

WWF Palm Oil Buyers' Scorecard 2009

How 'green' is the palm oil purchased by European companies?

From lipstick to ice cream—and even some breads and biscuits—palm oil is used in a variety of products we purchase every day. But the true cost of palm oil is being paid in high-biodiversity tropical rainforests, which continue to be cleared for ever expanding oil palm plantations.



This Scorecard is an assessment of the palm oil purchasing practices of major European companies that produce or sell everyday consumer products. The performance of each company in the Scorecard was assessed against a set of objective criteria relating to their commitments to, and actions on, responsible purchasing of palm oil.

▶ See company scores on page 4

Why has WWF published a Scorecard?

- to hold up a mirror to major European retailers and manufacturers who buy palm oil, setting a baseline level of performance against which these companies can measure their improvements on sustainable palm oil sourcing over the coming years
- to build awareness of sustainable palm oil among companies both inside and outside of the EU and demonstrate that companies can be part of the solution
- to show palm oil producers around the world that there is a mainstream and growing market for sustainably produced palm oil

Palm oil facts

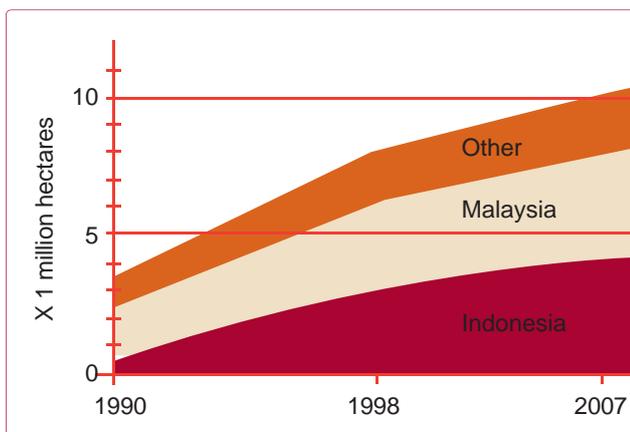
- Oil palms produce more per hectare of land than any other oil-producing crop
- In 2008, palm oil accounted for a third of the 130 million tonnes of vegetable oil produced worldwide
- Palm oil has surpassed soy oil as the world's most popular vegetable oil
- Palm oil is used in about 50% of all packaged food products in super-markets today
- Palm oil is used in a wide range of foods (e.g. margarine, ice cream) and non-food products (e.g. shampoos to make them more 'creamy')

The problem with palm oil

Oil palms are highly efficient producers of high-quality, versatile oils. But they only grow in the tropics, where their cultivation can have negative impacts on people and the environment. These include indiscriminate forest clearing, habitat loss of threatened and endangered species, poor air quality from burning forests and peatlands, and disregard for the rights and interests of local communities. A report published in 2007 by the United Nations Environment Programme (UNEP) acknowledges that palm oil plantations are now the leading cause of rainforest destruction in Malaysia and Indonesia. Of even more concern is the fact that demand for palm oil is predicted to increase, and most of the remaining suitable areas for plantations are forests.¹

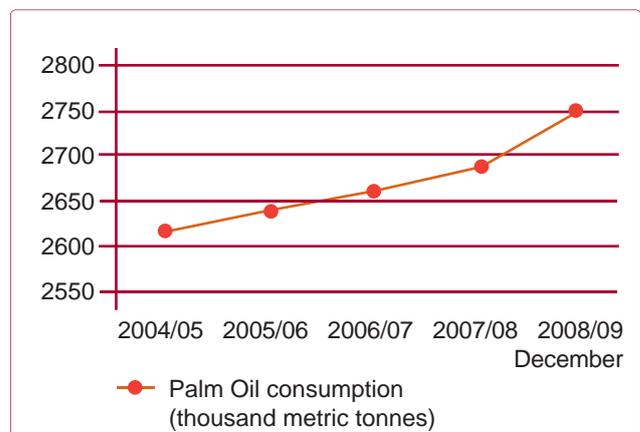
In addition, converting forests to plantations contributes to climate change, since 20% of all human-induced greenhouse gas (GHG) emissions are caused by deforestation. The practice of draining and converting peatland forests is especially damaging, as these “carbon sinks” store more carbon per unit area than any other ecosystem in the world.

