



GREENPEACE SCORECARD ON PALM OIL PRODUCERS

Introduction

Existing initiatives to try and break the link between deforestation and palm oil are not yet achieving this result. If the expansion in the production of palm oil continues without further environmental protection measures, it will result in the further destruction of large parts of Indonesia's last remaining forests and peatlands. This will deprive forest communities of their livelihood and culture, cause even greater loss of biodiversity, and release even more greenhouse gases into the atmosphere.

Greenpeace is calling on palm oil producers and consumers to work together to finally break the link between palm oil expansion and deforestation. This can be achieved by strengthening forest and peatland protection commitments and putting them into action.

Why has Greenpeace International produced this Scorecard?

The Palm Oil Producers Scorecard gives an overview of where palm oil producers stand based on a Greenpeace International review of the steps some of the world's biggest palm oil producers have taken so far to limit their impact on forests and peatlands. Greenpeace is providing the latest information on the policies of palm oil producers so that consumer companies can take these into account when they purchase palm oil. This scorecard is policy based and has not included verification of the actual implementation of these policies.



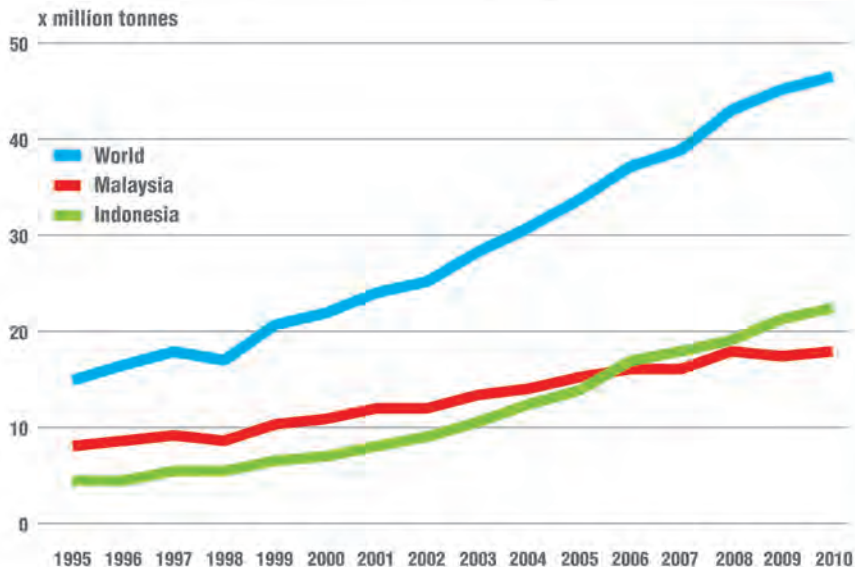
Palm oil plantation next to peatland forest,
Riau, Sumatra, Indonesia
© Greenpeace/Novis

Palm oil expansion

The global demand for palm oil is rocketing: using 2000 as the base, demand is predicted to more than double by 2030 and to triple by 2050. Over 70 percent of palm oil ends up in food, but the biofuels industry is also expanding rapidly. China, India and the EU are now the biggest importers, while policies that incentivise the use of first generation biofuels, like the EU's Renewable Energy Directive, add to the growing demand. Indonesia has become the world's biggest producer of palm oil. With growing demand and after years of stagnant harvest yields, the producers continue to expand into forested areas. Indonesia's central government has plans for another 4 million hectares by 2015 dedicated to biofuel production alone. Provincial governments are even more ambitious in terms of oil palm expansion, planning for an additional 20 million hectares. Producers are also increasingly looking at Indonesia's two Papua provinces: putting the nation's last untouched forests at risk, with some even venturing into Africa for large scale expansion.

The Roundtable for Sustainable Palm Oil, the certification system established in 2003, is at the moment the main tool consumer companies use to address deforestation in their supply chain. While RSPO membership and production of RSPO certified palm oil continues to increase, the RSPO standard does not prevent deforestation, and is therefore only a limited instrument in the search for responsibly produced palm oil.

Global production and major sources of palm and palm kernel oil



Source: ISTA, EUROSTAT, Product Board MVO 2010 as presented in: MVO (2010). Fact sheet Palm Oil, Productschap Margarin, Vastien en Dikin, November 2011.

Biodiversity and climate impact

Indonesia's rainforests are a biodiversity hotspot, rich in endemic species and the habitat for critically endangered species like the Sumatran tiger, Sumatran orangutan and Bornean orangutan. Millions of the rural poor also depend on Indonesia's forests for their livelihood.

For the last decades many of these forests have been logged-over, had the valuable timber extracted, and now, defined as 'degraded' or 'secondary' forests, can be freely turned into plantations. While scientists keep emphasising the importance of these forests for biodiversity, the RSPO only focuses on primary forests and forests with a 'High Conservation Value' (HCV). In practice this often means that only fragments of forests are left within a sea of monoculture palm oil plantations.

The rampant deforestation for oil palm plantations is not only a disaster for biodiversity and local communities; it also releases vast amounts of greenhouse gases into the atmosphere, accelerating climate change.

Under RSPO guidelines only HCV forests have to be maintained, while the majority of forested areas can be cleared, causing huge greenhouse gas (GHG) emissions. The drainage and development of peatlands especially has contributed to Indonesia's massive GHG emissions. Indonesia's peatlands represent just 0.1 percent of the Earth's land mass, but contribute a staggering 4 percent of global emissions. Therefore Greenpeace is calling for a ban on further development on peatlands and a moratorium on expansion of oil palm plantations in forests. New plantation developments need to be on land that is not High Carbon Stock (see p5), but must have full Free Prior and Informed consent from local communities with customary rights as well as ensure the protection of remaining natural forest areas.



