

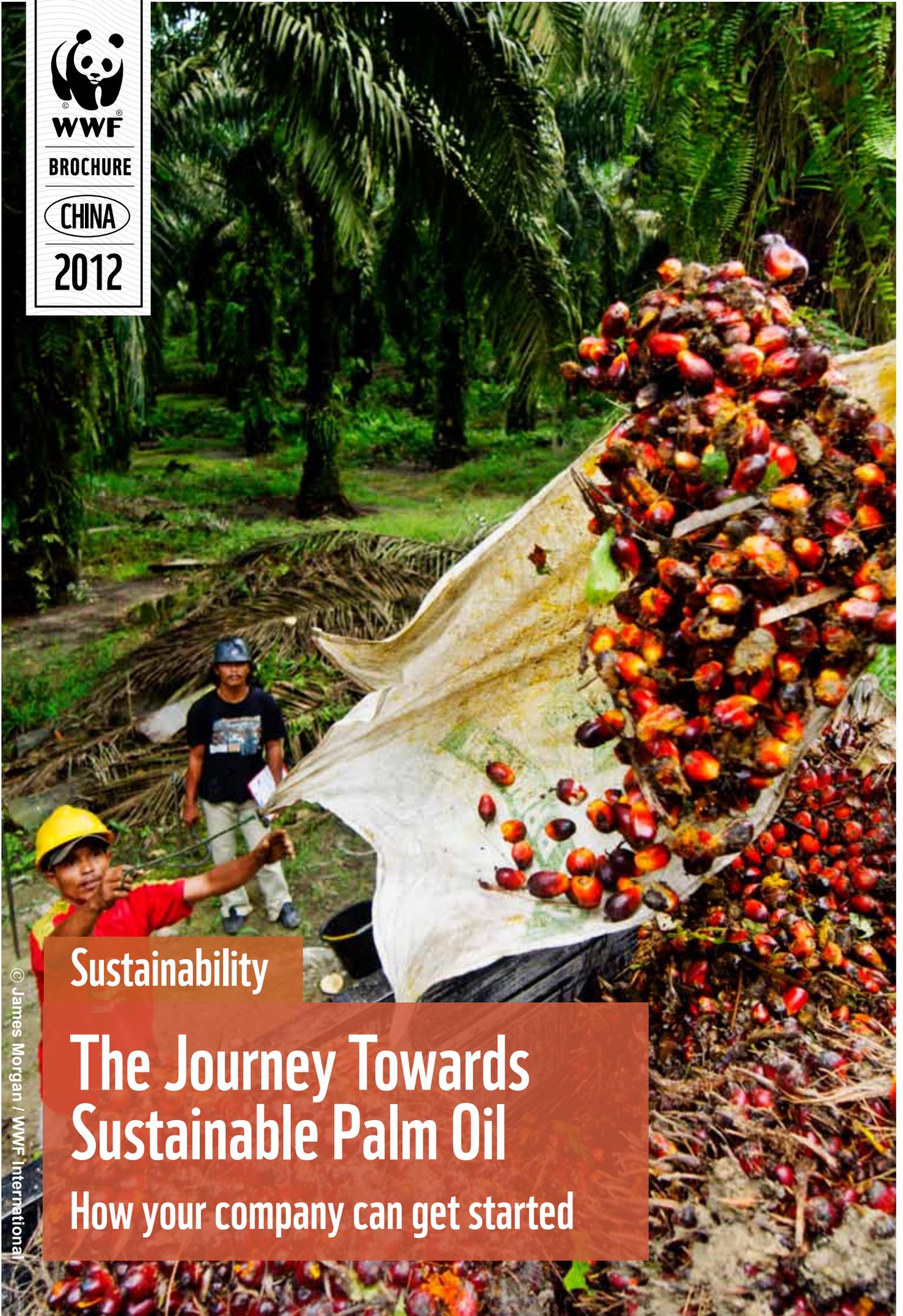


WWF

BROCHURE

CHINA

2012



Sustainability

The Journey Towards Sustainable Palm Oil

How your company can get started

THE CHALLENGE OF SUSTAINABLE PALM OIL

Palm oil is a common ingredient in a considerable number of consumer good products found in China. The bad news is that the use of this vegetable oil is linked to global warming and to the loss of some of the most fragile tropical rainforests on Earth. How can Chinese companies be part of the solution and ensure they have access to a supply of *sustainable* palm oil well into the future?