Palm tree cultivation globally



Source: Oil World, May 2008

Palm oil consumption in EU households

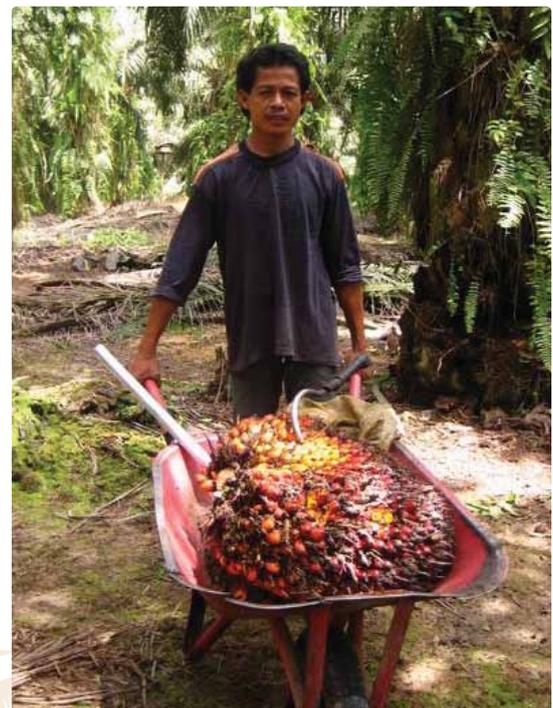


Source: USDA. 2009. Oil seeds: World Markets and Trade. Circular series FOP 1-09

WWF & palm oil

As a founding member of the Roundtable on Sustainable Palm Oil (RSPO), WWF has worked since 2003 with the palm oil industry to ensure that the RSPO standards contain robust social and environmental criteria, including a prohibition on the conversion of valuable forests. WWF has played an active role in the development of both the RSPO and Certified Sustainable Palm Oil (CSPO), in the same way that it has been involved in the development of other certification schemes such as FSC for timber and MSC for wild-caught marine fish. WWF supports the adoption and monitoring of RSPO standards by palm oil producers, as well as driving demand for sustainable palm oil amongst retailers and manufacturers.

Working with the RSPO is not the only way that WWF tries to mitigate the environmental and social impacts of palm oil expansion. WWF also works on strategies such as promoting transparent land-use planning, working with governments in both producer and market countries, and developing finance and investment screens that are compatible with RSPO principles.



¹ Fitzherbert EB, Struebig MJ, Morel A, Danielsen F, Brühl CA, Donald PF, Phalan B. 2008. How will palm oil expansion affect biodiversity? *Trends in Ecology and Evolution* 23(10) pp 538-545

What is the Roundtable on Sustainable Palm Oil?

- Initially established in 2003 as a cooperation on sustainable palm oil between Aarhus United UK Ltd, Golden Hope Plantations Berhad, Migros, Malaysian Palm Oil Association, Sainsbury's and Unilever together with WWF
- Now a global initiative with more than 400 members, including oil palm growers, oil processors, food companies, retailers, NGOs and investors representing about half of the world's palm oil supply
- Promotes palm oil production practices that help reduce deforestation, preserve biodiversity and respect the livelihoods of rural communities
- Aims to see all of the world's palm oil produced in a sustainable way

► Find out more at www.rspo.org

Paving the way for sustainable palm oil

CSPO, which is certified according to the RSPO guidelines, provides assurance that valuable tropical forests have not been cleared and that environmental and social safeguards have been met during its production. The first sustainable palm oil plantations were certified in 2008.



By mid-2009, RSPO certified plantations were able to supply 1.75 million tonnes of sustainable palm oil per year—more than **one third** of the European Union's (EU) annual uptake of palm oil.



Despite being available in sufficient quantities, only a small portion of the available CSPO has actually been bought. By October 2009, some 195,000 tonnes of CSPO had been traded. This is a good start, but it still only represents about **19%** of the estimated 1 million tonnes of CSPO that has been produced so far.



This is less than **5%** of the EU's total annual consumption of palm oil.

Benefits for companies, benefits for forests

By supporting the RSPO and using only CSPO, companies can help slow down deforestation and the disappearance of some of Earth's most amazing and threatened wildlife, including elephants and orang-utans. Choosing sustainable palm oil also helps companies put a cap on climate change, since slashing forests for oil palms can contribute to the release of greenhouse gas emissions.

What does WWF ask from companies buying palm oil?

