WWF

REPORT

INT

2016

NOTE:
The scores of some companies have been revised since the Scorecard's publication, therefore the PDF version of the Scorecard may differ from the website in some instances. For the most up-to-date scores, visit palmoilscorecard.panda.org.

Palm Oil Buyers Scorecard

Measuring the Progress of Palm Oil Buyers

Sustainability | Conservation | Biodiversity

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On the cover
Sumatran elephants are under threat from unsustainable palm oil expansion, causing destruction and fragmentation of their habitats.
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WWF project team Adam Harrison and Carrie Svingen

Research and data analysis Jon Grayson

Scorecard production Jennifer Campbell, Barney Jeffries, Mitchell Davies, Aaron Scheid and Catalyze Communications

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PALM OIL SCORECARD 2016: SUMMARY

WWF's Palm Oil Scorecard shows what companies are – and aren't – doing to prevent the negative environmental and social impacts of palm oil production.

AS DEMAND CONTINUES TO EXPAND, THE INDUSTRY HAS A RESPONSIBILITY TO ENSURE PALM OIL IS PRODUCED SUSTAINABLY

Palm oil is a hugely important commodity, but it can also cause deforestation, create greenhouse gas (GHG) emissions, drive social conflicts and lead to the loss of vital habitats and unique biodiversity. As demand continues to expand, the industry has a responsibility to stop illegal and irresponsible practices and ensure palm oil is produced sustainably. One way to do that is to support the Roundtable on Sustainable Palm Oil (RSPO) and more importantly buy RSPO-certified sustainable palm oil.

The WWF Palm Oil Scorecard shines a light on what companies are doing to tackle the problems around palm oil. Building on previous WWF Scorecards in 2009, 2011 and 2013, this latest edition brings into sharp focus which companies have met their commitments on palm oil – and which are falling behind.

The results cover 2015 – the deadline year by which many companies promised to use 100 per cent certified sustainable palm oil (CSPO). While many companies have made commendable strides forward and honoured their commitments, others have made little progress or taken no action at all.

What we looked at

This Scorecard assessed the performance of 137 retailers, manufacturers and food service companies from Australia, Canada, Europe, India, Japan and the US. Between them, these brands use more than 6 million tonnes of palm oil, representing roughly 10 per cent of global use.

In this Scorecard we looked again at the same core actions that any responsible company that uses palm oil can and should be taking to show commitment and support producers that are acting responsibly. No matter what the size of the company or which sector they are in, they should have:

- Joined the RSPO
- Made a time-bound commitment to buying only CSPO
- Started buying sustainable palm oil
- Publicly reported progress on these actions.

We also went on to look at how quickly brands are shifting their use of CSPO to physically segregated sources that ensure uncertified and potentially unsustainable palm oil is eliminated from global supply chains.

How are companies performing on the basic actions required?

Almost one in five companies (28 out of 137) didn't even respond to our requests for information. This lack of transparency and engagement on an issue of significant public interest is completely unacceptable.

Of the 109 brands we were able to judge, all but three are RSPO members – a sign that the RSPO has been instrumental in getting the industry to be more open and more involved in finding practical solutions.

But simply joining the RSPO isn't enough – companies also need to commit to taking action, and then deliver on their commitments.

107 out of 137 companies assessed told us that they had some sort of public commitment to use CSPO – but only 78 companies had committed to use 100 per cent CSPO by 2015 – the year widely declared by the industry itself as being its target "tipping point".

Ninety-six companies reported that they had used some CSPO in 2015. This means 41 of the 137 companies didn't buy any CSPO at all or at least did not report using any.

Of the 78 who said they would only be using CSPO by 2015 only 56 hit their target. Seven of the companies assessed fell short by 50 per cent or more.

However, overall, we're seeing improvements over recent years: of the 94 companies that were also assessed in the 2013 Scorecard, 76 have shown progress, though 11 seem to have stalled and seven have gone backwards.

THE RSPO HAS BEEN INSTRUMENTAL IN GETTING THE INDUSTRY TO BE MORE OPEN AND MORE INVOLVED IN FINDING PRACTICAL SOLUTIONS

A palm oil plantation in Kimbe Bay, West New Britain, Papua New Guinea.

© JÜRGEN FREUND / WWF-CANON

Around 17 per cent of global palm oil production is now certified as sustainable by the RSPO – but increased market demand for CSPO is still needed to create the incentive for more producers to adopt sustainable practices and help to shift the whole industry. Given its ready availability, there is no excuse for any company not to be buying enough CSPO now to cover 100 per cent of its palm oil use.

As deforestation, climate change and conflict continue to plague the unsustainable palm oil industry, we need to see companies urgently ramp up their efforts and not just stop after the first step.

How are companies progressing toward using segregated CSPO?

Ninety-six companies reported using at least some CSPO in 2015. Just under half of the CSPO these companies used was bought through the book and claim system. Seventeen of these 96 companies were relying on book and claim for more than three-quarters of the CSPO they used. Essentially, this means these companies are paying producers of CSPO for certificates to cover the volume of palm oil they use – even though the actual palm oil that goes into their products may come from uncertified sources.

The book and claim system is valuable to kickstart transformation by making it easy and cheap for brands to support growers that are RSPO-certified. But it still allows the global supply chain to continue trading uncertified and potentially unsustainable palm oil.

So the next step is for companies to shift their sourcing toward fully segregated supply chains – where CSPO is kept separate from uncertified palm oil all the way from the mill where it's first pressed to the end user. This ensures the palm oil in companies'

AS DEFORESTATION, CLIMATE CHANGE AND CONFLICT CONTINUE TO PLAGUE THE UNSUSTAINABLE PALM OIL INDUSTRY, WE NEED TO SEE COMPANIES URGENTLY RAMP UP THEIR EFFORTS

Palm oil being harvested at a palm oil plantation, Sumatra, Indonesia.

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products does not contribute to deforestation, and will help build a genuinely sustainable and transparent global trading industry.

While many brands have taken the first step on the core actions needed, fewer are taking this second step on the journey.

Overall, only 15 per cent of all the palm oil that the brands told us they used in 2015 was segregated. Only three companies used 100 per cent segregated CSPO in 2015 – **Arnott's**, **Danone** and **Ferrero**. Their impressive efforts show that it's possible for even large users of palm oil (like **Ferrero**) to get their sourcing on a more sustainable footing. Other companies now need to follow their example.

Next steps

There is no excuse at all for any brand using palm oil not to be already using 100 per cent CSPO today. The WWF Palm Oil Buyers Scorecard 2016 shows that almost half of the companies assessed had achieved that by 2015. Those companies that have fallen short should be called to account by their competitors and their customers.

We welcome progress so far but more needs to be done. Brands are not moving fast enough to sourcing segregated CSPO and ensuring the global palm oil trade has no place for unsustainable palm oil.

Meanwhile the wider industry needs to show continuous improvement. WWF's work on the ground in Sumatra, Indonesia and elsewhere shows that despite the progress shown by the companies in our Scorecard, deforestation is still happening at an alarming rate. The industry as a whole is not changing fast enough and not driving change in the practices of smaller and independent palm oil growers. Meanwhile, policies in producer regions sometimes inhibit change for the better.

Alongside buying CSPO from segregated sources as soon as possible, there are further steps that companies can and should take to improve wider palm oil sustainability.

These include:

- Joining schemes like the Palm Oil Innovation Group (POIG), and buying palm oil certified to tougher standards like RSPO NEXT and the POIG Charter
- Supporting smallholders to become certified
- Lobbying governments in producer and consumer countries to create and enforce legislation requiring legal and sustainable palm oil production.

Consumers also have an important role to play in choosing products containing CSPO, and putting pressure on brands to improve their performance.

GET INVOLVED

Visit the Palm Oil Scorecard website — palmoilscorecard.panda.org – to take action on sustainable palm oil

PALM OIL: AN INTRODUCTION

It's a crucial commodity, but growing palm oil can lead to devastating deforestation and harm to wildlife, people and the climate.

What's the problem with palm oil?

From margarine to lipstick, biscuits to candles, chocolate to laundry detergent, palm oil is found in an incredible range of everyday household products. It's also used to fuel cars, as animal feed and in electricity generation.

In fact, it's the world's most produced, consumed and traded vegetable oil, accounting for 38 per cent of global vegetable oil consumption in 2014/15.[1]

Palm oil is not only extremely versatile – it's also very productive, with a yield far greater than other vegetable oils from a far smaller land area. It creates a huge number of jobs, generates income for everyone from small farmers to massive global industries, and makes a big contribution to many local and national economies.

All in all, it could be seen as a miracle plant.

But there's a downside. When palm oil is grown in the wrong place and in the wrong way, it can be devastating for people, wildlife, nature and the global climate.

Deforestation, conflict and climate change

Palm oil trees grow best in low-lying, wet, hot areas – exactly where tropical rainforests would grow naturally. Clearing for palm oil plantations has led to widespread destruction of rainforests, most significantly in Indonesia and Malaysia, where 86 per cent of the world's palm oil is grown.[2]

Between 1990 and 2010 industrial palm oil plantations in these two countries grew by almost 10 million hectares – a rate of 7-8 per cent each year. More than two-fifths of that was planted on cleared forests, and the rest on land already cleared for farming.[3]

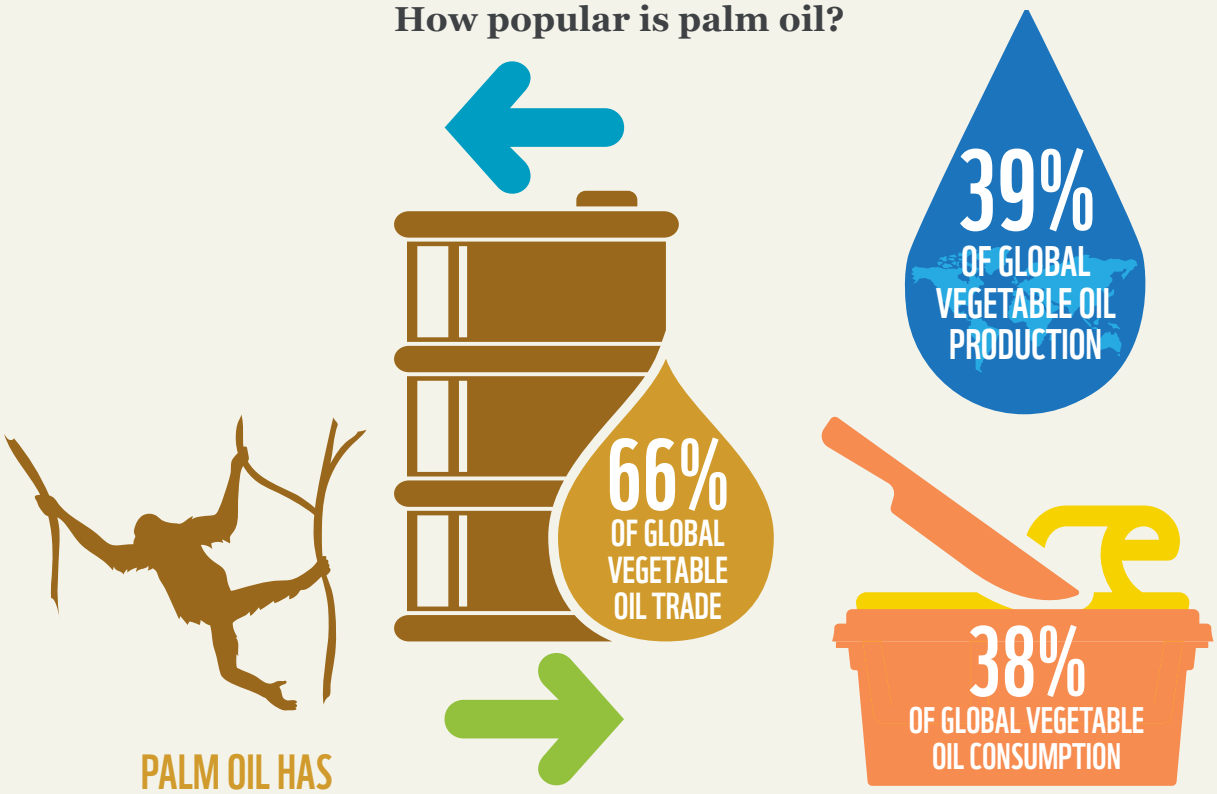
This has damaged the habitats of unique wildlife including orang-utans, elephants, rhinos and tigers, alongside a teeming array of other plants and animals. Many of these species find themselves critically endangered due to the destruction, clearing and fragmentation of their natural habitat.

WHEN PALM OIL IS GROWN IN THE WRONG PLACE AND IN THE WRONG WAY, IT CAN BE DEVASTATING

1 United States Department of Agriculture. August 2016. *Oilseeds: World Markets and Trade*.
2 Ibid.
3 RSPO. *Reports from the Technical Panels of the 2nd Greenhouse Gas Working Group of the RSPO*.

Figure 1

How popular is palm oil?

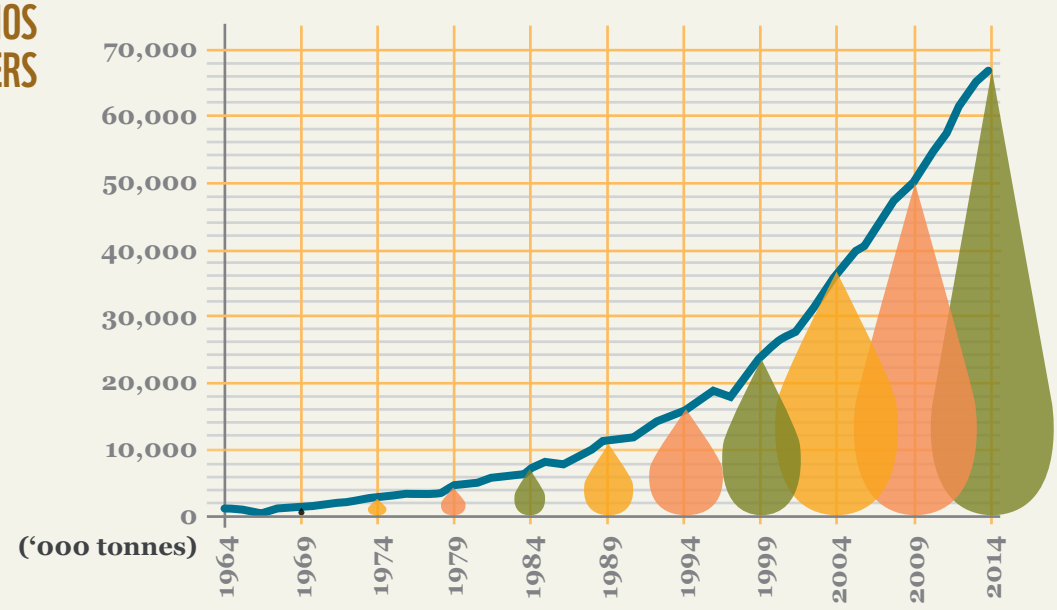


PALM OIL HAS DAMAGED THE HABITATS OF UNIQUE WILDLIFE INCLUDING ORANG-UTANS, ELEPHANTS, RHINOS AND TIGERS

Source: United States Department of Agriculture. August 2016. Oilseeds: World Markets and Trade.

Figure 2

Global palm oil production 1964-2014



Source: IndexMundi

PALM OIL DOESN'T HAVE TO BE DESTRUCTIVE, AND IN FACT HAS THE POTENTIAL TO BE A MAJOR FORCE FOR SUSTAINABLE DEVELOPMENT

People have suffered too – especially the communities that depend on the forests for their livelihoods. For many, the loss of forest means a loss of cultural heritage, of food and crops, medicine and shelter, fuel and water – and ongoing conflict with major palm oil growing companies.

But the effects are also felt globally. The conversion of forest and peat land to palm oil plantations releases massive quantities of carbon dioxide, fuelling climate change. Fires – both set deliberately to clear the forest and made more likely as remaining areas become drier – create air pollution problems across the region. The 2015 fires in Indonesia were among the worst ever, with hazardous levels of air pollution causing widespread respiratory, eye and skin ailments, and for several weeks emitting more GHGs than the entire US economy.

So is palm oil a miracle or a nightmare?

The answer isn't black and white. Palm oil doesn't have to be destructive, and in fact has the potential to be a major force for sustainable development. The solution is to grow it in a responsible way. And that's now beginning to happen.