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Peatland forest,
Kampar, Riau,
Sumatra, Indonesia
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RSPO

the battle for a strong GHG-tool

For the last years the RSPO has been discussing measures to reduce the GHG emissions of their palm oil producing members. The first GHG working group was convened in 2008, followed by a second working group that started in 2010. However, it is still unclear whether the RSPO will finally adopt the measures needed to stop the development of peatlands and the large scale clearing of forests. The RSPO needs to implement a full ban on palm oil development in peatlands and to introduce criteria which put areas with high carbon stock (HCS) off limits for development. Will the Indonesian and Malaysian producers ever accept these limiting measures? Only if there is a strong enough demand for palm oil with a no deforestation and peatland footprint.

The proposed changes to the RSPO Principles & Criteria show that the RSPO is considering the GHG issue, but they lack the ambition to really provide the clear guidance that the industry needs in order to make the RSPO a credible certification system for responsible palm oil production.

Consumer companies should call for strong measures within the RSPO to protect all peatlands and High Carbon Forests, in order to prevent deforestation from entering their supply chains.

Golden Agri-Resources' Forest Protection Policy

Following consumer pressure, in 2011 Golden Agri-Resources (GAR) announced a Forest Conservation Policy to eliminate deforestation from all of its operations and move to a zero deforestation footprint.

GAR in collaboration with The Forest Trust (TFT), and Greenpeace, has developed a methodology to define and identify areas of High Carbon Stock (HCS) forests for conservation. This included a provisional threshold for HCS based on vegetation stratification. This threshold and the methodology can provide the scientific basis for the RSPO to introduce a carbon cap.

The next step is for other palm oil producers and the RSPO to join GAR by implementing forest conservation commitments worldwide. For example, AgroPalma in Brazil has been implementing a 'no deforestation' policy since 2001. **These progressive examples demonstrate that no deforestation is possible as well as providing a blueprint for the rest of the palm oil industry to move towards responsible production.**

The RSPO needs to introduce similar HCS criteria and stop certifying the expansion of palm oil into forests and peatlands.

Company	Headquarters	Share of global CPO production (2011) ¹	Forest protection ²	Peatland protection ³	Percentage of RSPO certified palm oil ⁴
Agropalma Brazil	Brazil	0.3%	✓	✓	✓
New Britain Palm Oil Ltd.	Papua New Guinea	1.1%	✓	✓	✓
Golden Agri Resources Ltd (GAR)	Singapore	4.3%	✓	✓	-
Wilmar International	Singapore	3.5%	-	✓	✓
Musim Mas Group	Indonesia	1.2%	-	✓	✓
Sime Darby Plantation Sdn Bhd	Malaysia	4.8%	-	-	✓
IOI Corporation Bhd	Malaysia	1.4%	-	-	✓
Asian Agri	Indonesia	1.4%	-	-	✓
Indofood Agri Resources Ltd	Singapore	1.7%	-	-	-
PT. Astra Agro Lestari Tbk*	Indonesia	2.5%	-	-	-
PT. Darmex Agro (Duta Palma)*	Indonesia	0.9%	-	-	-

Total: 23.1%

1. Global CPO production share based on company information. Global production figure taken from Oilworld ISTA Mielke (2012), OILWORLD data base June 2012.
2. Companies can score a ✓ if they have a policy for the full protection of peatlands in their concessions and a u if they have some measures in place to protect peatland.
3. Companies can score a ✓ if a company A) has a policy on natural forest protection and conservation (not just primary forest or HCV forests) including for suppliers, and B) accepts an approach that would define HCS forest for conservation, and low carbon stock land (degraded), including via a carbon threshold for palm oil development. ✓: meets A) but not B) or meets B) but not A).
4. Companies can score a ✓ if they have more than 50% of their palm oil production RSPO certified, and a u if they have between 25-50% of their palm oil production RSPO certified.
5. If two companies have the same score the company with the larger production ranks higher.
6. - did not meet the requirement.
7. * did not respond to the Greenpeace questionnaire so score completed through publicly available information and Greenpeace assessment.



Palm oil plantation,
Riau, Sumatra, Indonesia
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What criteria did we use to rank the palm oil producers?

Greenpeace International has ranked some of world's main palm oil producers based on three main criteria: **Commitment to stopping deforestation and no development on peatland**, and **Percentage of RSPO certified palm oil production**.

Methodology:

Greenpeace International has selected eleven of the world's major palm oil producers based on a combination of annual CPO production and industry best practices. Following this, Greenpeace International produced a questionnaire for those companies to fill in. Based on publicly available information, Greenpeace International already provided answers for companies to review, verify and amend. The companies were also asked to provide additional information where needed. The producers mainly come from Indonesia and Malaysia, but also include Agropalma (Brazil) and NBPOL (Papua New Guinea) as examples of current best practices.

N.B. It is important to note that this score card gives a review of the policies these producers have put in place, and does not necessarily reflect operations on the ground.

Company responses to all of Greenpeace International's 21 questions covering a wide range of topics can be viewed at www.greenpeace.org/PalmOilScorecard



Greenpeace Southeast Asia - INDONESIA

Jl. KH. Abdullah Syafi'ie (Lapangan Roos) No. 47, Tebet Timur - Jakarta 12820

Telp. (021) 83781701 | **Fax.** (021) 83781702

email: supporterservices.id@greenpeace.org

GREENPEACE

www.greenpeace.org

Greenpeace International

Ottho Heldringstraat 5

1066 AZ Amsterdam

The Netherlands

Phone: +31 (0) 20 718 20 00 | **Fax:** +31 (0) 20 718 20 02

contact - pressdesk.int@greenpeace.org