What is so special about palm oil?

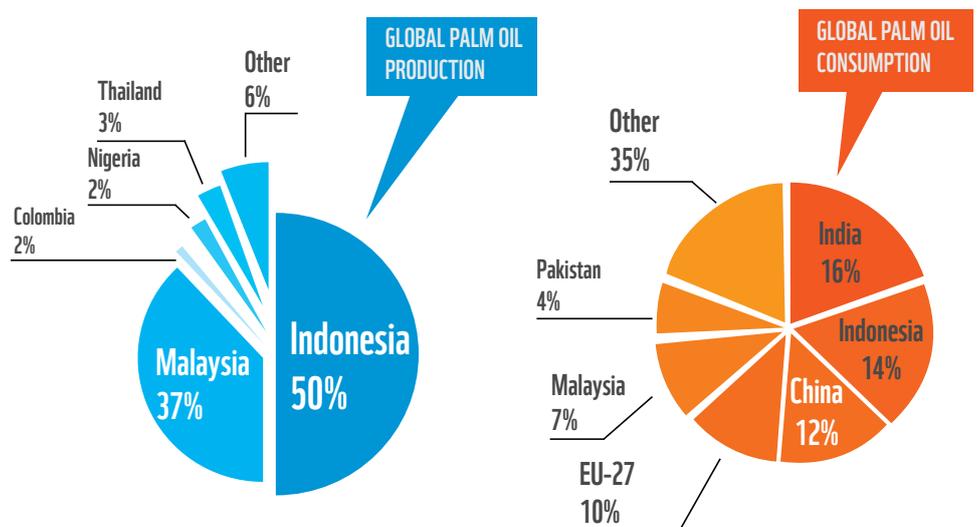


Palm oil is a type of vegetable oil that is used all over the world in processed foods like cooking oil, instant noodles, chocolate bars, ice cream and margarine. Derivatives of palm oil are also used in cosmetics, soaps, shampoos and detergents. Palm oil can also be used as a biofuel.

In many respects, oil palms are a ‘wonder crop’ in the countries where they grow—predominantly in Malaysia and Indonesia, but also in Papua New Guinea, and increasingly in Africa and Latin America. Oil palms have a lifespan of 25 -28 years and yield more oil per hectare of land than any other crop in the world. They are also relatively less reliant on fertilizers, pesticides and water compared to other monoculture crops.

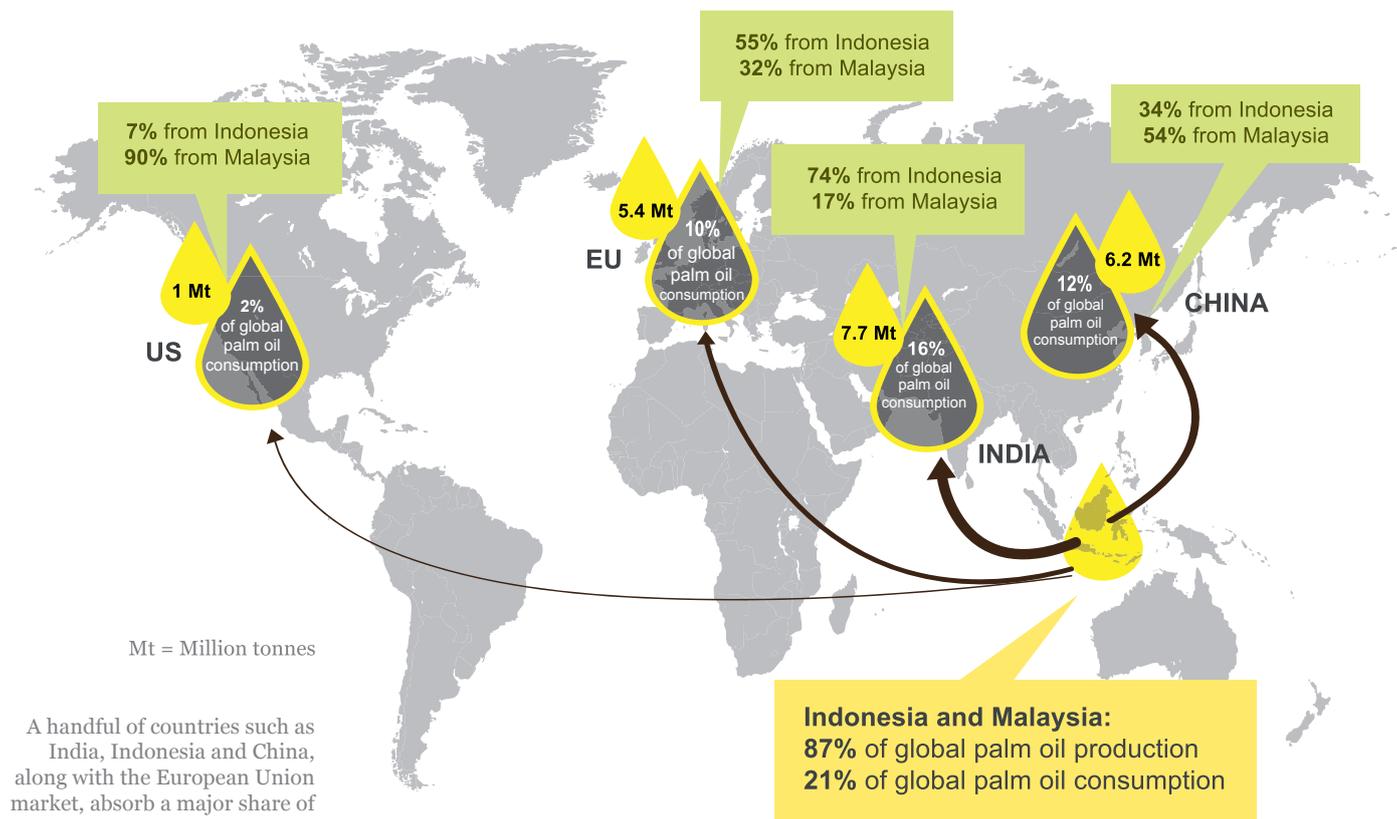
ABOUT 60% OF PALM OIL CONSUMPTION IS CONCENTRATED IN CHINA, EUROPE, INDIA, INDONESIA AND MALAYSIA