A solution for the industry: sustainable palm oil

The palm oil industry can grow and prosper without sacrificing any more tropical forests or getting involved in conflict with communities. How? WWF believes that one of the most important ways is for companies that produce palm oil to follow the standard and guidance of the Roundtable on Sustainable Palm Oil (RSPO).

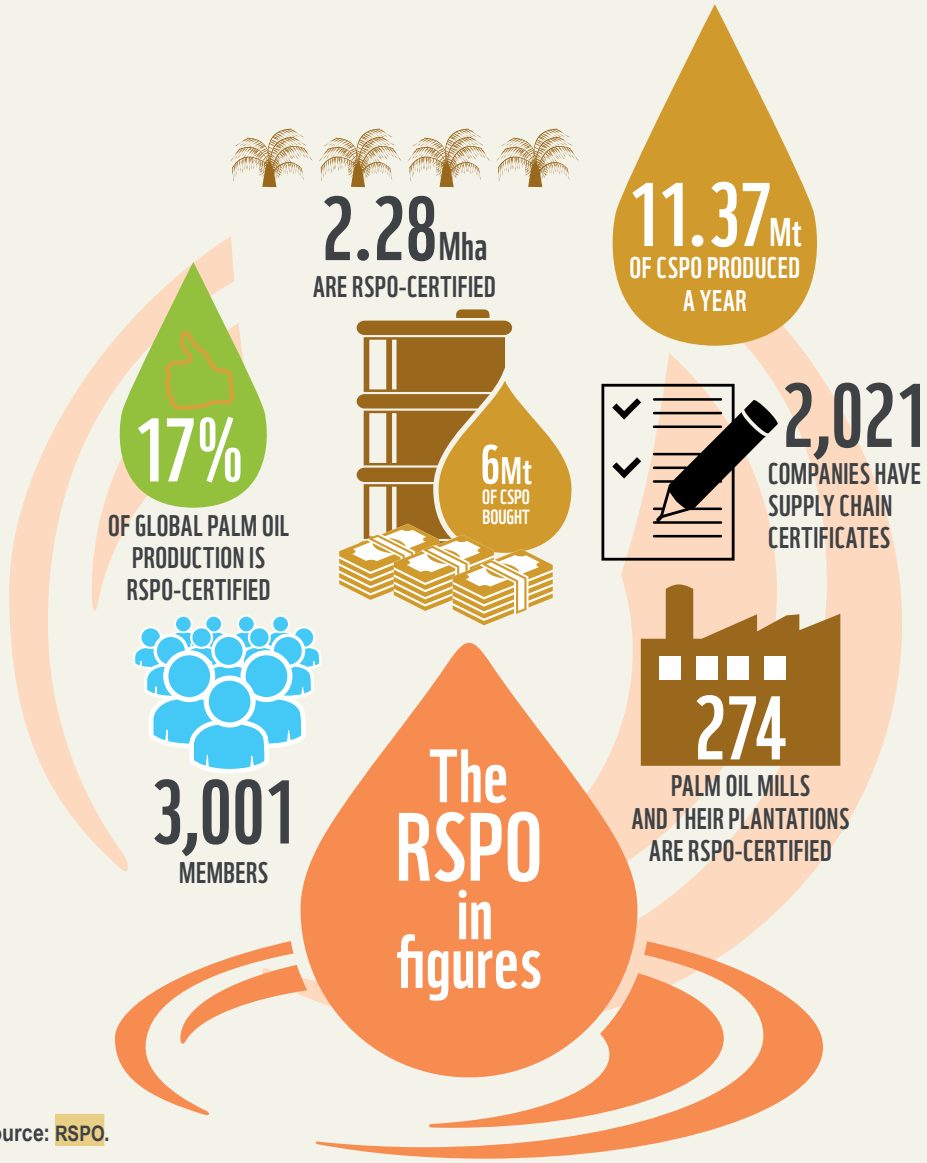
WWF co-founded the RSPO in 2004 to bring the whole palm oil industry – from growers, through traders, refiners, manufacturers and retailers – together with NGOs and investors to collaborate to make palm oil more sustainable.

Today the organization has more than 3,000 members from around the world, and has developed a set of certification standards for sustainable palm oil (revised in 2013). By July 2016, around 11 million tonnes of certified sustainable palm oil (CSPO) was being produced each year – about 17 per cent of global production.[4] It's a good start, but there's still a long way to go.

RSPO certification is the easiest way for companies in the global palm oil industry, whatever their size or resources, to show they are acting responsibly. WWF strongly urges the industry to produce RSPO-certified sustainable palm oil – and retailers and brands to buy it.

4 RSPO.

Figure 3



Source: RSPO.

WHAT COMPANIES SOURCING PALM OIL SHOULD DO

WWF wants companies that use palm oil to take action on four fronts, as set out in our guide to palm oil sourcing:[5]

COMMIT

Make a public statement about palm oil and sustainability that demonstrates a commitment to source more responsibly. Alongside acknowledging the impacts of its palm oil use and announcing its intention to source sustainably, a crucial step for any brand is to **join and participate in the RSPO**.

ASSESS

Assess its supply chain and start buying CSPO. Once it has become a member of the RSPO, a company needs to work out how much palm oil it uses and more importantly **start buying RSPO-certified sustainable palm oil** from any of the supply chain options available.

ACT

Develop and implement a time-bound plan for responsible sourcing of palm oil. The most important step for a responsible brand is of course to turn those promises into concrete actions. It needs to pressure its own suppliers and make a firm, **time-bound commitment to only buy 100 per cent physical CSPO**.

PROGRESS

Demonstrate progress toward purchasing CSPO from growers implementing best practice. Brands need to **report their progress** and encourage others to change as well. Progress means **achieving 100 per cent physical CSPO** and committing to go further such as **sourcing palm oil from companies verified against the Palm Oil Innovation Group (POIG) Charter or RSPO NEXT** (see below).

5 WWF. 2014. *Sourcing sustainable palm oil: commitments and actions for manufacturers and retailers.*

The journey toward sustainable palm oil

The threat of unsustainable palm oil to people, nature and the environment is so great and so urgent that we need a response that will transform the whole global industry. While the RSPO is the best mainstream solution to overall industry transformation, there are other stages on the journey to sustainability.

The journey begins with eliminating poor practice and achieving legality in palm oil production. That is where national governments in palm oil producing countries like Indonesia and Malaysia need to be better at enforcing their own laws and systems (see the Tesso Nilo story on page 56 for an example of what happens when that fails). Both Indonesia and Malaysia now have national standards for palm oil which are broadly aligned with the legal minimum in each country. Both countries need to enforce these standards rigorously. And both standards also need to address sustainability comprehensively. High conservation values must be protected and communities must be asked to give their free, prior and informed consent for palm oil. And both standards need to include supply chain controls before they can be considered as credible international standards for palm oil buyers.

Once the worst practices are eliminated, the industry must then show that it is using better practices by achieving RSPO certification. Certification is important because it requires independent verification of best practices and does not rely on companies' own reporting or paid consultants. But the journey doesn't end there – innovators and leaders need to show the industry where it needs to go next by building on the RSPO to achieve best practice. Two initiatives doing just that are RSPO NEXT and POIG. WWF supports these initiatives because we believe they have the potential to deliver real change in the industry.

Palm Oil Innovation Group

The Palm Oil Innovation Group, which Greenpeace, Rainforest Action Network, Forest Peoples Programme, WWF and progressive grower members of the RSPO founded together, works to build on existing RSPO standards, systems and commitments and put innovative best practice into action.

POIG has developed a charter standard and is currently looking to build independent third-party verification into the system in order to demonstrate credible proof of change on the ground.

See WWF's position on POIG.

RSPO NEXT

RSPO NEXT, launched in 2016, is a voluntary add-on to the RSPO's existing Principles and Criteria, defining the next steps companies can take on the journey to palm oil sustainability. It provides a further set of best practices that members can be consistently and independently measured against.

At the core of RSPO NEXT is independent third-party verification of sustainable production practices based on a robust and comprehensive standard. Unlike many other initiatives, it does not rely on words, promises and good intentions of companies or their consultants, but measures all its members consistently and transparently.

Action by companies alone is not enough

Unfortunately, despite the promises and best efforts of committed growers and supportive buyers, deforestation for palm oil is still happening at an alarming rate. Even the largest, most innovative palm oil growers draw on a large pool of independent suppliers and smallholders that often continue to deal in illegal and sometimes unsustainable palm oil, while governments in the major producing regions are failing to plan the growth of the industry or robustly regulate its performance. As a consequence, supply chains can remain contaminated with illegal palm oil. Many brands, including some we scored, are working to tackle these problems.

DESPITE THE PROMISES AND BEST EFFORTS OF COMMITTED GROWERS AND SUPPORTIVE BUYERS, DEFORESTATION FOR PALM OIL IS STILL HAPPENING AT AN ALARMING RATE

Some support a range of smallholder projects to improve practices and work toward certification. Others are mapping their supply chains back to mills in order to try to identify where they are drawing on illegal and unsustainable fruit. While these are worthwhile initiatives, they need to lead to systematic change in the industry. Companies need to collaborate and share best practice – not just keep it to themselves. And they need to help change government policies and not just the practices of growers.

The case of Tesso Nilo (see page 56) is simply the tip of the iceberg. Unless governments take control of the situation, and unless the industry accepts its responsibility to deal with independent suppliers, big and small, and implement due diligence in sourcing from them, responsible brands will no longer be able to source palm oil from these areas.

For more information on the vital role of governance, see page 51.

Palm oil is found in everything from margarine to lipstick.

© RICHARD STONEHOUSE/WWF

PALM OIL BUYERS SCORECARD: THE JOURNEY SO FAR

Building on our previous Scorecards, WWF's 2016 Scorecard aims to bring into sharp focus which companies have met their commitments on palm oil – and which are falling behind.

2009

WWF published its first Palm Oil Buyers Scorecard in 2009, a time when CSPO was new on the market and was in danger of faltering as initial demand did not meet supply. There was very little transparency around corporate use of palm oil.

This first Scorecard showed that few companies were making commitments to CSPO, and of those that were, far too few were taking even the basic steps to keep them, such as working out how much palm oil they were using. The Scorecard played an important role in jumpstarting the market for CSPO, and helping to spur a drive for greater transparency in the industry.

2011

Our next Scorecard in 2011 assessed a greater number of companies. While supply of and demand for CSPO had increased markedly, still only around half of CSPO supply was being purchased and claimed as CSPO. This was, and still is, used as an excuse by growers not to pursue RSPO certification for additional land.

2013

Many users of palm oil set 2015 as their target for reaching 100 per cent CSPO. With the deadline two years away, WWF helped focus the attention of these companies – and their customers – on whether they were making enough progress.

For the European companies, we also took a closer look at which of the RSPO-approved supply chain options palm oil buyers were using, with the objective of promoting faster and greater uptake of segregated CSPO.

2016

WWF chose to wait until 2016 to issue this latest Scorecard. We felt it was crucial to score companies on the actions they took in 2015 – the milestone year by which many frontrunners promised to have their entire palm oil supply certified. So which companies actually followed through? Which stalled or pushed back their deadlines?

As in 2013, this Scorecard looks at the supply chain choices that companies are using when they buy CSPO. We have scored many of the brands on their progress toward buying only CSPO that comes from fully segregated supply chains.

The 2016 Scorecard includes several new countries, evaluating key retailers and brands from Poland and Canada for the first time.

HOW DID WE ASSESS COMPANIES?

The Scorecard assesses commitments made and actions taken to move to sustainable palm oil – including how some companies use different supply chain options.

We have scored all companies in the Scorecard out of a possible total of nine points, based on the performance indicators below. These are the most important first steps that all palm oil users should be taking.

PERFORMANCE INDICATOR	SCORING ALLOCATION
RSPO membership and annual progress reporting – as a sign of basic commitment to the cause of sustainable palm oil and to reporting progress	**1 point** for being an RSPO member **1 point** for reporting progress to the RSPO
Time-bound commitments to buying CSPO – as a sign that companies plan to use their sourcing of palm oil to help transform the global industry	**1 point** for making a commitment to buy only CSPO by 2015 or earlier **1 point** if that commitment covers all of their palm oil use globally
Whether companies know and disclose how much palm oil they use – because transparency about how much palm oil is used by brands gives an important signal to growers about the likely market for CSPO	**1 point** for publishing how much palm oil they use in total
How much CSPO companies actually use – because this is how both large and small brands can best turn their commitment into action	**4 points** if 75-100 per cent of their palm oil is CSPO **3 points** for 50-75 per cent **2 points** for 25-50 per cent **1 point** for 1-25 per cent **0 points** for none (or no data given)

Scoring companies on supply chain progress to segregated CSPO

As the supply of CSPO has grown in markets like Europe and elsewhere, WWF's scoring system has evolved to also look at how some companies use supply chain options for CSPO – book and claim (GreenPalm) or the physical supply chains (mass balance, segregated and identity preserved). For 2016, we have scored companies in Europe, North America, Japan and Australia based on the weighted average of how much of their total use of palm oil is covered by the different supply chain options.

The final supply chain score is our measure of how far each company has travelled on the journey to switching all of their use of palm oil to physically segregated and RSPO-certified sources.

See appendix 1 for more details on the different supply chain options for palm oil and why it's important for companies using palm oil to switch to physical CSPO

Due to the complexity of the palm kernel supply chain, physical supplies of palm kernel oil (PKO) and palm oil derivatives (POD) from RSPO-certified sources are much harder to find than certified crude palm oil (CPO), making the shift to physical CSPO for companies relying on PKO and POD more difficult. It also makes it more difficult for companies sourcing palm products in certain markets. For instance, there is little refining capacity in the US, so physical CSPO is harder to come by there than in Europe. Also, finding segregated or identity preserved certified palm products of any type is harder than finding the same product from mass balance CSPO, or using the simpler book and claim system.

We have weighted the scoring to reflect these challenges – giving fewer points for sourcing certified CPO compared to certified PKO and in turn to certified POD. In the supply chain scoring system, book and claim is only given points if it is used to bring total volumes of CSPO up to 100 per cent – covering only half of your use of palm oil with such certificates and doing nothing else is not taking credible action to shift the industry toward physical sustainable supply chains.

We applied the following weightings to the volumes of CSPO used:

	Percentage of palm product used that is identity preserved or segregated	Percentage of palm product used that is mass balance	Percentage of palm product used that is book and claim	Overall score for supply chain choices out of the maximum available
Crude palm oil	% x 4	% x 2	% x 1 – but only if all the CPO used is RSPO-certified	Sum of the three scores divided by four
Palm kernel oil	% x 5	% x 2.5	% x 1 – but only if all the PKO used is RSPO-certified	Sum of the three scores divided by five
Palm oil derivatives and fractions	% x 6	% x 3	% x 2 – but only if all the POD used is RSPO-certified	Sum of the three scores divided by six

We also wanted to have a measure of how difficult it was for companies to switch their own sourcing depending on what type of business they were in.

First, we had to account for the fact that some companies don't use particular types of palm oil at all – so for instance the baked foods sector tends to use mainly CPO and little or no PKO, whereas for the personal care sector it's the other way round. It makes sense for companies to focus their efforts on the type of palm oil they use most of, and we didn't want to mark a company down just because it doesn't use a particular type of palm oil, or uses only a small proportion.

We then applied the weightings below to the scores already given for a company's supply chain choices. Essentially, we rated the effort companies made to source CSPO across their businesses, giving them a final consolidated score out of 10.

	Overall score for supply chain choices	Further weighted for how much of the company's total business is made up from that type of palm oil	Final weighted overall value
Crude palm oil use	score	score x (volume of CPO/total PO volume used)	A single overall score out of 10 based on the sum of these three weighted measures
Palm kernel oil use	score	score x (volume of PKO/total PO volume used)	
Palm oil derivatives and fractions use	score	score x (volume of POD/total PO volume used)	

All of these weightings are subjective and it's a complex calculation, but since each company is scored in the same way we are able to measure how individual companies have progressed along their own journey toward physical supplies of CSPO.

This method allows us to compare the largest companies facing the biggest challenges directly with the smallest companies facing their own barriers. It allows us to acknowledge those companies that have put in the effort to sort out their palm oil supply chains and, just as importantly, identify those that have not.

What else are companies doing?

The 2016 Scorecard also looks at what the assessed companies are doing to build on the RSPO and its standard – such as buying book and claim certificates from certified independent smallholder producers, joining POIG and setting additional sourcing requirements for their suppliers like those outlined by RSPO NEXT and POIG. However, we didn't score companies on these efforts.

Which companies did we score?

