

Statement

New report by Eyes on the Forest reveals illegal palm oil continues to plague supply chains of companies committed to no deforestation

6 April, 2016 - The latest Eyes on the Forest report ["No one is safe: Illegal Indonesian palm oil spreads through global supply chains despite global sustainability commitments and certification"](#) shows that the palm oil industry still has a long way to go to eliminate illegal and unsustainable fresh fruit bunches (FFB) and palm oil from its supply chains. It also reveals that efforts by these companies to ensure that no deforestation is associated with their supply bases have not yet been adequate.

Returning to areas in Sumatra already reported on in [2013 \(by WWF\)](#) and [2014 \(by EoF\)](#), Eyes on the Forest has found that companies including Wilmar, Royal Golden Eagle's Asian Agri and Apical, Golden Agri-Resources and Musim Mas are still sourcing FFB from illegally occupied land inside government protected areas at the expense of natural forest or buying Crude Palm Oil (CPO) from mills that themselves have sourced illegal FFB. All these companies are members of the Roundtable for Sustainable Palm Oil (RSPO) and have successfully certified some of their holdings.

This is despite the fact that these and other companies have made wide-ranging commitments to 'no deforestation' in their own estates and in their suppliers' supply chains.

These commitments emphasize traceability of palm oil as core to delivering on these promises – but unfortunately only as far as the mills where the FFB is processed, rather than the fields where the FFB is grown and harvested – in some cases illegally. In addition, they rely on desk-based risk assessments that look at estimated 'footprints' projected around each mill within which it is assumed that most FFB is sourced. The report shows that this approach is insufficient in the context of Indonesia, where illegally grown oil palm is widespread and where an increasing number of dealers and independent mills operate without their own plantations from which to source FFB. Meanwhile the increased global demand for palm oil means large palm oil producers and traders source FFB from these suppliers beyond their own plantations, in most cases with little or no due diligence, allowing a flow of illegal and unsustainable FFB to continue entering their supply chains unchecked.

The study also shows that the mills used by large palm oil companies purchase FFB from a much wider area than previously assumed – up to 128 kilometres away and up to 5 days travel time. The report concludes that when more realistic assumptions about how widely mills source FFB are made, almost all mills in Sumatra can be assumed to be at risk of sourcing illegal or unsustainable FFB.

The report highlights the urgent need for companies in the palm oil industry to trace their palm oil supplies all the way to plantations - traceability only to mills is not enough. It also shows that there is no easy solution to this problem. Eyes on the Forest provided a draft of this report to the four palm oil companies highlighted by the investigation and requested their comments. All groups noted the complexity of achieving 100% FFB traceability and filtering illegal FFB supplies out of their supply chains and suggested that solving the problem must be a multi-stakeholder effort.

The report contains the following recommendations that WWF endorses:

Palm oil producer companies need to:

- No longer accept FFB unless they know where it has come from, whether it is legal and how sustainable it is

- Urgently develop robust due diligence systems at the mill level to do this
- Change the focus of their traceability work to the plantation rather than only the mill level and begin focusing on where illegal supplies are most likely to enter their supply chains.
- Ramp up efforts to move towards genuinely segregated supplies of legal and sustainable oil
- Work together to ensure that if FFB is rejected by one mill, it does not simply get bought by a neighbouring one
- Actively support legally operating smallholders and independent suppliers to improve practices and achieve certification

Palm oil buyers need to:

- Move rapidly to sourcing segregated and identity preserved supplies of RSPO certified sustainable palm oil as the only safe way to ensure that the supply is not mixed with potentially unknown, illegal and unsustainable palm oil

The RSPO needs to:

- Finalise its work on FFB due diligence systems and ensure that it is taken up and well implemented by its members as part of their audit requirements
- Require all members to disclose the proportion of oil from their own estates, plasma smallholders and independents in each mill and what % of each is certified as sustainable

The Indonesian authorities need to:

- Stop allocating licences to mills unless there is evidence of sufficient legal FFB available to support it
- Work with companies to ensure all of them source FFB that is legal and sustainable
- Enforce existing legislation and regulations and protect forests from illegal deforestation

In addition WWF supports EoF's call on all parties to work together to restore the habitats being destroyed by illegal and unsustainable palm oil production.

Notes to editors:

- The report is available for download at http://eyesontheforest.or.id/attach/EoF_06Apr16_No_One_is_Safe_English_FINAL.pdf
- Of the companies found to be involved in the trade of illegal FFB or tainted CPO, EoF contacted Wilmar, GAR, RGE (Asian Agri and Apical) and Musim Mas asking them to review a final draft of this report and respond to EoF's recommendations. Summaries of their responses are attached in the report's Appendix 3.
- EoF published data on 196 crude palm oil (CPO) mills in Central Sumatra, chains of custody of illegal FFB and tainted CPO to CPO mills and refineries or bulking stations at its interactive map <http://maps.eyesontheforest.or.id>

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