The palm oil industry is a source of considerable social benefits as it provides employment in rural areas and contributes to economic development in producer countries. There are more than one million workers, more than three million smallholders and many more households involved in palm oil production.

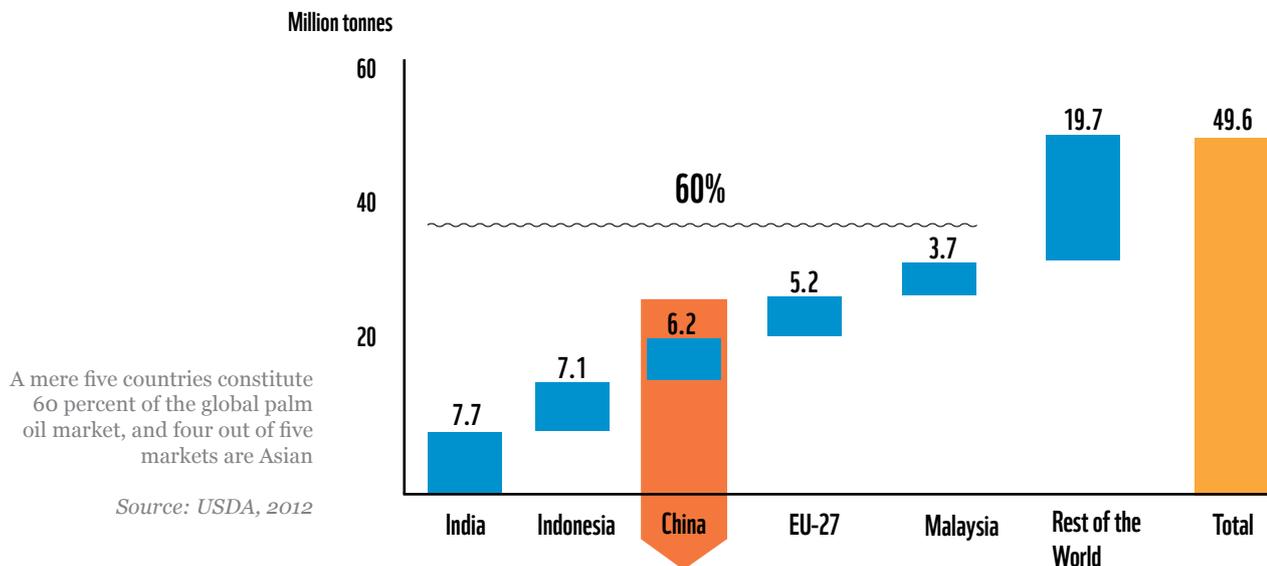


Indonesia and Malaysia are the world’s largest producers of palm oil, supplying not only foreign markets but also substantial domestic demand for this vegetable oil