There are 137 companies in the 2016 Scorecard, including a mixture of large and small palm oil users and RSPO members and non-members. The majority are manufacturers and retailers, while we also looked at some companies operating in the food service sector. The scored companies are based in Australia, Canada, Europe, India, Japan and the US, and represent important brands in their respective markets. Between them we estimate that they use about 10 per cent of the world's palm oil.

From this group we get a picture of global progress as well as insight into how individual companies are doing. Many companies have also appeared in earlier WWF Scorecards, enabling us to build up a picture of their progress over time.

The world of brands is constantly shifting as companies merge or get acquired. For instance, **The Body Shop** – which we previously scored in its own right – is now reporting as part of **L'Oréal**. Meanwhile **Harrys** in France is now reported under **Barilla** in Italy. Unfortunately this means we can no longer see how much palm oil and CSPO these individual subsidiaries use.

Other companies that we have scored are not members of the RSPO themselves, but are either subsidiaries of RSPO members (such as **Seiyu**, a Japanese retailer owned by

Tigers are just one species threatened by palm oil.

© NATUREPL.COM/EDWIN GIESBERS/WWF

Walmart) or have subsidiaries that are RSPO members – as in the case of **Campbell's** and its subsidiary **Arnott's**, **Avril** and its subsidiary **Oleon**, and **E.Leclerc** and its own-brand manufacturer **Scamark**. RSPO rules clearly state that if a part of a group signs up to the RSPO, the entire group must honour the commitments and conditions of RSPO membership so we have scored these companies as RSPO members.

Why does the Scorecard not include other issues?

The WWF Palm Oil Buyers Scorecard 2016 has scored companies on what they have actually done related to the RSPO and CSPO up to the end of 2015, rather than on the promises and commitments that they may be making to do things differently in the future. Many brands are also involved in a wide range of other efforts to help change the industry, ranging from participation in national and international bodies and groups, to supporting smallholders to improve their practices, to working with consultants to map the risks in their supply chains.

WWF welcomes the many commitments, initiatives, projects and partnerships focusing on sustainable palm oil that assessed companies have told us they are involved in, and these are noted in the individual company profiles on the Scorecard website (palmoilscorecard.panda.org). These actions were not scored in the Scorecard however, as we lack the capacity to judge and verify them.

HOW WWF GATHERED INFORMATION

All companies were asked to complete a simple online questionnaire. As in previous Scorecards, we used information that companies provided directly to us or in their annual reports to the RSPO. We do not have the resources to verify this information, but have relied on the companies to be transparent, truthful and accurate in their reporting. If readers spot inconsistencies or errors in the data please bring it to our attention and to the attention of companies themselves – you can contact us on the website **palmoilscorecard.panda.org**. WWF believes that transparency and the ability to scrutinize companies is one of the best ways to ensure they change.

WWF PALM OIL BUYERS SCORECARD 2016

98 companies disclosed the volume of palm oil they used

96 companies used CSPO

58 companies used 100% CSPO

OF THE **137** COMPANIES WE SCORED, 28 DID NOT REPORT TO EITHER WWF OR THE RSPO

48 RETAILERS USING **281,845 TONNES** OF PALM OIL

77 MANUFACTURERS USING **5,640,475 TONNES** OF PALM OIL

12 FOOD SERVICE COMPANIES USING **166,960 TONNES** OF PALM OIL

96 companies have committed to reaching 100% physically segregated CSPO eventually

78 companies had committed to reaching 100% CSPO by 2015

If companies reach their time-bound plans, they will be using **6,072,154** tonnes of CSPO in 2020

110 COMPANIES ARE RSPO MEMBERS

100 COMPANIES REPORTED TO THE RSPO IN 2015

35 COMPANIES FROM NORTH AMERICA

80 COMPANIES FROM EUROPE

22 COMPANIES FROM AUSTRALASIA

With **137** companies assessed this year there are too many to present all the information on each of them – see in-depth profiles of each company at palmoilscorecard.panda.org

COMPANIES HAVE USED:

- CPO 3,116,549t
- PKO 983,205t
- POD 2,072,524t
- IP 6,570t
- SG 875,052t
- MB 857,914t
- B&C 2,923,351t

42 companies using less than 10,000 tonnes

42 companies using 10,000-100,000 tonnes

14 companies using more than 100,000 tonnes

PROGRESS ON ESSENTIAL ACTIONS
RETAILERS

leading the way
well on the path
started the journey
not yet in the starting blocks
non-respondent

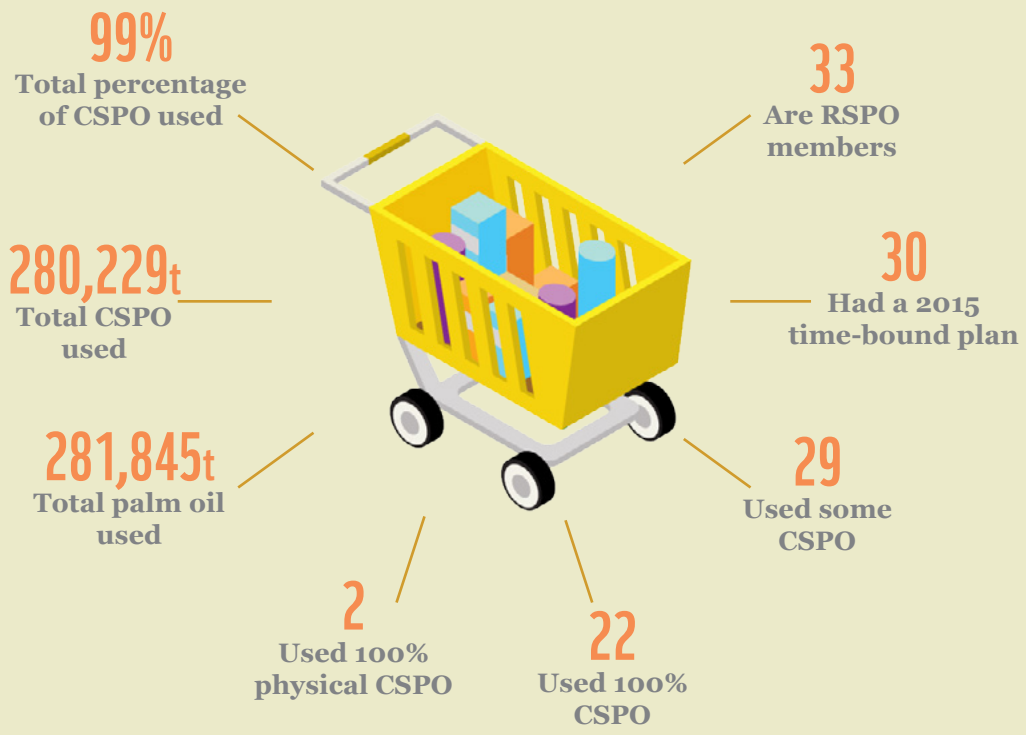
COMPANY	Country of HQ	RSPO member?	Commitment to 100% CSPO by year	Scope of commitment	Total palm oil used (t)	How much of this is CSPO (%)	Score out of 9	Change in score since 2013
Ahold	Netherlands	✓	✓ 2010	Global	10,683	100%	9	▲
Axfood	Sweden	✓	✓ 2009	National	25	100%	9	▲
Boots	United Kingdom	✓	✓ 2010	Regional	2,296	100%	9	▲
Carrefour	France	✓	✓ 2015	Global	12,632	100%	9	▲
Casino	France	✓	✓ 2015	National	2,159	78%	9	▲
Coles	Australia	✓	✓ 2012	National	4,114	100%	9	▲
Colruyt Group	Belgium	✓	✓ 2014	Regional	6,113	100%	9	▲
Coop Switzerland	Switzerland	✓	✓ 2009	National	2,910	100%	9	▲
Coop Sweden	Sweden	✓	✓ 2012	National	1,064	100%	9	▲
Delhaize	Belgium	✓	✓ 2015	Global	8,111	100%	9	▲
E.Leclerc	France	✓	✓ 2015	Regional	7,987	94%	9	▲
IKEA	Sweden	✓	✓ 2011	Global	41,686	100%	9	▲
Marks & Spencer	United Kingdom	✓	✓ 2010	Global	3,630	100%	9	▲
Migros	Switzerland	✓	✓ 2012	National	12,696	99%	9	▲
Morrisons	United Kingdom	✓	✓ 2013	National	8,652	98%	9	▲
REMA 1000	Denmark	✓	✓ 2014	National	1,800	100%	9	▲
S Group	Finland	✓	✓ 2015	Regional	1,036	97%	9	▲
Sainsbury's	United Kingdom	✓	✓ 2013	National	12,271	100%	9	▲
Seiyu	Japan	✓	✓ 2015	National	1,692	100%	9	–
Super U	France	✓	✓ 2015	National	3,456	100%	9	▲
The Co-operative	United Kingdom	✓	✓ 2014	National	4,519	100%	9	▲
Waitrose	United Kingdom	✓	✓ 2012	National	1,458	100%	9	▲
Walmart	USA	✓	✓ 2015	Global	85,602	100%	9	▲
Woolworths	Australia	✓	✓ 2015	Regional	6,227	100%	9	▲
ICA	Sweden	✓	✓ 2015	Regional	1,700	100%	8	▲
Jumbo	Netherlands	✓	✓ 2015	National	4,891	100%	8	▲
Metcash	Australia	✓	✓ 2016	National	279	100%	8	▲
Tesco	United Kingdom	✓	✓ 2012	National	30,906	100%	8	=
Kesko	Finland	✓	✓ 2016	National	1,250	48%	6	▲
Superunie	Netherlands	✓	✓ 2015	National	ND	ND	4	▲
Costco	USA	✓	✓ 2021	Global	ND	ND	2	▲
Dansk Supermarked	Denmark	✗	✓ 2015	Regional	ND	ND	2	▲
Kroger	USA	✗	✓ 2015	National	NR	NR	2	–
Target	USA	✓	✓ 2018	National	ND	ND	2	▲
Safeway	USA	✓	✗	NR	NR	NR	1	–
CO.OP Japan	Japan	✗	✗	ND	ND	ND	0	–
Seven & i Holdings	Japan	✗	NR	NR	NR	NR	NR	–
ÆON	Japan	✗	NR	NR	NR	NR	NR	–
Alma	Poland	✗	NR	NR	NR	NR	NR	–
Auchan	France	✗	NR	NR	NR	NR	NR	=
Coop Denmark	Denmark	✗	NR	NR	NR	NR	NR	▼
Eurocash	Poland	✗	NR	NR	NR	NR	NR	–
Jerónimo Martins Poland	Poland	✗	NR	NR	NR	NR	NR	–
Lewiatan	Poland	✗	NR	NR	NR	NR	NR	–
Piotr i Pawel	Poland	✗	NR	NR	NR	NR	NR	–
POLOmarket	Poland	✗	NR	NR	NR	NR	NR	–
Whole Foods Market	USA	✗	NR	NR	NR	NR	NR	–
Żabka	Poland	✗	NR	NR	NR	NR	NR	–

HOW DID THE RETAILERS PERFORM IN 2015?

Their customers are concerned about unsustainable palm oil, but the responses from retailers are polarized: while 22 of the 48 assessed are buying 100 per cent CSPO, another 19 seem not to be buying any at all.

Of the 48 retailers evaluated by WWF, 14 did not submit an Annual Communication of Progress (ACOP) to the RSPO or respond to WWF's requests for information.

We drew the following conclusions about volumes based on the 34 companies that did respond and that we were able to score.



Not on the journey yet

Many retailers have still not taken even the first and simplest step of joining the RSPO. And some RSPO member retailers haven't set a target to use 100 per cent CSPO – even through the easily available book and claim system.

ÆON, **Alma**, **Auchan**, **Coop Denmark**, **Eurocash**, **Jerónimo Martins Poland**, **Kroger**, **Lewiatan**, **Piotr i Pawel**, **POLOmarket**, **Safeway**, **Seven & i Holdings**, **Whole Foods Market** and **Żabka** did not respond to our request for information. Of these only **Safeway** is a member of the RSPO – but as a new member does not yet need to report on progress. **CO.OP Japan** did respond but reported no action taken in 2015.

None of the above used any CSPO in 2015 – and **CO.OP Japan**, **Costco**, **Dansk Supermarked** and **Target** didn't tell us whether they had or not. **Costco**, **Safeway**

and **Target** are RSPO members but did not set themselves the challenge to use only CSPO by 2015.

Showing the way forward

At the same time, many retailers have really put the effort into changing themselves and the industry, setting tough targets and delivering on them.

Ahold, **Axfood**, **Boots**, **Carrefour**, **Casino**, **Coles**, **Colruyt Group**, **Coop Sweden**, **Coop Switzerland**, **Delhaize Group**, **E.Leclerc**, **IKEA**, **Marks & Spencer**, **Migros**, **Morrisons**, **REMA 1000**, **Sainsbury's**, **Seiyu**, **S Group**, **Super U**, **The Co-operative (UK)**, **Waitrose**, **Walmart** and **Woolworths** all scored the maximum of nine points.

If they can do it so can their competitors!

TOP TIP FOR CONSUMERS TO HELP TO TRANSFORM THE TRADE

Retailers sit at the top of the palm oil pyramid – and have huge influence over what manufacturers do. And retailers are intensely competitive. While they like to compete on price and cut the best deal with their suppliers, they should also compete on sustainability and push manufacturers to use CSPO. You can use the Twitter feature on the Scorecard website palmoilscorecard.panda.org to ask individual companies why they are not doing as well as their competitors.

Palm oil being picked in Lahad, Datu, Sabah.

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PROGRESS ON ESSENTIAL ACTIONS

MANUFACTURERS

leading the way
well on the path
started the journey
not yet in the starting blocks
non-respondent

