass Balance (MB) is one of the certification levels that can be obtained from the RSPO. It is where RSPO certified sustainable palm oil is mixed with ordinary palm throughout the supply chain. ASD does not necessarily recommend MB as it is the base level certification. ASD has previously challenged the MB approach because it was originally meant as a transitional arrangement, but it has now been in place for many years. ASD is waiting for the RSPO to update its [supply chain standards](#), so that discussions can continue to help drive towards Identity Preserved (IP) or Segregated (S) versions of the RSPO certification.

ASD does, however, recognise that for derivatives end-users, achieving IP or S palm derivatives is extremely difficult, and as a result of complex supply chains, MB may be the only option for some users. Therefore, ASD is also working to enhance the robustness of the MB model, so that in cases where IP or S is not possible, higher standards of sustainability can still be met.

Q. What considerations are there to mitigate the risk of companies moving to other plant oil sources which may come with their own issues?

A. Due to its high yield, compared with other possible plant oil sources, the best alternative to palm oil is sustainable palm oil. Transparency throughout the supply chain is integral for understanding whether an ingredient has been sourced sustainably, and initiatives such as ASD can provide an extra level of integrity to form a considered opinion about using an ingredient. It is hoped that this would avoid substituting one ingredient for another, without considering the full impact of the replacement and any unintended consequences.