Source: USDA, 2012



For these reasons, palm oil makes up more or less a third of the 151 million tonnes of vegetable oil produced worldwide. And it is here to stay. From approximately 50 million tonnes of palm oil produced in 2010, demand is expected to reach 77 million tonnes in 2050 to help feed the world's growing population and the increased affluence of emerging economies like China, India and Indonesia, which consume 12 percent, 16 percent and 14 percent of global palm oil, respectively. About 60 percent of palm oil consumption is concentrated in China, Europe, India, Indonesia and Malaysia.



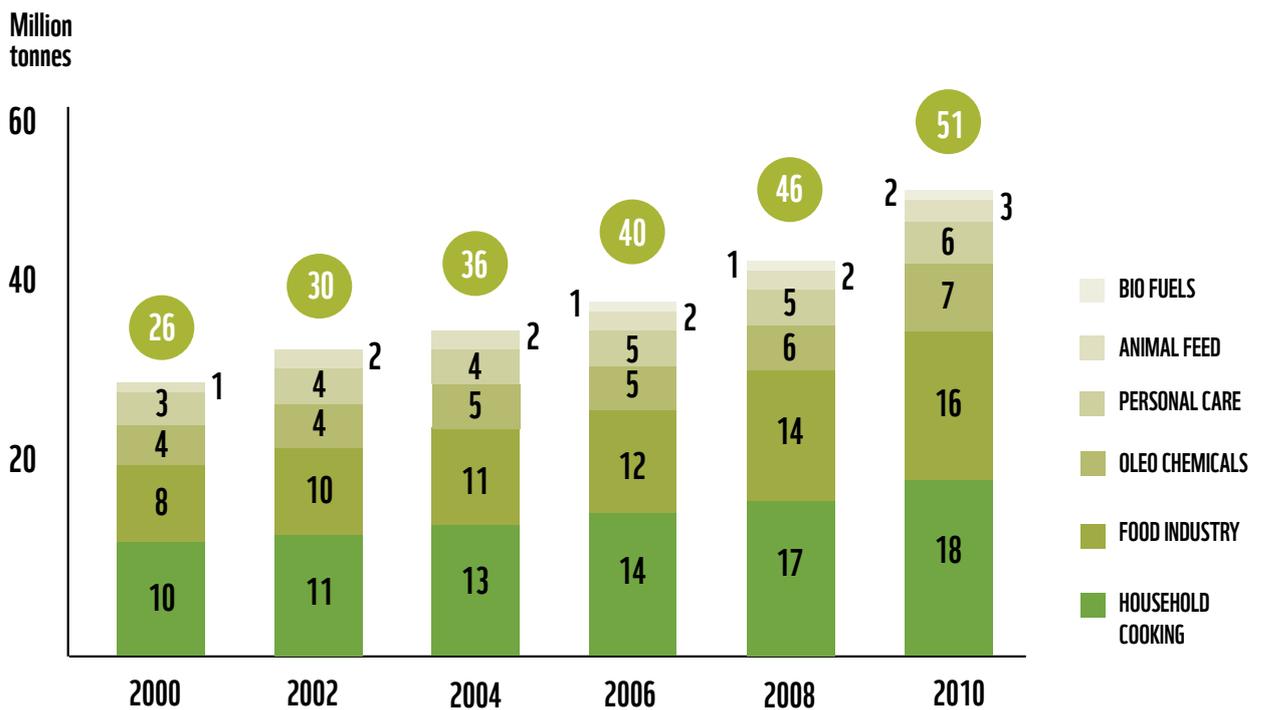
¹FAO, 2006, World agriculture: towards 2030/2050. Prospects for food, nutrition, agriculture and major commodity groups. Interim report.