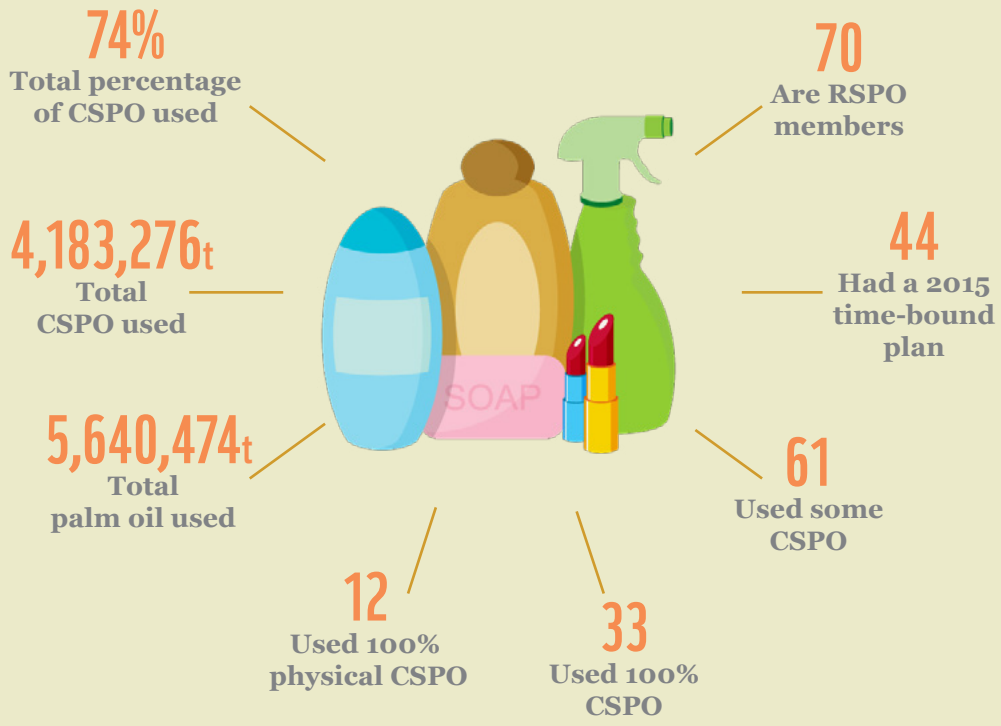
COMPANY	Country of HQ	RSPO member?	Commitment to 100% CSPO by year	Scope of commitment	Total palm oil used (t)	How much of this is CSPO (%)	Score out of 9	Change in score since 2013
ABF	United Kingdom	✓	2015	Global	70,043	100%	9	▲
Arla	Denmark	✓	2011	Global	25,070	100%	9	▲
Arnott's	Australia	✓	2015	National	13,516	100%	9	▲
Cérélia	France	✓	2015	Regional	10,664	100%	9	–
Colgate-Palmolive	USA	✓	2015	Global	174,328	100%	9	▲
ConAgra Foods	USA	✓	2014	Global	102,728	100%	9	▲
Danone	France	✓	2011	Global	34,457	100%	9	▲
Estée Lauder	USA	✓	2015	National	3,302	100%	9	–
Ferrero	Italy	✓	2015	Global	181,000	100%	9	▲
FrieslandCampina	Netherlands	✓	2011	Global	107,500	100%	9	▲
General Mills	USA	✓	2015	Global	67,724	100%	9	▲
Hershey	USA	✓	2014	Global	22,410	100%	9	▲
Karl Fazer	Finland	✓	2012	Global	5,408	100%	9	▲
Kellogg's	USA	✓	2011	Global	50,313	100%	9	▲
Kraft Heinz	USA	✓	2015	Global	12,732	100%	9	▲
Lindt & Sprüngli	Switzerland	✓	2011	Global	3,816	100%	9	▲
Lotus Bakeries	Belgium	✓	2012	Global	13,017	100%	9	▲
Mars	USA	✓	2013	Global	82,456	100%	9	▲
Mondelēz	USA	✓	2013	Global	289,255	96%	9	▲
Oriflame	Sweden	✓	2010	Global	4,552	100%	9	▲
PepsiCo	USA	✓	2015	Global	452,743	100%	9	▲
Premier Foods	United Kingdom	✓	2010	Global	14,620	100%	9	▲
Reckitt Benckiser	United Kingdom	✓	2015	Global	125,843	100%	9	▲
Unilever	Netherlands	✓	2012	Global	1,513,265	100%	9	▲
Warburtons	United Kingdom	✓	2010	Regional	1,325	100%	9	▲
Young's	United Kingdom	✓	2015	National	655	99%	9	▲
Aigremont	Belgium	✓	2015	Regional	23,388	64%	8	–
Avon	USA	✓	2025	Global	20,000	100%	8	▲
Barilla	Italy	✓	2014	Regional	34,696	100%	8	▲
Farm Frites	Netherlands	✓	2012	Partial	14,049	100%	8	▲
Goodman Fielder	Australia	✓	2015	Partial	9,235	100%	8	▲
Johnson & Johnson	USA	✓	2015	Global	86,686	61%	8	=
L'Oréal	France	✓	2012	National	54,986	100%	8	=
Royal Smilde	Netherlands	✓	2014	Partial	15,000	100%	8	▲
United Biscuits	United Kingdom	✓	2010	Partial	76,196	100%	8	=
Vandemoortele	Belgium	✓	2015	Partial	44,669	75%	8	▲
WhiteWave Foods	USA	✓	2012	Partial	26,084	100%	8	–
Aviko	Netherlands	✓	2016	Global	21,294	62%	7	▲
Jacquet Brossard	France	✓	✗	Partial	38	100%	7	–
P&G	USA	✓	2015	National	493,677	41%	7	▲
Peerless Foods	Australia	✓	2020	National	16,112	57%	7	▲
R&R Ice Cream	United Kingdom	✓	2017	Partial	3,158	88%	7	=
Remia	Netherlands	✓	2011	Global	18,860	46%	7	▼
Saraya	Japan	✓	2020	National	3,562	51%	7	▼
Zeelandia	Netherlands	✓	2018	Partial	4,369	98%	7	–
Barry Callebaut	Switzerland	✓	2020	Regional	58,120	32%	6	▲
Ginsters	United Kingdom	✓	2011	National	3,027	13%	6	▲
Nestlé	Switzerland	✓	2013	Global	417,834	24%	6	▼
Raisio	Finland	✓	2018	Regional	3,629	26%	6	=
Ajinomoto	Japan	✓	2018	Global	35,200	3%	5	▲
Kao	Japan	✓	2020	Global	100,000	24%	5	=
Lion	Japan	✓	2015	National	13,000	4%	5	=
Nissin	USA	✓	2016	National	19,750	6%	5	–
Shiseido	Japan	✓	2020	Global	4,626	1%	5	=
Taiyo Yushi	Japan	✓	2020	National	13,000	0%	5	▲
Unigrà	Italy	✓	2011	ND	315,000	21%	5	–
Clariant	Switzerland	✓	2016	ND	64,500	1%	4	–
Co-op Clean	Japan	✓	2020	National	3,700	5%	4	▼
Lactalis	France	✓	2017	Partial	11,185	24%	4	▼
Smucker's	USA	✓	2015	Regional	ND	ND	4	–
Tamanohada	Japan	✓	2018	National	957	0%	4	=
VVF	India	✓	2024	ND	78,146	1%	4	–
DuPont	USA	✓	2011	ND	ND	ND	3	▲
Godrej	India	✓	2020	ND	150,000	0%	3	▲
Campbell's	USA	✓	2016	Global	ND	ND	2	–
Nisshin OilliO	Japan	✓	2030	National	ND	ND	2	–
Avril	France	✓	✗	ND	ND	ND	1	–
Brioche Pasquier	France	✓	NR	NR	NR	NR	1	▼
Emami Limited	India	✓	NR	NR	NR	NR	1	▲
Tayto	United Kingdom	✓	NR	NR	NR	NR	1	▲
Canada Bread	Canada	✗	NR	NR	NR	NR	NR	–
Dragsbæk	Denmark	✗	NR	NR	NR	NR	NR	–
Hillshire Brands	USA	✗	NR	NR	NR	NR	NR	▼
Intercos	Italy	✗	NR	NR	NR	NR	NR	–
Maspex	Poland	✗	NR	NR	NR	NR	NR	–
Sofina	Canada	✗	NR	NR	NR	NR	NR	–
Toms	Denmark	✗	NR	NR	NR	NR	NR	–

HOW DID THE MANUFACTURERS PERFORM IN 2015?

Like retailers, the consumer goods manufacturers show a clear split: 33 leading brands of the 77 evaluated are using 100 per cent CSPO, but 16 seem not to be buying any at all.

Of the 77 manufacturers evaluated by WWF, 10 did not submit an ACOP report to the RSPO or respond to WWF's requests for information.

We drew the following conclusions about volumes based on the 67 companies that did respond and that we were able to score.



Not on the journey yet

Of the 77 manufacturers surveyed seven have not taken even the first and simplest step of joining the RSPO.

Brioche Pasquier, **Canada Bread**, **Dragsbæk**, **Emami Limited**, **Hillshire Brands**, **Intercos**, **Maspex**, **Sofina**, **Tayto** and **Toms** did not respond to WWF's request for information. **Avril** did respond but reported taking no action in 2015. Its subsidiary **Oleon** is an RSPO member but in the processor/refiner category, so it is unclear whether the data it reported to the RSPO covered any or all of Avril's business as well.

Campbell's reported directly to WWF since it is not yet an RSPO member itself. Campbell's subsidiary **Arnott's** is an RSPO member but the data it gave to the RSPO only covers Arnott's actions and not those of its parent company.

Manufacturers that reported their progress but included no targets for using CSPO were **Avril** and **Jacquet Brossard**. But there are many more that had not committed to only use CSPO by 2015.

Fifteen manufacturers are not buying any CSPO as far as we can tell: **Avril**, **Brioche Pasquier**, **Campbell's**, **Canada Bread**, **Dragsbæk**, **Emami Limited**, **Godrej**, **Hillshire Brands**, **Intercos**, **Maspex**, **Nisshin OilliO**, **Smucker's**, **Sofina**, **Tayto** and **Toms**.

Showing the way forward

Meanwhile other manufacturers are leaving their competitors in the dust.

ABF, **Arla**, **Arnott's**, **Cérélia**, **Colgate-Palmolive**, **ConAgra Foods**, **Danone**, **Estée Lauder**, **Ferrero**, **FrieslandCampina**, **General Mills**, **Hershey**, **Karl Fazer**, **Kellogg's**, **Kraft Heinz**, **Lindt & Sprüngli**, **Lotus Bakeries**, **Mars**, **Mondelēz**, **Oriflame**, **PepsiCo**, **Premier Foods**, **Reckitt Benckiser**, **Warburtons**, **Unilever** and **Young's** all scored the maximum of nine points for the core actions WWF asked of them: joining the RSPO, reporting progress, setting tough targets to buy CSPO – and delivering on those commitments.

From these results, it seems that taking the first steps is relatively easy for consumer goods manufacturers. How these market leaders are progressing on the harder task of switching to physical sources of CSPO is discussed later.

How did different types of manufacturers perform?

Out of the 77 manufacturers evaluated, several identified themselves as mainly food manufacturers, others as mainly personal care and detergents producers, and others as manufacturers of general or mixed products.

The table below shows how far the different types of manufacturers have progressed toward using CSPO:

		How much CSPO are the scored manufacturers using?				
	Number	No data	0-25%	25-50%	50-75%	75-100%
Food	44	8	4	1	3	28
General	15	5	4	2	1	3
Personal care	11	1	3	1	1	5

Food manufacturers are progressing more quickly than others – probably as certified CPO is more readily available than the PKO and derivatives used more frequently by personal care products manufacturers. Manufacturing companies have consistently told us that they find it more difficult to source certified PKO and derivatives. If the entire industry is to shift to CSPO, then the major refiners will have to increase their efforts to access and process the full range of palm oil products from RSPO-certified sources.

TOP TIP FOR CONSUMERS TO HELP TO TRANSFORM THE TRADE

There are plenty of stories of manufacturers starting to take the right actions – and these should be held up as positive examples to their competitors. You can use the Twitter feature on the Scorecard website palmoilscorecard.panda.org to ask individual companies why they are not keeping up.

PROGRESS ON ESSENTIAL ACTIONS

FOOD SERVICE COMPANIES

leading the way
well on the path
started the journey
not yet in the starting blocks
non-respondent

COMPANY	Country of HQ	RSPO member?	Commitment to 100% CSPO by year	Scope of commitment	Total palm oil used (t)	How much of this is CSPO (%)	Score out of 9	Change in score since 2013
Krispy Kreme Doughnuts	USA	✓	✓ 2015	Global	20,000	100%	9	—
McDonald's	USA	✓	✓ 2015	Global	122,669	95%	9	▲
Sodexo	France	✓	✓ 2013	National	1,805	100%	9	▲
Tim Hortons	Canada	✓	✓ 2015	Global	17,544	100%	9	—
Délifrance	France	✓	✓ 2020	Global	2,300	36%	5	—
Wendy's	USA	✓	✓ 2022	Global	1,942	23%	5	—
Compass Group	United Kingdom	✓	✓ 2020	Global	700	0%	4	▲
Dunkin' Brands	USA	⊗	✓ 2016	Global	ND	ND	1	—
Cara Operations	Canada	⊗	NR	NR	NR	NR	NR	—
Pizza Pizza	Canada	⊗	NR	NR	NR	NR	NR	—
Whitbread	United Kingdom	⊗	NR	NR	NR	NR	NR	—
Yum!	USA	⊗	NR	NR	NR	NR	NR	—

HOW DID THE FOOD SERVICE COMPANIES PERFORM IN 2015?

We looked at only a few food service companies – but found the majority making little progress, with half buying no CSPO at all.

Of the 12 food service companies evaluated by WWF, four did not submit an ACOP report to the RSPO or respond to WWF's requests for information.

We drew the following conclusions about volumes based on the eight companies that did respond and that we were able to score.

94% Total percentage of CSPO used

7 Are RSPO members

157,319t Total CSPO used

4 Had a 2015 time-bound plan

166,960t Total palm oil used

6 Used some CSPO

0 Used 100% physical CSPO

3 Used 100% CSPO

The data on food service companies comes from a small sample, so it is difficult to draw conclusions – but it seems the sector in general is falling behind other brands.

Not on the journey yet

Neither **Cara Operations**, **Pizza Pizza**, **Whitbread's** nor **Yum!** replied to our request for information. Along with **Dunkin' Brands**, they are not even members of the RSPO.

Délifrance, **Krispy Kreme Doughnuts**, **McDonald's**, **Tim Hortons** and **Wendy's** told us that they were using some CSPO.

Compass Group and **Dunkin' Brands** told us they are not using any CSPO yet.

Showing the way forward

Only four food service companies we scored are leading the pack – **Krispy Kreme Doughnuts**, **McDonald's**, **Sodexo** and **Tim Hortons**.

All four scored the maximum of nine points for the core actions WWF asked of them: joining the RSPO, reporting progress, setting tough targets to buy CSPO – and delivering on those commitments by sourcing close to all of their palm oil used from CSPO.

By far the largest food service user of palm oil we scored, **McDonald's** is really carrying the weight for the sector – without its CSPO volumes, the food service brands would be far behind other sectors.

Palm oil can be an ingredient in many everyday products, including bread.

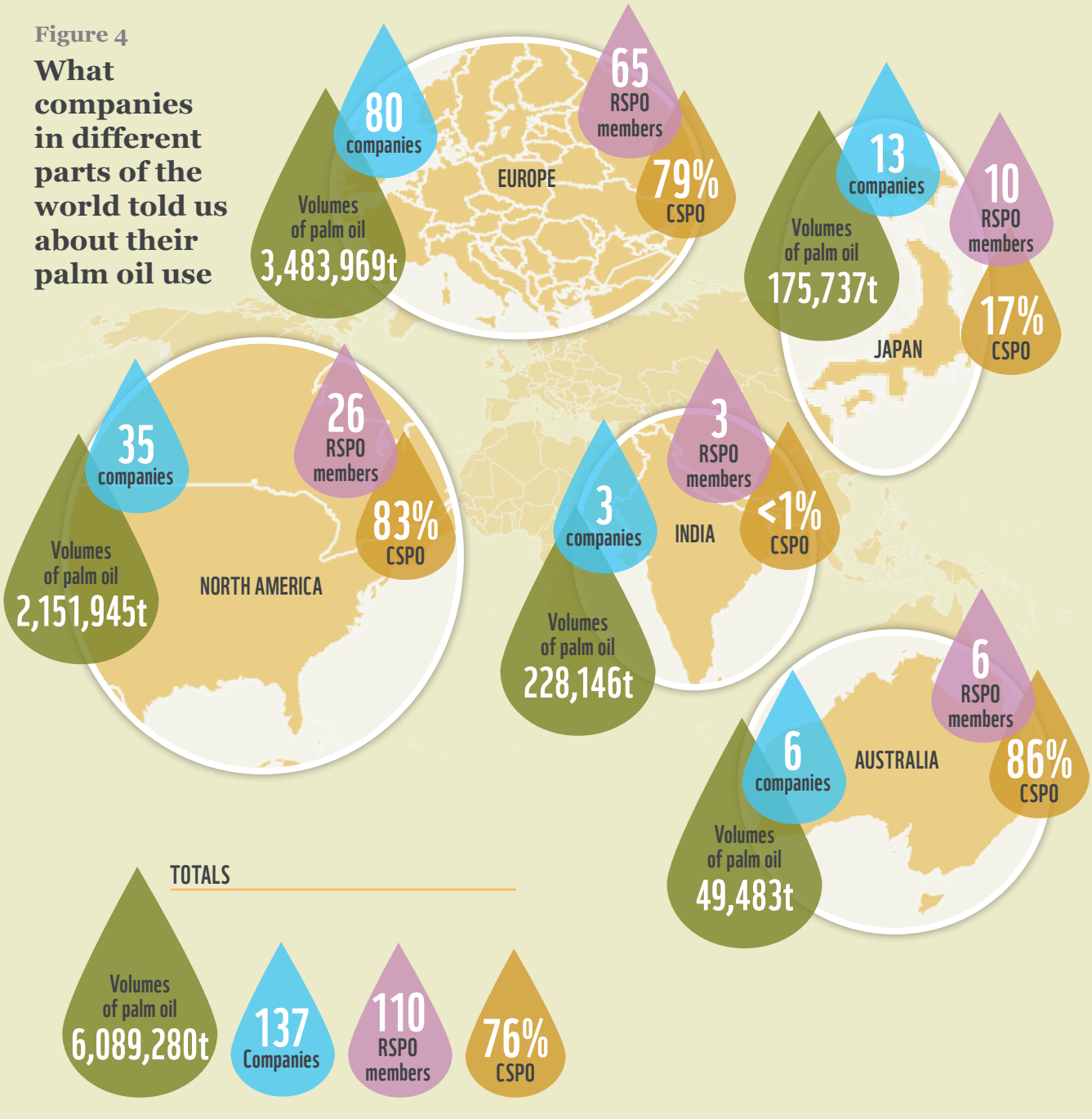
© SHUTTERSTOCK.COM/AJIRO

HOW DID THE DIFFERENT REGIONS PERFORM IN 2015?