- Become an active member of the RSPO
- Put in place policies and systems to control where palm oil is sourced from
- Make public commitments for the use of 100% CSPO by 2015 at the latest
- Begin purchasing CSPO immediately

► ► ► ► ► **Consumers play a significant role in encouraging companies to change their practices. By requesting that retailers and manufacturers use sustainable palm oil in everyday products, consumers can help motivate companies to increase their commitments.**

Palm Oil Buyers' Scorecard

WWF assessed the progress of 59 European companies on sustainable palm oil sourcing during March-September 2009. This assessment was carried out against a range of objective criteria, from RSPO membership through to their use of sustainable palm oil.

TOP 10 SCORES

Company	Country	Sector	RSPO Max 3	Policy Max 8	Systems Max 8	SPO Max 10	Total score Max 29	Palm Index
Sainsbury's ☆	United Kingdom	Retail	3	8	5.5	9.5	26	
Marks & Spencer ☆	United Kingdom	Retail	3	8	5.5	9	25.5	
Migros ☆	Switzerland	Retail	3	6	6	10	25	
Young's/Findus ☆	United Kingdom	Food	1	8	6	10	25	
Unilever ☆	United Kingdom/ Netherlands	Food and personal/ household care	3	7.5	8	6	24.5	
Cadbury ☆	United Kingdom	Food	2.5	8	7.5	6	24	
The Body Shop	United Kingdom / France	Personal/house- hold care	2.5	6.5	4.5	9	22.5	
L'Oreal ☆	France	Personal/house- hold care	2	7	6	6.5	21.5	
Asda ☆	United Kingdom	Retail	2	6.5	6.5	6	21	
Coop Switzerland	Switzerland	Retail	2.5	5.5	3	10	21	

Company	Country	Sector	RSPO Max 3	Policy Max 8	Systems Max 8	SPO Max 10	Total score Max 29	Palm Index
United Biscuits ☆	United Kingdom	Food	2.5	6.5	5.5	5	19.5	
Henkel	Germany	Personal/house- hold care	3	6.5	3.5	6	19	
Burton's Foods ☆	United Kingdom	Food	2	4.5	6	5	17.5	
Bougies La Française ☆	France	Other	1.5	2	7	6	16.5	
Carrefour ☆	France	Retail	3	7	6	0	16	
Tesco ☆	United Kingdom	Retail	2	7	7	0	16	
Premier Foods ☆	United Kingdom	Food	2.5	6.5	6	0	15	
ICA ☆	Sweden	Retail	1.5	5	7.5	0	14	
Co-op UK	United Kingdom	Retail	2	8	3	0	13	
Ahold / Albert Heijn ☆	Netherlands	Retail	2.5	5	4.5	0	12	
Arla ☆	Sweden	Food	0	6	6	0	12	
Reckitt Benckiser	United Kingdom	Personal/house- hold care	2	6	4	0	12	
Northern Foods ☆	United Kingdom	Food	1	4	6	0	11	
SOK	Finland	Retail	0	4.5	1	5	10.5	
Birds Eye	United Kingdom	Food	0	4	1	5	10	
IKEA	Sweden	Retail	2	2	1	5	10	
Jordans Ryvita	United Kingdom	Food	2	4.5	3	0	10	
Morrisons	United Kingdom	Retail	1.5	6	2	0	9.5	
Delhaize Belgium	Belgium	Retail	0	3	1	5	9	
Mildola ☆	Finland	Food	0	4	5	0	9	
Nestle	Switzerland	Food	0.5	5.5	2.75	0	8.75	
Waitrose	United Kingdom	Retail	2	5	1.5	0	8.5	
Britannia Food Ingredients	United Kingdom	Food	1	4.5	2.5	0	8	
Lidl UK	United Kingdom	Retail	0	1	2	5	8	
Warburtons	United Kingdom	Food	0	4.5	3	0	7.5	
Boots	United Kingdom	Personal/house- hold care	2	3.5	1	0	6.5	
Croda International	United Kingdom	Personal/house- hold care	1	2	2.5	0	5.5	
Kesko	Finland	Retail	0	3	2	0	5	

Palm Oil Buyers' Scorecard continues

Company	Country	Sector	RSPO Max 3	Policy Max 8	Systems Max 8	SPO Max 10	Total score Max 29	Palm Index
Rewe Group	Germany	Retail	0	0.5	3.5	0	4	
Danone	France	Food	0	2	1.5	0	3.5	
E. Leclerc	France	Retail	0	2	1	0	3	
Axfood	Sweden	Food	0	1.5	1	0	2.5	
Deen	Netherlands	Retail	1	1.5	0	0	2.5	
Edeka Zentrale	Germany	Retail	0	1	0	0	1	
*Raisio	Finland	Food	0	1	0	0	1	
Superunie	Netherlands	Retail	0	1	0	0	1	
*Super de Boer	Netherlands	Retail	0	0.5	0	0	0.5	