**CHINA IS THE
WORLD'S THIRD
LARGEST
CONSUMING MARKET
FOR PALM OIL**

WHAT YOU SHOULD KNOW ABOUT PALM OIL USE IN CHINA

- China is the third largest consuming market in the world for palm oil
- 70 percent of China's imported palm oil is used for food—and 75 percent of that is used mainly in cooking oil
- 25 percent of edible palm oil used in China can typically be found in the production of instant noodles
- An estimated 55 percent of China's palm oil is imported from Malaysia, with the rest coming from Indonesia and other markets



Between 2000 and 2010, there has been a steady increase in global consumption of palm oil, mainly driven by cooking oil and the food industry

Source: USDA, Oil World, Nestlé, WWF internal study

When palm oil becomes a problem



Only 400 or so Sumatran tigers remain in the wild, as their habitat has been lost to plantations for oil palm and pulp wood plantations.

© WWF-Indonesia/
Saiful Siagian

The expansion of oil palm plantations is likely to cause four million hectares of forest loss by 2020. Deforestation would most likely occur in high biodiversity areas such as Borneo, Papua, Sumatra and the Congo Basin in Africa.

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As demand for palm oil increases, substantial tracts of tropical forests are often cleared to make room for large plantations. In the major palm oil producing regions of Indonesia and Malaysia, almost a third of forest loss in the last 10 years was due to the expansion of oil palm. When forests are felled and peat swamps drained, they are often also burnt, creating a haze that covers large areas, affecting people's health and disrupting economic activities. At the global level, the impacts of forest loss are even more dramatic. As trees and vegetation go up in smoke or are left to rot, and as peatlands and swamp forest dry out, they release greenhouse gases into the atmosphere that contribute to global warming. Fifteen percent of all human-induced greenhouse gas emissions are caused by deforestation, forest degradation and peatland emissions.³

When forests shrink, so does the home of endangered species such as the Sumatran tiger and rhino, elephant and orang-utan of Borneo—species which are now on the brink of extinction. Loss of natural forests also means loss of the services that forests provide, such as clean water and soil erosion control. And when forests vital to communities are cleared, people lose their land and their livelihoods—sometimes even their homes.

To ensure an uninterrupted supply of 'clean' palm oil that does not involve sacrificing the remaining tropical forests or contribute to global warming, all companies that produce, trade or use palm oil need to move towards sustainable palm oil.

What is sustainable palm oil?

Palm oil cultivation doesn't have to come with these problems. WWF is convinced that the palm oil industry can grow in such a way that it does not cause environmental and social harm.

To avoid contributing to deforestation and social problems, buyers of palm oil can join the Roundtable on Sustainable Palm Oil (RSPO), an internationally accepted certification scheme, which requires producers to apply strict environmental and social standards to their operations.

RSPO

Roundtable on Sustainable Palm Oil

At the heart of the RSPO's standards is the requirement not to clear primary forest or any land that is important for wildlife and communities. There are also standards that address soil erosion, pollution, health and safety, labour conditions and others that make up a definition of sustainable palm oil.

> [Download the RSPO Principles & Criteria](#)

³ G.R. van der Werf, D. C. Morton, R. S. DeFries, J. G. J. Olivier, P. S. Kasibhatla, R. B. Jackson, G. J. Collatz and J. T. Randerson (Nov 2009). "CO₂ emissions from forest loss". *Nature Geoscience* 2 (11): 737–738.

10%

Certified Sustainable Palm Oil (CSPO) is around 10% of global palm oil production and growing

Established in 2004 by WWF, AAK, KLK, Sainsbury's, Unilever and others, the RSPO is an international non-profit initiative which brings together more than 500 palm oil growers, oil processors, manufacturers, retailers, NGOs and palm oil investors, who have one goal in common—promoting the growth and use of sustainable oil palm.

+1m ha

More than one million hectares of palm oil have been certified according to RSPO standards

The RSPO has set strict standards for responsible oil palm plantations, coupled with an independent system for auditing plantations, mills and the supply chain right up to the end users. These standards include:

- + No conversion of primary forest or socially or ecologically valuable areas for plantations
- + Protection of endangered animals and plants
- + Protection of water, soil and air (including a ban on the use of fire for clearing land)
- + No child labour and the creation of educational opportunities for children living on the plantation
- + Inclusion and support of smallholders
- + Regular assessment of plantations by independent accredited certifiers

1/2



More than 50% of available CSPO on the market has been sold

Sustainable palm oil certified by the RSPO has been available since November 2008, and provides assurance that valuable tropical forests have not been cleared and that environmental and social safeguards have been met during the production of the palm oil. In addition, RSPO certification verifies the legality of plantation operations.



The RSPO trademark can be applied on products that use certified sustainable palm oil, providing assurance for consumers that the palm oil in the product has not caused environmental or social harm.