As the European, North American and Australian markets shift to CSPO, Asian companies now need to take the lead on sustainable palm oil.

Figure 4

What companies in different parts of the world told us about their palm oil use



TOP TIP FOR CONSUMERS TO HELP TO TRANSFORM THE TRADE

Consumers in Asia could be at the forefront of pushing their favourite brands to do the right thing. They can tell local brands that they expect their products to contain sustainable palm oil in order to help ensure the preservation of biodiversity, the well-being of communities and the long-term economic viability of natural resources in their own countries.

In the 2013 Scorecard, European brands were well ahead of their competitors in the rest of the world in sourcing CSPO. By 2015, Australian and US brands had caught up or even surpassed them. Companies in Japan are also progressing, although slowly.

Unfortunately we still see very little progress by brands elsewhere in Asia. Awareness of sustainability issues among the industry using palm oil is low even in countries that produce and consume it in large volumes, like Indonesia and Malaysia. See appendix 3 for more about sustainable palm oil in China and India.

As the European, North American and Australian markets shift to CSPO, the future growth in demand needed to persuade more growers to switch to CSPO will have to come from the large and expanding Asian markets: China, India, Indonesia and Malaysia.

Brands in Malaysia and Indonesia are well placed to move quickly to source sustainable palm oil. Most CSPO is produced in Indonesia and Malaysia, and refiners in both countries are already processing physical supplies of CSPO. With increasing local awareness of palm oil due to the recent recurrence of haze caused by fires used for land clearing, local brands have a golden opportunity to show support for responsible producers and respect for local customers by using, and promoting their use of, CSPO.

A worker harvests palm oil in Sumatra, Indonesia.

© JAMES MORGAN/WWF-INTERNATIONAL

DOES SIZE MATTER?

The Scorecard shows that size isn't a big factor when it comes to which companies are sourcing CSPO.

Figure 5 Scored companies that achieved 99-100 per cent CSPO

Palm oil volume used (tonnes)	Less than 1,000	1,000-10,000	10,000-50,000	50,000-100,000	100,000-1,000,000	More than 1,000,000
Number of companies	6	36	31	12	13	1
Number at 99-100% CSPO	3	22	21	7	6	1
Who are they?	Axfood Jacquet Brossard Young's	Boots Coles Colruyt Group Coop Sweden Coop Switzerland Delhaize Group Estée Lauder Goodman Fielder ICA Jumbo Karl Fazer Lindt & Sprüngli Marks & Spencer Oriflame REMA 1000 Seiyu Sodexo Super U The Co-operative UK Waitrose Warburtons Woolworths	Ahold Arla Arnott's Avon Barilla Carrefour Cérélia Danone Farm Frites Hershey IKEA Kraft Heinz Krispy Kreme Lotus Bakeries Migros Premier Foods Royal Smilde Sainsbury's Tesco Tim Hortons WhiteWave Foods	ABF General Mills Kellogg's L'Oréal Mars United Biscuits Walmart	Colgate-Palmolive ConAgra Foods Ferrero Friesland Campina PepsiCo Reckitt Benckiser	Unilever
Total volume of palm oil	2,654	134,821	631,191	857,772	3,032,577	1,513,265
Total volume of CSPO	1,083	114,483	500,233	601,447	1,931,313	1,513,265
Average CSPO used	41%	85%	79%	72%	64%	100%

14
—
137

THE 14 LARGEST USERS OF PALM OIL IN THE SCORECARD ACCOUNT FOR MORE THAN TWO-THIRDS OF THE TOTAL PALM OIL USED

Size doesn't seem to matter much when it comes to sourcing sustainable palm oil.

The performance of companies sourcing between 1,000 and 1,000,000 tonnes of palm oil appears broadly similar. The range of supply chain options makes it easy for a responsible palm oil user to buy as much physical CSPO as possible and cover the shortfall with book and claim certificates. However, many companies of all sizes are still not taking up even these easy options.

Unilever stands out among the brands as by far the largest user of palm oil, as well as the single company that has done the most to source CSPO.

Of the 137 companies assessed, the 14 largest users account for more than two-thirds of the total palm oil used – with **Unilever** alone making up almost 30 per cent. These large brands are crucial in driving producers to certify more palm oil by demonstrating demand, and a handful of them – **Colgate-Palmolive**, **ConAgra Foods**, **Ferrero**, **FrieslandCampina**, **PepsiCo**, **Reckitt Benckiser** and **Unilever** – are doing that by sourcing all or almost all of their palm oil as CSPO. But that is only one action they need to be taking to transform the rest of the industry. Below we look at how quickly these and other brands are also moving to sourcing physical CSPO.

As well as supporting transformation through their buying power, some of these large brands – in particular **Ferrero** and **Unilever** – have played a significant role by setting up and actively participating in initiatives such as the RSPO and POIG. Other influential brands should follow their example.

While the big players can lead the way, smaller palm oil users also need to take action.

TOP TIP FOR CONSUMERS TO HELP TO TRANSFORM THE TRADE

As well as asking if your favourite brands are buying CSPO, you can also demand that they get actively involved in bodies like the RSPO and POIG which are working to make all palm oil sustainable.

Workers harvesting palm oil in Sumatra, Indonesia.

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HOW FAR HAS THE INDUSTRY COME SINCE 2009?

Some companies have made good progress, but others have fallen woefully short on their promises.

WWF has scored 40 brands consistently since 2009. Almost all of them have shown progress. Unfortunate exceptions who have largely failed to report on their progress to either WWF or the RSPO include **Auchan** and **Brioche Pasquier**.

Brands that seem to be stuck at the bottom of the ranking include **Coop Denmark**, **Costco**, **Dansk Supermarked**, **Emami Limited**, **Hillshire Brands**, **Target** and **Tayto**. These companies really need to ramp up their efforts on sustainable palm oil.

Showing the greatest progress over the years are **ABF**, **Casino**, **Colruyt Group**, **Coop Sweden** and **Super U**. These companies showed little appetite for sustainable palm oil in 2009 but have since progressed well.

What happened to 2015?

Until recently, many major companies set themselves the target of being 100 per cent RSPO-certified by 2015. But as evidenced in our Scorecards, even by 2011 and certainly by 2013 it was increasingly obvious that many companies would not reach their goals.

Unfortunately, the concerns we expressed in past Scorecards were well founded. In 2015, 77 companies had commitments to use or cover all of their palm oil use with CSPO by 2015. But in the same year that they were publicizing those targets, only 56 actually reached 100 per cent, while a further seven were more than 90 per cent of the way there.

These brands need to be acknowledged for making the right commitment but more importantly putting in the effort to deliver those commitments.

But what about the rest?

There are many reasons why targets have not been met. In some cases companies point out that the types of palm oil they use – particularly the more complex fractions and derivatives used in personal care and specialist products – are not always widely available or sold at a price they are willing to pay in the markets where they want them.

But that is precisely why the book and claim system exists – to allow those sorts of users to take action to support sustainable producers of palm oil, even if the traders and refiners are lagging behind. So it is disappointing that many companies seem not to have taken up this basic option that can encourage palm oil growers to pursue certification.

Some brands facing these challenges have shied away from using book and claim due to concerns about its credibility (see appendix 1 on supply chain choices). Others, like **Nestlé**, have now stopped buying book and claim certificates, preferring to rely on their own sourcing guidelines. Other brands are seeking to invest in smallholder schemes rather than book and claim certificates. But some companies seem to be using this argument to do nothing at all.

While we welcome any and all of these efforts by brands to change the industry, we appreciate that not all brands can undertake them. Buying CSPO has a key role to play in demonstrating to palm oil growers that there is a demand for them to improve their practices and get their operations independently verified as meeting better practices. Buying CSPO is an option open to all brands, big or small, that use CSPO and/or the most complex derivatives and fractions. Other actions must also be undertaken along with buying CSPO, but they must not replace this fundamental step.

In particular WWF is very disappointed to see that the following companies fell at least 50 per cent short of their own 2015 targets or did not report to us with enough evidence of whether they had met them or not:

Dansk Supermarked, **DuPont**, **Ginsters**, **Kroger**, **Lion**, **Nestlé**, **P&G**, **Remia**, **Smucker's** and **Superunie**.

Moving targets: which companies switched target dates and when?

Some brands pre-emptively dropped 2015 as a target and replaced it with 2020. Among those companies that had set themselves a target of 2015 in 2012 the following had, by 2014, postponed their target year:

Aviko, **Avon**, **Co-op Clean**, **Kao**, **Lion**, **Saraya**, **Super U**, **Taiyo** and **Yushi**.

Unilever, one of the first brands to set 2015 as a target to meet all its use with physical CSPO, was also one of the first to move its target year to 2020. However, it then purchased enough book and claim credits to cover all the palm oil it was unable to source from physical CSPO supplies. There is no excuse for other companies not to follow this example.

So if the industry didn't achieve 100 per cent by 2015, what happens next?

The 137 companies scored use more than 6.1 million tonnes of palm oil between them, representing about 10 per cent of global use. While there is likely to be some double counting between manufacturers and retailers, they provide a good indication of how the demand for CSPO is progressing.

In 2015, 4.7 million tonnes – or 77 per cent of the assessed companies' palm oil use – was already covered by CSPO. If their use of palm oil stays constant and, more importantly, if they take their new targets seriously, then by 2020 we can expect to see at least 6 million tonnes of CSPO being used by these companies.

Given the urgency of tackling deforestation, species loss, climate change and conflict, and the availability of CSPO, WWF urges companies to meet these targets as soon as possible.

TOP TIP FOR CONSUMERS TO HELP TO TRANSFORM THE TRADE

You can use this Scorecard to find out which brands have let their targets slip. They are the ones who really need to be asked hard questions about why they haven't put the effort into acting responsibly.

Harvesting oil palm at an RSPO- certified plantation in Indonesia. The palm fruit is numbered so that any problems with the harvest can be traced.

© JAMES MORGAN/WWF-INTERNATIONAL

ARE COMPANIES ACTING GLOBALLY OR ONLY LOCALLY?

What exactly are the brands promising to their customers in different parts of the world?

MULTINATIONALS THAT OPERATE ACROSS THE WORLD HAVE A PARTICULAR RESPONSIBILITY TO MAKE SURE THAT ALL OF THEIR CUSTOMERS ARE TREATED THE SAME

The palm oil industry is truly global – and so are many of the companies that buy and use palm oil. Multinationals that operate across the world have a particular responsibility to make sure that all of their customers are treated the same. They can take a strong leadership role by not only using CSPO in the more progressive markets such as Europe and North America, but also in Asia.

Of the 50 companies that told us they operated at a global level, the majority were also committed to using CSPO in all of their markets. However, some do not. For example, **L'Oréal** seems to have made a commitment to use CSPO only in France. This is worrying not only because L'Oréal is a global brand itself, but also because it now owns and sets policies for The Body Shop, a company that scored well in previous WWF Scorecards.

In the same vein, **Tesco** is a global brand – but has only promised to use CSPO in the UK. Another three companies – **Lactalis**, **United Biscuits** and **Zeelandia** – only promise to use CSPO in some of the markets they sell into. United Biscuits, another company that scored very highly in previous WWF Scorecards, has justified its limited commitment scope because of its recent merger with the large Turkish company Yildiz Holdings and the subsequent expansion of its business. We hope that the new company will take its lead from United Biscuits' previously good track record on palm oil.

The European and US markets are progressing well on shifting to CSPO. But the Asian markets – particularly India and China, which each consume as much or more than the whole of Europe and where demand is increasing year on year – are lagging way behind. These markets will shift to CSPO only when global brands start treating their consumers in Asia with the same respect they give consumers in their home countries. That means using CSPO in all products produced for and in Asia, and indeed globally. See appendix 3 for more about recent developments in sustainable palm oil in India and China.

TOP TIP FOR CONSUMERS TO HELP TO TRANSFORM THE TRADE

You can ask your favourite brands whether they are committed to using sustainable palm oil in all the markets where they operate. Promising to be only half sustainable is not good enough.

DO COMMITMENTS COVER OWN BRANDS OR PRIVATE LABELS TOO?

Many companies are only covering their own brands with CSPO, shying away from their responsibility for other products they buy and sell.

TRANSFORMATION IS ALL OR NOTHING – CHANGING HALF THE INDUSTRY ALONE WILL NOT TACKLE THE PROBLEMS OF DEFORESTATION, CLIMATE CHANGE AND CONFLICT

As in earlier Scorecards, one of the issues we examined in 2016 is whether palm oil buyers make commitments to use CSPO only for their own brands or whether they are also doing so on behalf of other companies that they use or sell palm oil for (i.e. private labels).

Many manufacturers produce goods for other companies that are sold under other labels. In most cases it may not be apparent who the original manufacturer was. At the same time most retailers sell their own-brand products alongside similar ones from other companies – sometimes even those made by the same manufacturers.

Unless companies are making commitments that cover both their own brands and the private labels they do business with, they are making only partial promises. Transformation is all or nothing – changing only half the industry will not tackle the problems of deforestation, climate change and conflict caused by irresponsibly produced palm oil.

But the brands seem in most cases to be reluctant to accept this wider responsibility. In fact, although WWF asked about this issue in our questionnaires to companies, the RSPO as a membership organization has shied away from doing so. Because we used companies' annual reports to the RSPO for the majority of our data, in most cases we received no information on what companies really mean by a commitment to 100 per cent sustainable palm oil.

From the contact that WWF has with retail companies, it is clear that almost all are committed to using CSPO for only their own-brand lines and are not willing to play a role in the sustainability of the other private labels they sell. Two exceptions are **Coop Sweden** and **Rema** in Denmark.

On the other hand, we know that several consumer goods manufacturers have made overarching commitments to supply products using CSPO to all of their customers alongside using it in their own brands. Some, like **United Biscuits**, made this commitment early on without the knowledge of whether their customers wanted CSPO or not. This is the sort of proactive leadership that we need much more of. It does not make sense for a single manufacturing facility to run two separate production lines – one with CSPO and another with uncertified palm oil. If more manufacturers made the shift to CSPO, there would be even less excuse for retailers not to as well.

TOP TIP FOR CONSUMERS TO HELP TO TRANSFORM THE TRADE

You can ask favourite brands, particularly retailers, if their public promises to use only CSPO cover only their own brands or also the private labels they sell. And if it's only their own brands, why do they think their customers should be happy with half promises?

WHAT SUPPLY CHAIN CHOICES ARE THE BRANDS MAKING?

WWF is asking brands to move away from relying on book and claim and toward mass balance, and eventually segregated and identity preserved CSPO.

Each of the RSPO-approved supply chain options to source CSPO has a role to play in transforming the industry (see appendix 1).

The book and claim system is valuable to kickstart transformation by making it easy and cheap for brands to support growers that are RSPO-certified. And it's currently difficult or even impossible to source physical supplies of some types of palm oil, such as complex derivatives or palm oil from independent smallholders. However, shifting supply chains to physical supplies of CSPO is important because it brings greater transparency, and gives consumers the assurance that the oil in their products is indeed sustainable.

THERE IS NO REASON WHY A RESPONSIBLE RETAILER, FOOD SERVICE COMPANY OR MANUFACTURER SHOULD NOT ALREADY BE 100 PER CENT CERTIFIED

WWF's work on the ground, such as that in Tesso Nilo (see page 56), clearly illustrates the need for companies all along the palm oil supply chain to take control and responsibility for the palm oil they source. Other than investing huge resources themselves in tracing all of their palm oil right back to the plantations (something which no company has yet achieved), the only way for brands to be sure they are buying sustainable palm oil is to shift their sourcing to known and verified sustainable sources. That means buying CSPO that has been kept segregated from uncertified palm oil right from the plantation to the end user.

The mass balance option is a stepping stone between book and claim and fully segregated CSPO. It gets companies along the supply chain asking questions about their suppliers and building relationships based on their ability to deliver sustainable palm oil.

This is why WWF asks brands to move away from relying on book and claim and toward mass balance and eventually segregated and identity preserved CSPO.

The low cost and ease of using the book and claim option and the global availability of CSPO means that today there is no reason why a responsible retailer, food service company or manufacturer should not already be 100 per cent certified for the palm oil it uses.

And in markets where mass balance, segregated and even identity preserved CSPO is increasingly available (like Europe and North America) brands must also increase their use of these options.

So in the mature CSPO markets, the Scorecard looks at how companies are progressing on the journey from book and claim to fully segregated supplies of CSPO.

