

### The business case for sustainable palm oil in Borneo

The economic case for reducing deforestation and improving environmental practices is increasingly being recognised at national and international levels based on the value which intact ecosystems deliver to society.

At the level of an individual company the business case for sustainable practices can be more complex. A range of challenges, often linked to cost and technical capacity, have been identified by producers and these are addressed in the preceding sections. Notwithstanding these challenges, the business benefits of improving environmental practices are increasingly recognised by some palm oil producers in Borneo.

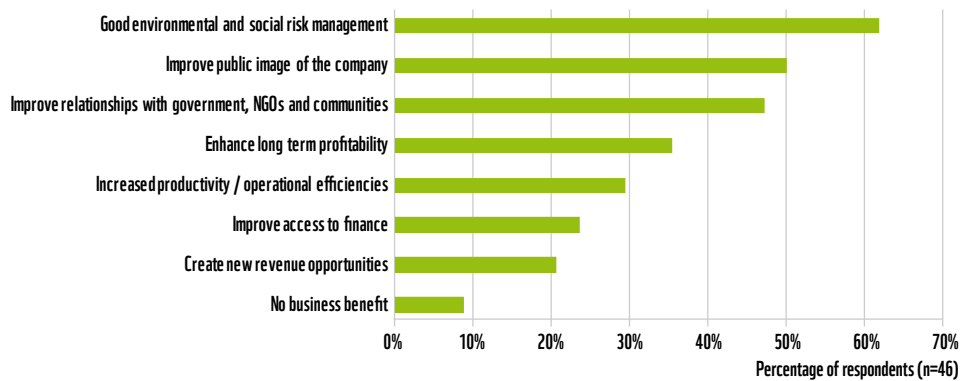


FIGURE 3. 10: BENEFITS OF GOOD ENVIRONMENTAL AND SOCIAL PRACTICES AS REPORTED BY PALM OIL PRODUCERS IN BORNEO

Figure 3. 10 is based on interviews and surveys with 46 respondents from palm oil companies operating across all the states of Borneo. 62% of this group identified good environmental and social risk management as a benefit of sustainability activities while 50% thought their company would benefit from an improved public image. More than a third (35%) of respondents thought that sustainability activities would improve their profitability in the long term and 29% cited increased productivity or other operational efficiencies as a reason to pursue sustainable practices.

Furthermore, as indicated in the solution boxes on previous pages; from increasing demand for RSPO certified palm oil and new international funds for avoided deforestation; to heightened enforcement of existing regulation and new financing requirements from lenders; many factors are coming together to strengthen the business case for sustainable palm oil in Borneo.