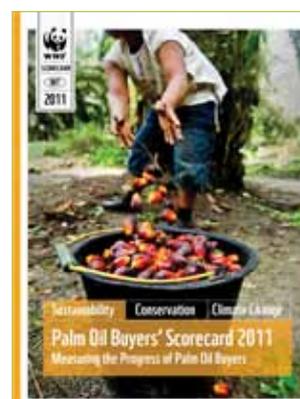
> [Find out more about the RSPO Trademark](#)

* WWF is a founding member of the RSPO and sits on its Executive Board. WWF's goals are to push for continuous improvement and strict enforcement of the standards so they deliver conservation gains and benefit communities

COMMITMENTS TO SUSTAINABLE PALM OIL ON THE RISE

Globally, many large corporations have already made commitments to use only certified sustainable palm oil by 2015. These include the world's largest retailer, Walmart, as well as the food service giant McDonald's.

In 2011, WWF published the Palm Oil Buyers' Scorecard to highlight the progress made on sustainable palm oil by retailers and manufacturers in Europe (as well as Australia and Japan). The Scorecard shows which companies have made commitments to sustainable palm oil, which ones have started to buy it, and which supply chain they are using to do so.



www.panda.org/palmoilscorecard

 Walmart McDonald's
Carrefour Tesco
The Body Shop Sainsbury's

 J&J PepsiCo Kraft
Nestlé P&G Cargill L'Oréal
Kao Unilever

Some of the companies with global commitments to use exclusively Certified Sustainable Palm Oil (CSPO) by 2015



This checkout conveyor belt carries many typical products that contain palm oil
© WWF-Canon / Richard Stonehouse

While Europe is currently a major market for palm oil, so too are China, India and Indonesia. Clearly, in order to shift the global market toward certified sustainable palm oil, China will need to increase its use of sustainable palm oil.

Considering the vast amounts of palm oil imported into China, the commitment of Chinese companies to sustainable palm oil could help fast-track China's efforts to reduce its ecological footprint in the rest of the world.

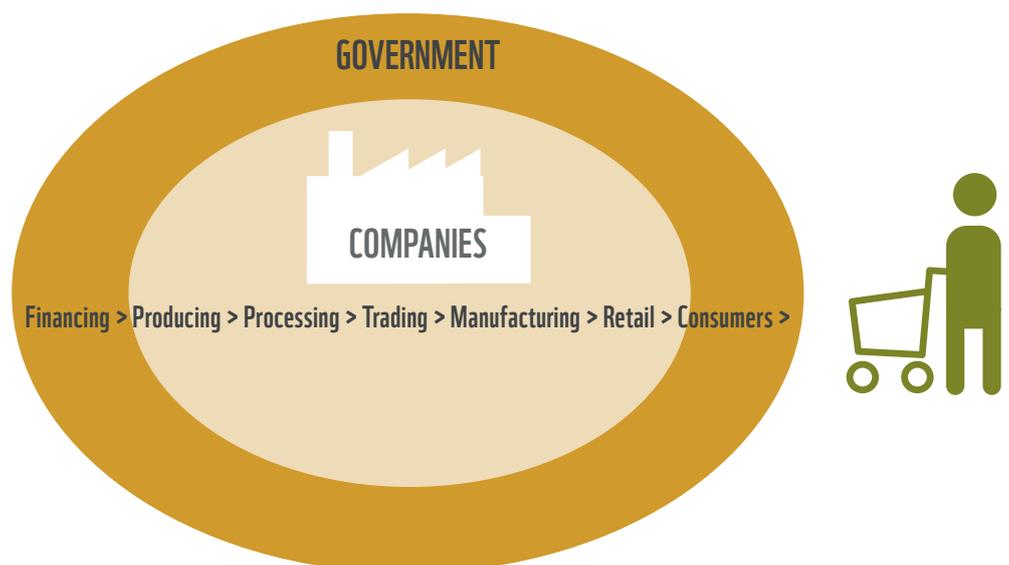
By committing to source only certified sustainable palm oil, Chinese companies can take a step towards ensuring a future supply of 'clean' palm oil while also taking responsibility for the global impact of their imports on the environment and the climate.