Leaders on supply chain progress

Only three companies used 100 per cent segregated CSPO in 2015 – **Arnott's**, **Danone** and **Ferrero**. Of these **Ferrero** is the larger user of palm oil – so it's a credit to them that they have put in the effort to shift their sourcing to segregated supplies.

Laggards on supply chain progress

In contrast, alongside 28 companies that did not bother to respond to WWF or the RSPO, there were 12 that did report but failed to disclose whether they used CSPO, or told us that they were not using any CSPO at all.

Of the 97 brands that reported using CSPO many are still either using very low proportions of CSPO or still relying too heavily on the book and claim system. Sixteen brands told us they were using 100 per cent CSPO – but still at least three-quarters of that was book and claim. The 16 are:

ABF, **Avon**, **Axfood**, **Colgate-Palmolive**, **ConAgra Foods**, **Estée Lauder**, **Karl Fazer**, **Krispy Kreme Doughnuts**, **McDonald's**, **Oriflame**, **PepsiCo**, **Reckitt Benckiser**, **Seiyu**, **Sodexo**, **Tim Hortons** and **Unilever**.

Getting to 100 per cent shows that these brands are committed to making sure that they are supporting sustainable producers – but now these brands need to focus on shifting to segregated sources of CSPO and show that they also support the sustainable trade in palm oil.

Do different types of manufacturers show more or less progress?

Among the 77 manufacturers that WWF scored, 44 are food producers and 11 are personal care companies.

Thirty-seven food producers disclosed sufficient detail about their CSPO use to enable us to score them on their CSPO supply chain options. They include companies that are still heavily reliant on the book and claim option, such as **Axfood**, **ConAgra Foods**, **Karl Fazer** and **PepsiCo**, through to those companies like **Arnott's**, **Danone** and **Ferrero** which source only segregated CSPO.

The sample size for the personal care companies was much smaller which makes it difficult to draw definitive conclusions about this sector. That said, it is clear that no personal care company has progressed as far as the best of the food companies – likely because they use more PKO and its derivatives, which are harder to come by from physical sources. Nevertheless, several of them have taken the right steps by buying as much physical CSPO as possible and covering the rest of their palm oil use with book and claim certificates. Examples include **Avon**, **Colgate-Palmolive**, **Estée Lauder**, **Oriflame**, **Reckitt Benckiser** and **Unilever**. This once again shows the value of

WHERE MASS BALANCE, SEGREGATED AND IDENTITY PRESERVED CSPO ARE INCREASINGLY AVAILABLE BRANDS MUST INCREASE THEIR USE OF THESE OPTIONS

the book and claim system to allow those companies that face challenges in procuring physical CSPO to take a step in the right direction.

It is often said that company size influences how far and how fast a brand can progress in shifting to sourcing physical CSPO. Yet in reality the messages we get from companies are mixed. Large users of palm oil tell us that small companies have it easier because they can find suppliers willing to meet their relatively modest demands – and small users of palm oil tell us that the larger companies find it easier to convince suppliers to change what they offer. These arguments can sound like excuses for inaction, especially as the Scorecard data shows no significant difference between how well or how badly large and small companies perform.

Explore the accompanying website (palmoilscorecard.panda.org) to see which companies are doing the right thing – and which ones are not.

Palm oil is found in many personal care goods, including soap and shampoo.

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SUPPLY CHAIN PROGRESS

RETAILERS

leading the way
well on the path
started the journey
not yet in the starting blocks
non-respondent

COMPANY	Country of HQ	Commitment to 100% CSPO by year	Total palm oil volume (t)	Total % CSPO	Commitment to 100% physical CSPO by year	Score out of 10
Coles	Australia	2012	4,114	100%	2015	9.3
Coop Switzerland	Switzerland	2009	2,910	100%	2015	8.8
Tesco	United Kingdom	2012	30,906	100%	2015	8.2
ICA	Sweden	2015	1,700	100%	2017	8
IKEA	Sweden	2011	41,686	100%	2015	8
Sainsbury's	United Kingdom	2013	12,271	100%	2014	8
Waitrose	United Kingdom	2012	1,458	100%	2016	8
Metcash	Australia	2016	279	95%	2021	7.8
Marks & Spencer	United Kingdom	2010	3,630	100%	2020	7.4
The Co-operative	United Kingdom	2014	4,519	100%	2020	7.1
Migros	Switzerland	2012	12,696	99%	2015	6.2
Morrisons	United Kingdom	2013	8,652	98%	2016	6.1
Colruyt Group	Belgium	2014	6,113	100%	2018	5.9
Woolworths	Australia	2020	6,227	100%	2020	5.6
S Group	Finland	2015	1,036	97%	2021	5.4
Casino	France	2015	2,159	78%	2020	5.3
Boots	United Kingdom	2010	2,296	100%	2014	4.9
Ahold	Netherlands	2010	10,683	100%	2017	4.8
Carrefour	France	2015	12,632	100%	2020	4.7
Super U	France	2015	3,456	100%	2020	4.5
E.Leclerc	France	2015	7,987	94%	2016	4.3
Jumbo	Netherlands	2015	4,891	100%	2017	4.2
Coop Sweden	Sweden	2012	1,064	100%	2016	3.8
Delhaize	Belgium	2015	8,111	100%	2020	3.6
Axfood	Sweden	2009	25	100%	2015	2.5
REMA 1000	Denmark	2014	1,800	100%	2015	2.5
Seiyu	Japan	2015	1,692	100%	⊗	2.4
Walmart	USA	2015	85,602	100%	2025	2
Kesko	Finland	2016	1,250	48%	2020	1.4
CO.OP Japan	Japan	⊗	ND	ND	⊗	ND
Costco	USA	2021	ND	ND	⊗	ND
Dansk Supermarked	Denmark	2015	ND	ND	⊗	ND
Superunie	Netherlands	2015	ND	ND	2020	ND
Target	USA	2018	ND	ND	⊗	ND
Seven & i Holdings	Japan	NR	NR	NR	NR	NR
ÆON	Japan	NR	NR	NR	NR	NR
Alma	Poland	NR	NR	NR	NR	NR
Auchan	France	NR	NR	NR	NR	NR
Coop Denmark	Denmark	NR	NR	0%	NR	NR
Eurocash	Poland	NR	NR	NR	NR	NR
Jerónimo Martins Poland	Poland	NR	NR	NR	NR	NR
Kroger	USA	2015	NR	NR	NR	NR
Lewiatan	Poland	NR	NR	NR	NR	NR
Piotr i Pawel	Poland	NR	NR	NR	NR	NR
POLOmarket	Poland	NR	NR	NR	NR	NR
Safeway	USA	NR	NR	NR	NR	NR
Whole Foods Market	USA	NR	NR	NR	NR	NR
Żabka	Poland	NR	NR	NR	NR	NR

SUPPLY CHAIN PROGRESS
MANUFACTURERS

leading the way
well on the path
started the journey
not yet in the starting blocks
non-respondent

COMPANY	Country of HQ	Commitment to 100% CSPO year	Total palm oil volume (t)	Total % CSPO	Commitment to 100% physical CSPO year	Score out of 10
Arnott's	Australia	2015	13,516	100%	⊗	10
Danone	France	2011	34,457	100%	2015	10
Ferrero	Italy	2015	181,000	100%	2015	10
Lotus	Belgium	2012	13,017	100%	2015	9.6
Arla	Denmark	2011	25,070	100%	2017	9.1
Young's	United Kingdom	2015	655	99%	2017	8.8
Warburtons	United Kingdom	2010	1,325	100%	2015	8.5
United Biscuits	United Kingdom	2010	76,196	100%	2016	7.7
Lindt & Sprüngli	Switzerland	2011	3,816	100%	2015	7.3
R&R Ice Cream	United Kingdom	2017	3,158	88%	2017	7.3
Cérélia	France	2015	10,664	100%	2015	7
Premier Foods	United Kingdom	2010	14,620	100%	2015	6.7
FrieslandCampina	Netherlands	2011	107,500	100%	2020	6.6
Kraft Heinz	USA	2015	12,732	100%	2025	6
Zeelandia	Netherlands	2018	4,369	98%	2018	5.5
General Mills	USA	2015	67,724	100%	2025	5.3
Barilla	Italy	2014	34,696	100%	2015	5
Farm Frites	Netherlands	2012	14,049	100%	2015	5
Hershey	USA	2014	22,410	100%	2014	5
Jacquet Brossard	France	⊗	38	100%	⊗	5
Mars	USA	2013	82,456	100%	2013	5
WhiteWave Foods	USA	2012	26,084	100%	2012	5
Aigremont	Belgium	2015	23,388	64%	2020	4.9
Kellogg's	USA	2011	50,313	100%	2020	4.8
Goodman Fielder	Australia	2015	9,235	100%	2015	4.6
Karl Fazer	Finland	2012	5,408	100%	2020	4.2
Unilever	Netherlands	2012	1,513,265	100%	2019	3.9
L'Oréal	France	2012	54,986	100%	2020	3.8
Royal Smilde	Netherlands	2014	15,000	100%	2021	3.7
Oriflame	Sweden	2010	4,552	100%	2020	3.5
Peerless Foods	Australia	2020	16,112	57%	2020	3.5
ABF	United Kingdom	2015	70,043	100%	2020	3.4
Estée Lauder	USA	2015	3,302	100%	2030	3.4
Avon	USA	2025	20,000	100%	2025	3.3
Colgate-Palmolive	USA	2015	174,328	100%	2020	3
PepsiCo	USA	2015	452,743	100%	2020	2.8
ConAgra Foods	USA	2014	102,728	100%	2020	2.5
Reckitt Benckiser	United Kingdom	2015	125,843	100%	2020	2.4
Barry Callebaut	Switzerland	2020	58,120	32%	2022	2.2
Nestlé	Switzerland	2013	417,834	24%	2020	1.9
Lactalis	France	2017	11,185	24%	2017	1.7
Mondelēz	USA	2013	289,255	96%	⊗	1.7
Raisio	Finland	2018	3,629	26%	2021	1.7
Unigrà	Italy	2011	315,000	21%	2020	1.7
Ginsters	United Kingdom	2011	3,027	13%	2011	1.3
Remia	Netherlands	2011	18,860	46%	2018	1.3
P&G	USA	2015	493,677	41%	2020	1.2
Vandemoortele	Belgium	2015	44,669	75%	2020	0.8
Kao	Japan	2020	100,000	24%	2020	0.3
Nissin	USA	2016	19,750	6%	2024	0.3
Lion	Japan	2015	13,000	4%	2020	0.2
Ajinomoto	Japan	2018	35,200	3%	2020	0.1
Clariant	Switzerland	2016	64,500	1%	2020	0.1
Aviko	Netherlands	2016	21,294	62%	2020	0
Co-op Clean	Japan	2020	3,700	5%	2025	0
Johnson & Johnson	USA	2015	86,686	61%	2020	0
Saraya	Japan	2020	3,562	51%	2020	0
Shiseido	Japan	2020	4,626	1%	2020	0
Taiyo Yushi	Japan	2020	13,000	0%	2025	0
Tamanohada	Japan	2018	957	0%	2023	0
Avril	France	⊗	ND	ND	⊗	ND
Campbell's	USA	2016	ND	ND	⊗	ND
DuPont	USA	2011	ND	ND	2020	ND
Nisshin OilliO	Japan	2030	ND	ND	2031	ND
Smucker's	USA	2015	ND	100%	2015	ND
Brioche Pasquier	France	NR	NR	NR	NR	NR
Canada Bread	Canada	NR	NR	NR	NR	NR
Dragsbæk	Denmark	NR	NR	NR	NR	NR
Hillshire Brands	USA	NR	NR	NR	NR	NR
Intercos	Italy	NR	NR	NR	NR	NR
Maspex	Poland	NR	NR	NR	NR	NR
Sofina	Canada	NR	NR	NR	NR	NR
Tayto	United Kingdom	NR	NR	NR	NR	NR
Toms	Denmark	NR	NR	NR	NR	NR

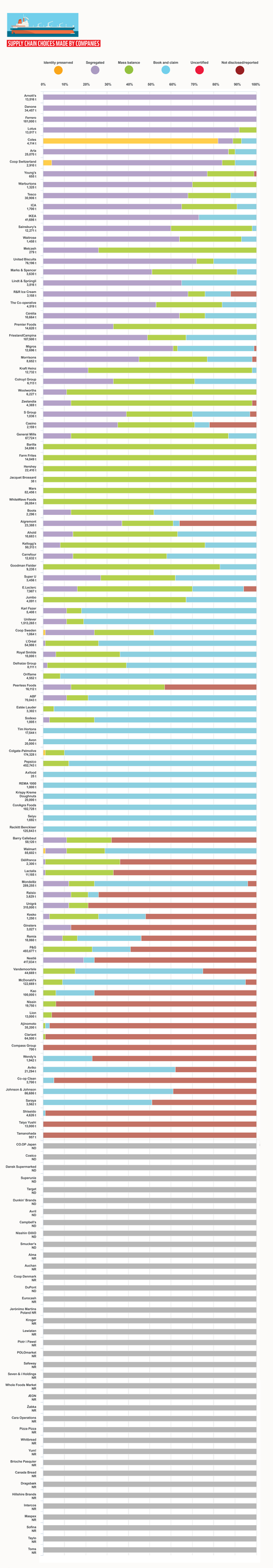
SUPPLY CHAIN PROGRESS

FOOD SERVICE COMPANIES

leading the way
well on the path
started the journey
not yet in the starting blocks
non-respondent

COMPANY	Country of HQ	Commitment to 100% CSPO by year	Total palm oil volume (t)	Total % CSPO	Commitment to 100% physical CSPO by year	Score out of 10
Sodexo	France	✓ 2013	1,805	100%	✓ 2025	3.3
Tim Hortons	Canada	✓ 2015	17,544	100%	⊗	3.3
Krispy Kreme Doughnuts	USA	✓ 2015	20,000	100%	✓ 2030	2.5
Délifrance	France	✓ 2020	2,300	36%	⊗	1.9
McDonald's	USA	✓ 2015	122,669	95%	✓ 2020	0.5
Compass Group	United Kingdom	✓ 2020	700	0%	✓ 2022	0
Wendy's	USA	✓ 2022	1,942	23%	✓ 2027	0
Dunkin' Brands	USA	✓ 2016	ND	ND	⊗	NR
Cara Operations	Canada	NR	NR	NR	NR	NR
Pizza Pizza	Canada	NR	NR	NR	NR	NR
Whitbread	United Kingdom	NR	NR	NR	NR	NR
Yum!	USA	NR	NR	NR	NR	NR

SUPPLY CHAIN CHOICES MADE BY COMPANIES



WHAT OTHER ACTIONS ARE COMPANIES TAKING?

Progressive companies can do much more than just join the RSPO, including supporting smallholders, setting their own standards and building on the RSPO.

In addition to the core actions of joining the RSPO and sourcing CSPO there are a range of other actions that companies can and should take to help transform the industry.

We asked specifically about a few which we believe are the easiest ways for brands to bring their particular influence to bear on the industry.

Supporting sustainable smallholders

Around four tonnes of palm oil in every 10 produced globally is grown by smallholders. Many smallholders are supported directly by the companies to which they sell their fresh fruit bunches (FFB). The companies that are certified RSPO members have an obligation, under the RSPO standard, to help these smallholders to become certified themselves within three years. However many independent smallholders are not allied to particular companies and don't benefit from this sort of support. Certification can be a real challenge for these smallholders: they tend to be small groups with low capacity to improve their practices, and may not even have access to mills to buy their FFB.

Because of these constraints the RSPO has helped independent smallholders with direct funding since 2013. This has helped individuals form cooperative groups, employ group managers and undertake improvements that have led to certification.

Palm oil can be grown sustainably, like it is at the Musim Mas plantation in Sumatra.

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TOP TIP FOR CONSUMERS TO HELP TO TRANSFORM THE TRADE

You can ask favourite brands if they are supporting independent smallholders by buying their certificates. If they say they are not, you can remind them that this is the easiest way in which they can directly support some of the most vulnerable and isolated growers in the palm oil industry.

By July 2016, 5,117 independent smallholders had become certified, producing 56,672 tonnes of CSPO between them. To find out more about the RSPO and smallholders see: www.rspo.org/smallholders

To play their part in supporting these independent smallholders, brands are able to buy independent smallholder book and claim certificates from the GreenPalm website.