Company	Country	Sector	RSPO Max 3	Policy Max 8	Systems Max 8	SPO Max 10	Total score Max 29	Palm Index
*Aldi (Nord, Sued and UK)	Germany/ United Kingdom	Retail	0	0	0	0	0	-
*Associated British Foods	United Kingdom	Food	0	0	0	0	0	-
*Auchan	France	Retail	0	0	0	0	0	-
*Brioche Pasquier	France	Food	0	0	0	0	0	-
C1000	Netherlands	Retail	0	0	0	0	0	-
*Co-op Sweden	Sweden	Retail	0	0	0	0	0	-
*Colruyt Group	Belgium	Retail	0	0	0	0	0	-
*Geant Casino	France	Retail	0	0	0	0	0	-
*Les Mousquetaires	France	Retail	0	0	0	0	0	-
*Magasin U	France	Retail	0	0	0	0	0	-
Metro	Germany	Retail	0	0	0	0	0	-
*Spar International	Netherlands	Retail	0	0	0	0	0	-

Scores 20 to 29 = 3 palms
5 to < 20 = 2 palms
0.5 to < 5 = 1 palm
0 = no palms

Is the company an active member of RSPO?
 Does the company have a policy on the responsible use of palm oil?
 Does the company have a public, time-bound, targeted plan to use CSPO?
 Does the company use CSPO at the time of the assessment?

See page 7 for full methodology

What the scores tell us about company performance

3 palms:

For companies in the top 10 list, WWF found that they have responded well to almost all of the individual asks WWF has made of all companies that buy palm oil. They are all members of the RSPO and mostly active ones; most have made public commitments to using CSPO and have set up policies and control systems internally so that they have a good handle of where they are sourcing palm oil from and how they are using it; and finally they are all currently using at least some CSPO and in several cases they have been doing so for some time. These companies are showing their competitors that it is possible to act responsibly when it comes to palm oil - but even they will need to do more to fulfill their targets to only use CSPO.

2 palms:

Companies in this category have all made a start on the journey to sustainable palm oil - and in some cases they have already made good progress. Most companies are members of the RSPO already, while others have recently applied to join. But RSPO membership alone is no longer enough. Those scoring at the top of this range are the companies that have made commitments to CSPO and who have established control mechanisms over their use of palm oil. Several of these companies are already using some CSPO, which is a very welcome finding. Overall, WWF would expect many of these companies to be doing much better in future versions of the Scorecard. However, WWF would like to see those lower down the list to work more consistently and across the whole range of actions to improve.

1 palm:

The companies in this range are those that have only just started to address the sustainability of their palm oil. None of them are members of the RSPO and none are yet using any CSPO. Some have the bare bones of policies and systems in place but they have yet to put in the work needed to transform their businesses. Given that CSPO is now available in the market, WWF is expecting these companies to engage much more actively with the issue than they have to date.

0 palm:

These companies have shown no progress on sustainable palm oil yet. Several of them declined to respond to WWF's requests for more information and therefore their scores are based only on information that they published themselves. These companies need to urgently change their palm oil sourcing practices if they are going to keep up with their competitors and become responsible companies. There is no excuse for any company not to act responsibly.

☆ companies that made time-bound, public commitments to achieve 100% CSPO

* companies that did not respond to WWF's request for information or declined to participate in the Scorecard

Conclusions from Scorecard findings

The Scorecard reveals that while several companies in Europe that purchase palm oil are on the right track, most have yet to capitalise on the availability of CSPO to ramp up their sustainability practices. This leaves substantial market opportunities still untapped—and threatened rainforests still at risk.

WWF commends the efforts of the 10 companies that have shown leadership in committing to and sourcing CSPO: **Sainsbury's, Marks & Spencer, Migros, Young's/Findus, Unilever, Cadbury, The Body Shop, L'Oreal, Asda and Coop Switzerland.** In general, these top 10 companies have made progress across the criteria assessed by WWF, which include being active members of the RSPO, having sustainable palm oil policies, commitments and action plans, and starting to use CSPO. In many cases, these companies have scored well because they have:

- contributed to the RSPO process for several years, like Cadbury, Sainsbury's, Marks & Spencer, Migros and Unilever
- put in place sustainable palm oil policies, like Sainsbury's, Young's/Findus and Cadbury
- set up internal systems to control their use of palm oil, like Cadbury and Unilever
- started motivating and in some cases working with their suppliers before CSPO was available, like Sainsbury's



Most companies in this top group have also started to use CSPO now that it is available. For some, such as Unilever, this has been in relatively large volumes and for others, like Marks & Spencer, it represents a high proportion of the company's total palm oil use. However, in most cases, CSPO is still being used in only very small quantities to date. WWF believes that these companies will need to move faster if they are to achieve the target of 100% use of CSPO by 2015 or earlier.