WWF'S SUPPORT FOR SUSTAINABLE PALM OIL

WWF works globally to put the palm oil market on the road to sustainability, and our strategy cuts across the whole supply chain of products containing palm oil. WWF interventions include:

- Working with the entire palm oil supply chain to set globally agreed upon standards for best practice in palm oil production
- Working with producers to ensure the uptake of better management practices
- Increasing demand for sustainable palm oil among buyers
- Working with financial institutions to adopt standards for sustainable palm oil production as part of their due diligence and risk assessment processes
- Promoting government policies that support the traction of sustainability standards in both producer and market countries
- Promoting the development of oil palm on degraded lands

WWF works at the policy, production, retailer and consumer level to transform the palm oil chain towards sustainability



Kerinci Seblat National Park is one of the protected areas in Indonesia that is threatened by the expansion of oil palm plantations

© Mauri Rautkari / WWF-Canon



WWF-China's role

WWF-China seeks to promote environmentally appropriate, socially beneficial and economically viable practices in the Chinese palm oil industry by:

WWF ENCOURAGES MORE CHINESE COMPANIES TO JOIN THE RSPO

- Spreading awareness about the environmental and social problems associated with unsustainable palm oil
- Supporting the RSPO in China
- Encouraging companies that import, trade and buy palm oil to join the RSPO
- Influencing Chinese companies to commit to purchasing certified sustainable palm oil according to a time-bound plan

HOW DOES A COMPANY BENEFIT FROM USING SUSTAINABLE PALM OIL?

Sustainability is becoming a license to operate in many parts of the world due to increasing awareness by businesses about their needs for a future supply of sustainable raw materials as well as more sophisticated demands from the consumers who care about the origins of their products.



Oil palm plantation in Sabah (Borneo), Malaysia
© Sylvia Jane Yorath / WWF

Commitments by companies like Unilever, Walmart, and McDonald's to source a global supply of sustainable palm oil will have major implications in all countries as these multi-national corporations move to fulfill their global responsibilities. Local companies that do not follow suit may easily be left behind in the changing landscape of the global market. This includes local companies that are establishing overseas production operations as they will also be expected to adopt global sustainability standards for palm oil production.

By sourcing sustainable palm oil, companies can expect the following benefits:

- 1 Increased profile as a responsible business - one that actively works to decrease its role in environmental problems such as deforestation and global warming
- 2 Reduced reputational risk
- 3 Assurance of a sustainable supply of palm oil into the future
- 4 Assurance that business operations do not contribute to illegal activities in other countries
- 5 Alignment with the Chinese government's aspiration for environmentally friendly development with a focus on green and low carbon consumption, as outlined in China's 12th Five-Year Plan

GETTING STARTED WITH SUSTAINABLE PALM OIL

Any company using palm oil can get started on the journey towards sustainable palm oil now by taking the following steps:

- Publicly acknowledge that irresponsible palm oil production has negative environmental and climate impacts, and the important role sustainable palm oil can play as a solution
- Make a commitment to source 100 percent certified sustainable palm oil by 2015 and implement a time-bound action plan to deliver the commitment
- Support sustainable palm oil by joining the RSPO
- Choose from the following supply chain options provided by the RSPO:



BOOK & CLAIM

The RSPO 'Book & Claim' system is also known as GreenPalm after the name of the company managing the system for the RSPO. It is a certificate trading system separate from the physical trade in palm oil. The retailer or manufacturer purchases palm oil from an established supplier, along with a certificate for each tonne of palm oil being used. A payment from each certificate goes directly to the producer of CSPO. The benefit of the Book and Claim system is that no paper trail along the supply chain is needed and the costs of physically separating certified from non-certified oil are avoided. Therefore, it is less expensive than the other supply chain options. It also provides a means for companies that are using derivatives of palm oil which are not yet available as physical CSPO to support the production of CSPO.



SEGREGATED

As the name suggests, this is certified palm oil that is physically separated from non-certified palm oil all the way from the certified mill to the end user. This option guarantees that the end product contains CSPO.



MASS BALANCE

This option allows companies along the supply chain, such as traders or refiners, to mix the certified palm oil with non-certified to avoid all the costs of keeping the two entirely separate (as in Segregated).

> [Find out more about the RSPO supply chain options](#)

YOUR NEXT STEP?

Contact WWF-China to discuss how to get started on your journey towards palm oil sustainability

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WWF in numbers

+100

WWF is in over 100 countries, on 5 continents

1961

WWF was founded in 1961



+5M

WWF has over 5 million supporters

+5,000

WWF has over 5,000 staff worldwide



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

en.wwfchina.org

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