Unfortunately, very few do: only 23 of the brands we scored told us they did so in 2015. They told us that between them they bought certificates to cover 209,122 tonnes of smallholder CSPO. However this volume is greater than the total volume produced – so many brands don't seem to really understand how they could be using this tool to help the most hard-to-reach smallholders. In fact, WWF asked GreenPalm to confirm who had bought independent smallholder certificates in 2015 – and they told us that they only have records of **Unilever** and **Johnson & Johnson** having actually done so. Other companies may have made their own deals with suppliers and may think they are buying from smallholders, but it's difficult to know what they are really getting.

Several companies told us that they were also involved in their own smallholder support projects. We welcome this work but also realize that not every brand has the resources to get involved directly in on-the-ground projects.

WWF believes buying smallholder certificates is the easiest way for any company of any size to do something positive to help independent smallholders.

Setting their own sourcing standards that build on the RSPO

When the RSPO revised its standard in 2013, WWF and others were disappointed that the changes had not gone further. We felt that many leading growers were already doing better and that the new standard should have reflected best practice in the industry. At the time we identified areas where we felt the new RSPO standard fell short – on GHG reporting, emissions reductions, banning the most harmful chemicals like paraquat and ensuring that only legal palm oil was entering mills. Many others including several leading growers agreed – and that is partly why we have seen so many individual brands and growers making their own "no deforestation" commitments since then.

While WWF welcomes these initiatives, it has become increasingly difficult to really understand how effective the variety of commitments have been. Some rely on reporting by the companies themselves, while others rely on paid consultants. Some require CSPO and other criteria while others seem to be trying to establish entirely new "standards". It's important that consumers are able to trust what brands are promising and are able to compare one company directly with another. That is why, when it comes to initiatives that build on RSPO, we believe brands should stick to independently verified and reported standards like the POIG Charter and RSPO NEXT.

TOP TIP FOR CONSUMERS TO HELP TO TRANSFORM THE TRADE

You can ask your favourite brands when they expect to source either POIG Charter or RSPO NEXT verified CSPO. If they say they are not ready to do so, remind them that continuous improvement is essential if the industry is to make progress on tackling the most important challenges it faces. Strong signals from brands to their suppliers are essential in pushing growers to improve their practices.

Of the 137 companies scored only 11 reported that they met all of the additional sourcing requirements that WWF identify as crucial – either by specifying POIG or RSPO NEXT or listing all of the most crucial individual requirements.

It is early days for POIG and RSPO NEXT and neither is yet available in substantial volumes in the market – so it is unsurprising that not many brands have yet set either as a sourcing requirement. Only two companies, **Danone** and **Ferrero**, are POIG members. However, it is clear that this is the direction leading palm oil users are moving in.

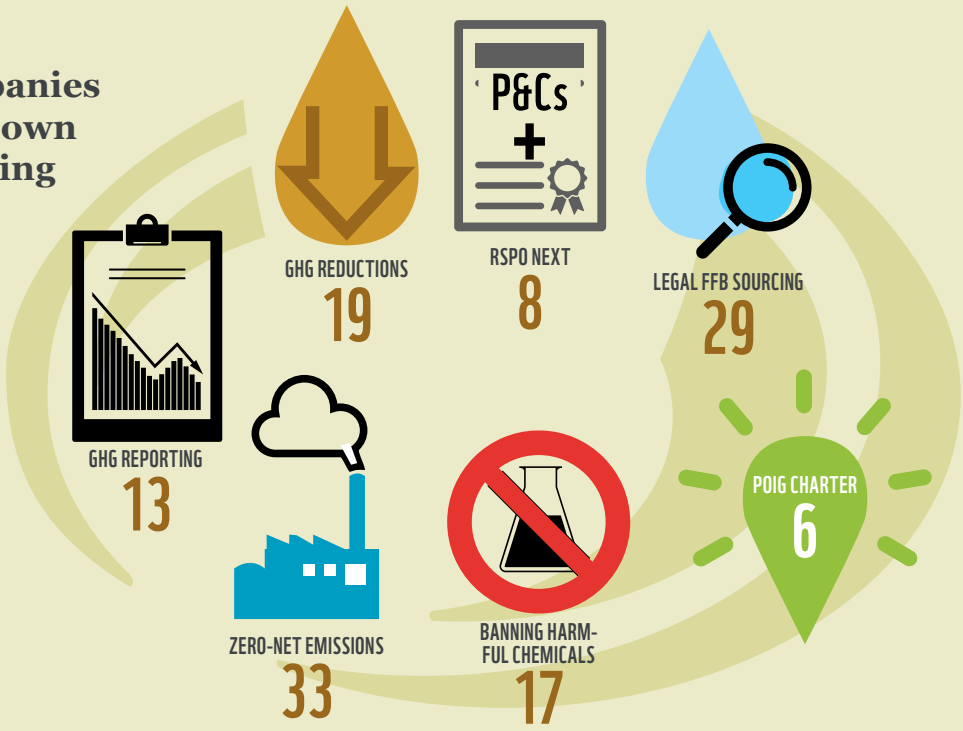
A further 26 companies did not specify POIG or RSPO NEXT but did tell us that they require action from their suppliers on one or more of the individual issues.

Between them, the 37 brands with additional sourcing requirements use more than 4.6 million tonnes of palm oil a year – a clear signal to growers that there is a large market for palm oil produced to the highest standard.

Notably, 29 brands specify that their suppliers should be ensuring that only legal FFB enter into their supplies. The case of Tesso Nilo (see page 56) clearly shows that even the most progressive growers are failing to control their independent FFB sourcing. The efforts to date by the industry to introduce due diligence seem not to be up to the task of assuring their customers of legality, never mind sustainability.

Figure 6

How many companies are setting their own additional sourcing requirements?



RECOMMENDATIONS

Companies, consumers and governments need to take action now on sustainable palm oil.

What can companies do?

All companies that use palm products of any type have a responsibility and a role to play in helping to reduce the negative environmental and social impacts of their production.

All palm users should follow a few basic steps to play their part in transforming a complex and hidden industry:

THERE IS NO EXCUSE AT ALL FOR ANY BRAND USING PALM OIL NOT TO BE ALREADY AT 100 PER CENT CSPO TODAY

- Join the RSPO, get involved in its work and report on your progress and actions each year.
- Work out how much palm oil you use and where you get it from – be transparent and tell the world how much you use.
- Talk to your suppliers and make it clear that you expect CSPO.
- Commit to sourcing only RSPO-certified sustainable palm oil – and to go further with credible independently-verified standards such as the POIG Charter or RSPO NEXT.
- Buy CSPO now, sourcing as much CSPO as possible from physical supply chains and covering your remaining use of palm oil by book and claim certificates.
- Move as quickly as possible to sourcing only segregated CSPO.
- Lobby governments in producer countries to create and enforce legislation requiring legal and sustainable palm oil production.

There is no excuse at all for any brand using palm oil not to be already at 100 per cent CSPO today – companies that have fallen short of that target should be called to account by their competitors and their customers.

Beyond taking action on their own, brands can take other roles to help change the industry:

- If you operate globally, act globally. Partial promises to do better in the US or Europe while continuing to ignore important markets like Asia will not deliver the change we need at the pace or scale required to save the remaining forests and wildlife.
- Make sure that all of the palm oil you use and sell is sustainable – whether it's in your own brands or in the private labels you make or stock. If you value your customers, you should be honest with them about what your promises really mean.
- Join national and regional groups and initiatives, sharing information and ideas and cooperating with each other to speed up progress for all. Some of these, like the New York Declaration on Forests or the Consumer Goods Forum resolution on zero-net deforestation, are good ways to show your global commitment to change.

- Take a more active role in shaping government policies toward supporting sustainable palm oil – from better planning, regulation and enforcement in producing regions, to trade and tariff systems that prevent consuming regions from importing unsustainable palm oil.

What can consumers do?

Brands like to create loyalty and confidence among their customers. That means you can have an influence over them. It's vital that consumers voice their concerns and push brands to act on sourcing credibly-certified sustainable palm oil. Your actions can help save some of the world's most vital forests as well as the wildlife and communities that depend on them.

Consumers should:

- Use this Scorecard and the accompanying website (palmoilscorecard.panda.org) to see how well the supermarkets, manufacturing brands and food companies you buy from are doing on palm oil. Look at how much of their palm oil use is already covered by CSPO and what sorts of promises they are making – do they cover all of the palm oil they use in all of the countries where they operate?
- Use the options available on the website to contact the brands – thank the best for having started to make a difference and demand that those that are failing do more.
- Look for the RSPO logo on products you buy – choose products containing CSPO where you can.

What can governments do?

Governments have an important role to play in halting deforestation, both in producer countries and in consumer countries.

What should governments in producer countries do?

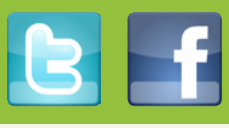
- Set a strong legislative and policy framework that halts deforestation before 2020, while ensuring the proper implementation of existing and future laws.
- Support public-private partnerships aiming to end deforestation.
- Sign and implement the New York Declaration on Forests within its given timeframe.
- Adhere to the OECD agriculture guidance.
- Be an active advocate globally for deforestation-free and conversion-free commodities, as one element to implement the Paris Agreement on Climate Change and the Sustainable Development Goals.

What should governments in consumer countries do?

- Develop and implement effective legislative and policy frameworks ensuring that only independently-verified sustainable palm oil is entering your markets by 2020 at the latest.

YOU CAN HELP

You can help right now by sharing this Scorecard on social media or tweeting directly to a company or brand – visit palmoilscorecard.panda.org.



GOVERNMENTS HAVE AN IMPORTANT ROLE TO PLAY IN HALTING DEFORESTATION, BOTH IN PRODUCER COUNTRIES AND IN CONSUMER COUNTRIES

- Review policies, subsidies and overseas development aid to promote sustainable palm oil and remove harmful incentives that may promote irresponsible or even illegal palm oil.
- Establish public procurement policies that specify the need to source only sustainable palm oil and set ambitious national targets for doing so.
- Sign and implement the New York Declaration on Forests within its given timeframe.
- Advocate globally and in international fora for deforestation-free and conversion-free commodities and responsible markets, as elements to implement the Paris Agreement on Climate Change and the Sustainable Development Goals.

EU countries specifically should:

- Support the development of measures to halt deforestation and forest degradation, such as the EU Action Plan on Deforestation and Forest Degradation, and to address the EU's impact beyond its borders.
- Sign and implement the Amsterdam Declaration *Towards Eliminating Deforestation from Agricultural Commodity Chains with European Countries*.

Palm oil can have many benefits for communities - but can also cause major harm.

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THE ROLE OF GOVERNANCE IN PRODUCER COUNTRIES

There has been major progress on transformation of the palm oil industry – but significant challenges remain.

DESPITE THIS PROGRESS, DEFORESTATION IS STILL HAPPENING AT AN ALARMING RATE

In the last 10 years, in the face of greater transparency, closer scrutiny and continual criticism, the palm oil industry has started to change. Since 2009, this progress has been charted by the WWF Palm Oil Buyers Scorecards. And the results of this 2016 Scorecard confirm that leading parts of the industry have made genuine steps toward the transformation of their own practices.

More than 3,000 companies are now members of the RSPO. Close to a fifth of the world's palm oil is produced to the RSPO standard, with 6 million tonnes being bought and claimed as CSPO by brands across the world. Up to 80 per cent of European and even US use of palm oil is being met by CSPO. Recently, some commentators were declaring that 90 per cent of the world's palm oil is covered by a no-deforestation commitment.

The RSPO has also kickstarted change that in some cases has gone even further than originally envisioned. There has been a wave of commitments by many global brands to eliminate deforestation from their supply chains; several of the major palm oil producers and traders have committed to zero deforestation, zero peat and zero exploitation; and we've seen sustainability platforms develop among producing companies, local NGOs and brands. The Palm Oil Innovation Group (POIG) has come together as a coalition of innovators and has already succeeded in encouraging the RSPO to develop its NEXT version of the standard for sustainable palm oil.

So is the job done?

Well, not quite. Despite this progress, deforestation is still happening at an alarming rate. Palm oil in Southeast Asia is growing at half a million hectares a year – and almost half of that is on forest land. In 2015, fires in Kalimantan and Sumatra cleared 2 million hectares of land and forested areas and created critical health issues in Indonesia, Singapore and Malaysia. Conflicts with communities and the workforce continue to hold back the industry's progress.

UNTIL THE WHOLE INDUSTRY CHANGES, COMMITMENTS AT THE TOP WILL HAVE ONLY A LIMITED IMPACT ON THE GROUND

So if companies are doing what we ask of them, and in some cases making their own commitments to go even further, why do the problems still persist?

Barriers to change

The reality is that, despite their best intentions, innovators can only take things so far. The industry may be dominated by a handful of massive global players with headline-grabbing commitments to no deforestation, but it is built on a foundation of thousands of small and mid-sized companies and millions of independent smallholder producers. And unfortunately, as WWF's work in Tesso Nilo and elsewhere shows, those foundations are often illegal and unsustainable (see page 56). Until the whole industry changes, commitments at the top will have only a limited impact on the ground.

At the same time, limits to change are also being imposed by the very authorities who should be setting policies and regulation to make the industry more sustainable. Rather than welcoming the sustainability efforts of individual companies and industry coalitions, the governments of Indonesia and Malaysia have been sending mixed messages. On the one hand, Indonesia has extended its moratorium for new palm oil developments on peat and even established an agency to restore degraded peat areas. On the other, it recently put pressure on leading producers to roll back some of their more progressive developments, such as the Indonesia Palm Oil Pledge (IPOP), because it saw them as inherently critical of the rest of the industry. This pressure led to IPOP's demise in 2016.

Both Indonesia and Malaysia have introduced national certification schemes based on legal compliance in an attempt to eliminate the worst practices within their industries. But at the same time the Malaysian authorities are blocking the RSPO from collecting and publishing maps of landbanks controlled by the large industry players – an essential element of transparency.

Unfortunately it is not just mixed messages that are holding back progress. WWF's work, including that highlighted in this report, shows that a lack of enforcement means that independent palm oil producers are free to illegally clear protected land. It is a recipe for disaster – and the Tesso Nilo National Park has now almost vanished under a tide of illegal palm oil as a result. This highlights how systemic governance weaknesses undermine the progressive actions of some parts of the industry to eliminate deforestation from the global supply chain.

Is it too late for palm oil?

So it is hardly a surprise that global brands and progressive producers working within this environment are failing to implement their own commitments to end deforestation. Not only must they try to persuade thousands of other stakeholders to change, but they are doing so in a climate where change is unsupported and sometimes actively undermined by governments.

Ultimately, it seems unclear whether the countries where the most palm oil is produced can truly visualize the future of their industries without deforestation. Unless this changes, responsible parts of the industry will inevitably decide that the risk of doing business under such conditions is not worth the rewards. We can already see this happening in the US and parts of the European market where some companies are choosing to substitute palm oil with other edible oils.

WHAT'S AT STAKE ARE SOME OF THE WORLD'S MOST VALUABLE FORESTS, AND THE SPECIES AND PEOPLE THAT DEPEND ON THEM AS WELL AS THE LONG-TERM VIABILITY OF THE PALM OIL BUSINESS

If this industry is going to stop deforestation then it urgently needs governments to play their part. The fundamental truth is that the absence of good governance has created a "Wild East", which is exploited by the unscrupulous and which constrains the more responsible parts of the industry.

This has to change.

Bringing government to the table

We cannot afford to ignore the truth and simply pretend that everything is fine. However, the answer is not more knee-jerk criticism by the authorities of NGOs, the RSPO or even those responsible industry players who are exposing poor practices. But neither is it a good idea for consumers or international brands to boycott palm oil.

Instead, the answer is to create a level playing field where unsustainable practices are eliminated and every company is allowed, encouraged, supported and maybe even forced to act responsibly. This will only happen if governments collaborate with innovators. One ray of hope for closer company-government working is the emergence of the "Jurisdictional Approach", which focuses on the governance capacity of a particular region and provides some framework around good governance as a market requirement for palm oil. This approach is taking root in the Malaysian state of Sabah and the Indonesian province of Central Kalimantan, where the governments are working together with key stakeholders to implement pledges that all palm oil produced must meet RSPO certification standards. Bringing government to the table is galvanizing both large multinational plantation owners and smallholders to engage.

WWF co-founded the RSPO in 2004 because we saw the potential within the industry to change. To date that change has been driven by the market and the companies themselves. This Scorecard measures that change – but it also highlights that corporate change alone is no longer enough. The industry leaders are reaching the limits of how far and how fast they can progress. Although there is considerable scope for other companies to match their efforts, we are not convinced that the next 10 years will see enough further progress to end deforestation without governments changing too.