Many companies in the second tier, like United Biscuits, Henkel and Tesco, have many of the right policies and practices in place, although they have only just begun to take action on sustainable palm oil. Some companies in this grouping have started to use some CSPO. Some others may have put policies and systems in place, but often have yet to start buying CSPO. These companies should score much better in future Scorecards after they have started to purchase CSPO, hence the need for them to follow up with tangible actions.

Many companies in this group have joined the RSPO but have not taken any action on sourcing sustainable palm oil. This is happening despite new RSPO requirements mandating companies buying palm oil to publicly report CSPO procurement targets and share time-bound action plans to achieve these targets. Therefore, companies that join the RSPO but take no action will no longer be able to use membership as a proxy for sustainability.

A third tier of companies encompasses businesses which have shown only a little interest in sustainable palm oil issues, while companies in a fourth grouping have shown no interest, or have declined or ignored WWF's request for information on their palm oil policies and actions.

The Scorecard results show that the sector as a whole still has a long journey ahead before sustainable palm oil sourcing becomes the norm. And yet, many companies appear to be moving in the right direction in terms of their intention to use CSPO. WWF hopes that this is an indication of where palm oil buying practices may be headed in the future, and will monitor the trends with future versions of the Palm Oil Buyers' Scorecard.

What happens next?

This European Scorecard is just the start of a process to bring more transparency to the global market for sustainable palm oil. As the first in a series, this Scorecard provides a baseline for companies to track their improvement on actions related to CSPO over the coming years. In the future, WWF's assessment of these companies will set even higher benchmarks on their use of CSPO.

Since China and India are responsible for almost a third of global palm oil imports,² WWF will also include major palm oil buyers from these countries in later versions of the Scorecard, along with other markets such as North America.

WWF will shed light on the performance of traders in a separate Scorecard to be published soon. Many of the world's biggest traders control vast volumes of palm oil, and therefore play a very influential role in the palm oil supply chain.

Scorecard methodology

Companies were scored on their palm oil sustainability practices in a two-step process. First, WWF evaluated company performance based on publicly available data (including websites and corporate sustainability reports) in relation to the following four questions:

1. Is the company an active member of RSPO?
2. Does the company have a policy on the responsible use of palm oil which includes statements of the impacts of palm oil cultivation, a commitment to sustainability and systems in place to track the palm oil that is used?
3. Does the company have a public, time-bound, targeted plan which includes a commitment to only source CSPO, with systems in place to ensure that this goal is met?
4. Does the company use CSPO at the time of the assessment or has it used equivalents in the past?

In a second stage, draft scores were sent to the companies, along with an overview of the scoring process. Companies were then given the opportunity to send WWF further information pertaining to the questions by late September 2009. Some of this information was provided to WWF in confidence. A final set of scores was tallied based on the additional information received. Each company was informed of its final score before the Scorecard was made public.

The goal of this first Scorecard is to promote and use CSPO. For this reason, WWF has awarded the same number of points to any company sourcing CSPO, regardless of the volumes used. Future versions of the Scorecard will focus on how much CSPO companies are using and how quickly they are moving towards using CSPO exclusively.

The scope of this assessment did not allow for independent verification of all the information provided by companies for the Scorecard. While the Scorecard is largely informed by verifiable data and publicly available information, the final scoring is necessarily determined by WWF's assessment of a company's intentions and actions for sustainable palm oil. WWF values transparency, and for most questions, more points were awarded if a company made public its commitments and actions.

² Oil World, May 2008

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www.panda.org/sustainablepalmoil

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WWF is one of the world's largest and most experienced independent conservation organizations, with almost 5 million supporters and a global network active in more than 100 countries.

WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by:

- conserving the world's biological diversity
- ensuring that the use of renewable natural resources is sustainable
- promoting the reduction of pollution and wasteful consumption

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www.panda.org/palmoilscorecard 7