WWF asks companies that use palm oil to engage with governments in producer countries, both at the national and jurisdictional level, asking for a level playing field that eliminates unsustainable practices and mandates responsible production. Industry leaders must work together with governments to make this happen. What's at stake are some of the world's most valuable forests, and the species and people that depend on them as well as the long-term viability of the palm oil business and the economic benefits it brings to producing countries.

APPENDIX 1: SUPPLY CHAIN OPTIONS

Companies can buy palm oil and its derivatives certified by the RSPO through three main supply chain systems: segregated and identity preserved; mass balance; and book and claim.

All three options have the same starting point – a plantation is successfully audited against the RSPO principles and criteria and the total volume of CSPO that it can produce a year is established. Each option has strengths and weaknesses – but each also has a particular role to play in transforming the global industry.

Segregated and identity preserved CSPO

What is it? As the name suggests, segregated CSPO is certified palm oil that is physically separated from non-certified palm oil all the way from the palm oil mill to the end user. Identity preserved CSPO, a sub-category of segregated CSPO, can be traced back to a single certified estate and mill. Segregated CSPO may include a mixture from different certified mills, but is not mixed with conventional palm oil. All the fresh fruit bunches (FFBs) entering a segregated or identity preserved mill are verified as having come from plantations that have met the RSPO standard.

Benefits: This option guarantees that the end product contains 100 per cent CSPO unmixed with oil from other sources, meaning the oil used is not contributing to illegal or unsustainable practices. It also requires companies along the whole supply chain to understand where they are sourcing from and to make sure that both suppliers and customers are using sustainable palm oil. This builds a relationship and trust between the different companies and fosters collaboration between supply chain actors. Ultimately, it will be much easier for the entire global industry to achieve sustainability when palm oil is traded transparently, rather than anonymously as a bulk commodity.

Disadvantages: Segregated and identity preserved CSPO can be expensive because the two streams of certified and non-certified oil or derivatives need to be kept physically separated throughout the entire supply chain.

Mass balance CSPO

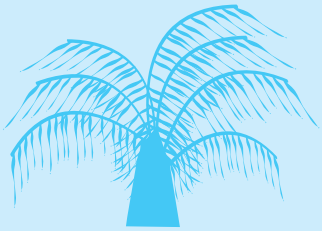
What is it? This option allows companies along the supply chain, such as traders or refiners, to mix CSPO with non-certified palm oil. Companies at each stage of the supply chain must clearly record what proportion of the total palm oil they are selling is CSPO. A strict administrative tracing system prevents more palm oil being sold at the end of a mass balance CSPO supply chain than the total volume of CSPO bought at the start.

Benefits: Mass balance is cheaper than segregated CSPO, as it avoids the costs of keeping certified and non-certified palm oil entirely separate. It requires the middle

of the supply chain to establish systems to record and control the sourcing and flow of palm oil, and so is a useful step toward developing the data management systems needed for fully segregated supplies of CSPO.

Disadvantages: The end product doesn't contain 100 per cent CSPO, so users can't be sure it doesn't include oil from unacceptable sources.

Book and claim CSPO



A COMPANY USING BOOK AND CLAIM MAY STILL BE USING OIL FROM UNACCEPTABLE SOURCES

What is it? It's a certificate trading system separate from the physical trade in certified palm oil. The retailer or manufacturer buys physical palm oil from an established supplier. Via an online trading platform, the same user also purchases a certificate from a CSPO producer for each tonne of "real" palm oil that they buy. For each certificate purchased the CSPO producer is rewarded with a direct payment.

This option is also known as GreenPalm, after the name of the company that manages the certificate trading system for the RSPO (until January 2017).

Benefits: It's a much cheaper option because no paper trail or physical separation of oil along the supply chain is needed. Because it's so easy, all brands using palm oil should be using it as a first step to support sustainable production, even if they don't yet understand their own supply chains. Also, companies using derivatives and fractions of palm oil that may not yet be available as physical CSPO can still buy certificates to support sustainable production. It may also be the only option for certified smallholders who cannot easily access global markets and fully segregated supply chains.

Disadvantages: A company using book and claim may still be using oil from unacceptable sources, and is effectively supporting irresponsible producers by allowing the supply chain to continue to do business with them. Book and claim allows the trade in palm oil to continue without any relationship or link between the different parties, meaning unsustainable (rather than simply uncertified) palm oil can still find a market.

Companies must move toward physical supplies

Each of the options to source CSPO has a role to play in transforming the industry. The book and claim system is valuable to kickstart transformation by making it easy and cheap for brands to support growers that are RSPO-certified. And it's currently difficult or even impossible to source physical supplies of some types of palm oil, such as complex derivatives or palm oil from independent smallholders.

However, shifting supply chains to physical supplies of CSPO is important because it brings greater transparency to that supply chain and gives consumers the confidence that the oil in their certified products came from certified plantations. It requires companies along the supply chain to ask questions about their suppliers and to build a relationship with those suppliers based on their ability to deliver sustainable palm

THERE IS NO REASON WHY A RESPONSIBLE RETAILER, FOOD SERVICE COMPANY OR MANUFACTURER SHOULD NOT ALREADY BE 100 PER CENT CERTIFIED

oil. Segregated and identity preserved CSPO also allow brands to show that the palm oil they use in their products is from sustainable sources – and that unsustainable and illegal palm oil is being kept out of those supply chains.

These are all valuable attributes of the physical CSPO supply chain option, which is why WWF asks brands to move toward using them and away from relying on book and claim.

The low cost and ease of using the book and claim option and the global availability of CSPO means that today there is no reason why a responsible retailer, food service company or manufacturer should not already be 100 per cent certified.

And in markets where mass balance, segregated and even identity preserved CSPO is increasingly available (like Europe and North America) brands must also increase their use of these options.

Bakri is an oil palm farmer who belongs to a smallholder collective currently working toward RSPO certification.

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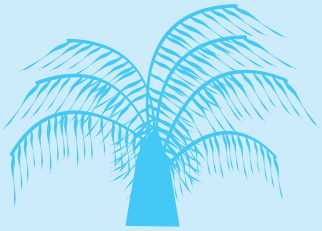
APPENDIX 2: WHAT IS WWF DOING ON PALM OIL?

WWF is working on several strategies to transform the market for palm oil, and make it more sustainable and deforestation-free.



WWF HAS BEEN ACTIVE IN PUSHING INITIATIVES THAT BUILD ON THE RSPO, SUCH AS RSPO NEXT AND POIG

Because palm oil continues to be one of the major threats to forests and biodiversity in some of the world's most important ecoregions, WWF works to transform the market to one that is sustainable and deforestation-free.

WWF is a founding member of the RSPO and is active in strengthening the RSPO standards and systems. We have published this and other Scorecards to drive more transparency and consistency in RSPO reporting so we can judge whether users of palm oil are sourcing CSPO and to encourage producers to adopt more ambitious targets for certification.

WWF has been active in pushing initiatives that build on the RSPO too, such as RSPO NEXT and POIG, to help show the way for innovation and best practice in the industry. We also work across the global palm oil supply chain with producers, buyers, investors, consumers and other NGOs to promote sustainable palm oil and deforestation-free supply chains.

WWF employs a broad range of strategies, including:

- one-on-one corporate engagement with companies
- engagement in industry-wide bodies such as the Consumer Goods Forum and the Banking and Environment Initiative
- promoting better management practices and sustainable land use planning to producers
- encouraging palm oil buyers to use only sustainable palm oil
- developing and promoting sustainable investment with the finance sector
- raising awareness with consumers.

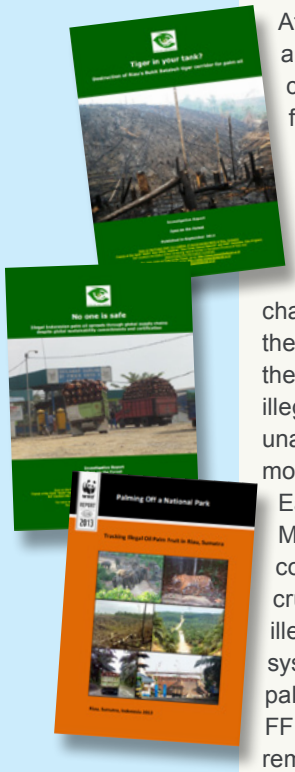
WWF also lobbies governments in both producing and consuming regions to introduce policies that support the sustainable production and use of palm oil.

We regularly publish research reports to highlight issues on the ground (see information about Tesso Nilo on page 56), plus practical tools and guidance for producers, buyers, consumers and the finance sector on how to be responsible growers, buyers and investors.

In many countries WWF supports national initiatives on sustainable palm oil. Such initiatives are active in France, the UK, Germany, the Netherlands, Belgium, Sweden, Denmark and Singapore.

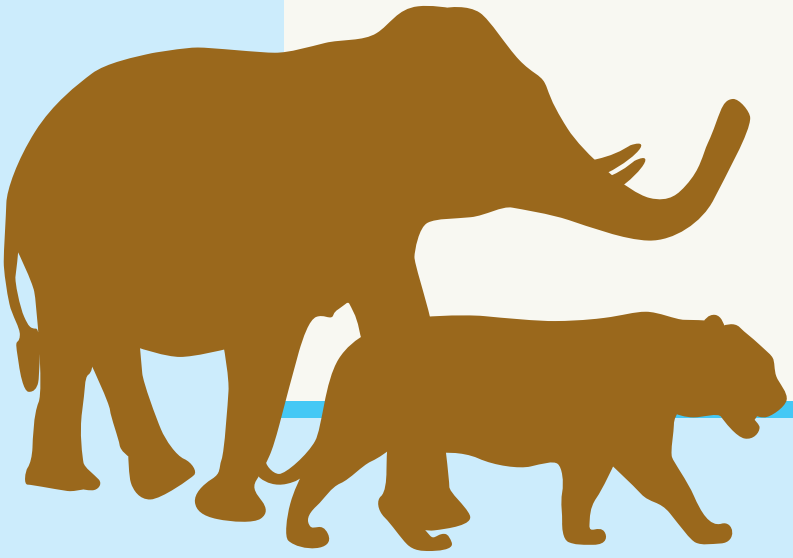
TESSO NILO

Tesso Nilo National Park, in the heart of Sumatra, is home to critically endangered Sumatran elephants and tigers as well as some of the most diverse plant life in the world. The forest complex originally covered 1.6 million hectares, but by 2012, due to deforestation for oil palm and pulpwood plantations, just 170,000 hectares remained.



At the time we called for the government and the palm oil industry to work toward constructive solutions to stop any further expansion, stop buying illegally produced fresh fruit bunches (FFB) and support smallholders already illegally in the area to relocate.

Despite promises that things would change, a follow-up study in 2015 with the Indonesian NGO coalition Eyes on the Forest showed that the buying of illegal FFB and palm oil was continuing unabated. It found subsidiaries of even more companies including Royal Golden Eagle, Golden Agri-Resources, Wilmar, Musim Mas and many other smaller companies receiving illegal FFB or crude palm oil (CPO) tainted with illegal FFB. The issue appears to be systemic, meaning most of the world's palm oil supplies may contain traces of FFB illegally grown in some of the last remaining habitats of critically endangered species like tigers, elephants, and orang-utans.



That is a strong argument for the need to source only 100 per cent segregated CSPO – as one of the only ways for brands to eliminate the worst irresponsible palm oil from their supply chains.

Tesso Nilo is also an unfortunate example of how even those parts of the industry trying to tackle the problem seem to be going about it in a wholly inadequate way. Companies and their consultants claim to offer traceability – but only as far as the mill. This will not prevent FFB from unsustainable and illegal plantations from entering the supply chain.

Companies need to put in place controls at the mill level to make sure they only buy FFB from known and identified plantations – and, eventually, only certified ones. Only when each and every mill practises this due diligence will the industry be able to claim that all its palm oil is deforestation-free.

The dire state of Tesso Nilo also illustrates why the palm oil industry will not be able to become fully sustainable until governments play their part in regulating and eliminating the worst performers and supporting the rest to become sustainable. The authorities in the region have allocated licences for mills adjacent to the national park even when there is no more land that could be legally used to grow oil palm. It has also turned a blind eye to illegal encroachment, and to the role of companies in driving and profiting from it.

• Learn more about Tesso Nilo and illegal palm oil:
Palming Off a National Park
Tiger in your tank?
No one is safe

APPENDIX 3: SUSTAINABLE PALM OIL IN CHINA AND INDIA

The first steps have been taken but there is still a long way to go on the road to sustainability in these countries.

China

RECENT YEARS HAVE SEEN A GROWTH IN AWARENESS ABOUT SUSTAINABLE PALM OIL IN CHINA

China is the world's second largest importer of palm oil. The little sustainable palm oil it imports is driven by demand from multinationals for incorporation into the goods they manufacture there. Domestic companies have still to make the same commitments.

However, various efforts are emerging in China, marking small steps toward sustainable palm oil:

- **Awareness is growing**. Recent years have seen a growth in awareness about sustainable palm oil in China. One result has been the development of a *Guide for Overseas Investment and Production of Sustainable Palm Oil* by Chinese Enterprises led by the China Chamber of Commerce of Foodstuffs and Native Produce (CFNA) as part of a China-UK Collaboration on International Forest Investment and Trade. A range of roundtable discussions on sustainable palm oil in China have been facilitated by Solidaridad, WWF and other stakeholders. There are plans to develop these further into a China Sustainable Palm Oil Alliance.

- **Some industry players are taking first steps**. Along with increased awareness, some key domestic palm oil buyers such as COFCO, Julong and Sinograin have joined the RSPO. Since the last Scorecard was published in 2013, Chinese RSPO membership has grown from 17 to 52 companies as of 30 June 2016.

- **The RSPO has established a presence in China**. The RSPO appointed a full-time representative at the end of 2015 and work is underway to engage the industry and other stakeholders.

- **Public awareness is increasing**. Communication efforts around sustainable palm oil have included Sustainable Consumption Week, sponsored by the China Sustainable Retailers Roundtable, and initiated by China Franchise and Chain store (CCFA) and WWF.

India

CONSIDERING THE STATE OF THE INDIAN PALM OIL SECTOR FIVE YEARS AGO, GOOD PROGRESS HAS BEEN MADE

Progress on sustainability in India can ultimately be measured by the volume of physical supply of CSPO entering the Indian market. So far, that figure is negligible. Considering the state of the Indian palm oil sector five years ago, however, good progress has been made with regards to advancing the sustainability agenda and there are several positive signs:

- **General awareness:** Awareness about the issues around unsustainable palm oil has increased markedly. All CEOs of major Indian buyers of palm are aware of both the sustainability issues linked to palm oil and the RSPO, and have directly engaged with WWF and other NGOs on the subject. The conversation has shifted, and awareness has been established at the corporate level. But faster, more concerted action is required.

- **RSPO membership and supply chain certification:** Since 2011, membership of Indian companies in the RSPO has increased substantially, going from eight to 46 companies as of May 2016. Another significant development has been the growth in the number of RSPO supply chain certified companies. There are now 10 companies managing 18 different facilities with RSPO supply chain certifications, a rise from zero in 2013. These developments form an important foundation for a sustainable palm oil supply chain to develop in India.

- **Commitments by companies:** Although full commitments to sustainable palm oil by Indian companies are not common, the recent round of RSPO ACOP reporting showed that in addition to the commitments of multinational companies, the likes of Adani Wilmar, VVF Limited and Godrej have all made time-bound commitments to sustainable palm oil.

- **Better production:** Ruchi and Godrej, two of the major producers of palm oil in India, have exhibited interest in expanding domestic supply of palm oil through engagement with local smallholders. In the case of Godrej, certification of these farms under the RSPO's Principles & Criteria is under consideration.

- **Re-establishment in the Indian market by the RSPO:** 2015 saw the establishment of a permanent RSPO presence in India, through the appointment of a full-time representative. This development will increase the capacity to engage Indian industry on palm oil sustainability.

100% RECYCLED

BIODIVERSITY

Biodiversity, ecosystems and ecosystem services – our natural capital – must be preserved as the foundation of well-being for all.

BIOCAPACITY

It takes 1.5 years for the Earth to regenerate the renewable resources that people use, and absorb the CO_2 waste they produce in that same year.

EQUITABLE SHARING

Equitable resource governance is essential to shrink and share our resource use.

BETTER CHOICES

Living within ecological boundaries requires a global consumption and production pattern in balance with the Earth's biocapacity.

WWF

Why we are here

To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

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For contact details and further information, please visit out international website at **panda.org**

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