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SCORECARD

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Sustainability

Conservation

Climate Change

Palm Oil Buyers' Scorecard 2011

Measuring the Progress of Palm Oil Buyers

CONTENTS

SUMMARY	3
HOW CLEAN IS OUR PALM OIL?	6
Palm oil, a valuable commodity	7
When palm oil becomes a problem	8
The negative impacts of palm oil can be avoided	9
What else WWF is doing about palm oil issues	10
What the Palm Oil Buyers' Scorecard measures	10
HOW DID THE COMPANIES SCORE?	
Retailers	12
Consumer goods manufacturers	14
WHAT DO THE SCORECARD RESULTS SHOW?	17
Key findings	22
How did the retailers perform?	23
How did the manufacturers perform?	26
The global picture	29
CONCLUSIONS	30
WHAT ARE WWF'S RECOMMENDATIONS?	
Companies	31
Consumers	33
HOW WERE COMPANIES ASSESSED IN THE SCORECARD?	35
APPENDICES	
Has company performance improved since WWF's 2009 Palm Oil Scorecard?	37
Supply and demand of certified sustainable palm oil	40
Supply chain options	42
Palm oil in China	43
Palm oil in India	45
Palm oil in the US	46

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SUMMARY

In 2009, WWF's first Palm Oil Buyers' Scorecard revealed that a small group of forward-thinking companies had made commitments to use only sustainable palm oil and that some of these had been followed up with tangible action.

However, the Scorecard also showed that the industry was facing a long journey ahead before sustainable palm oil sourcing became the norm. For this reason WWF announced that we would repeat the Scorecard to check on progress, and whether companies were honouring their commitments.

Two years later, WWF has assessed again the palm oil buying practices of major companies in Europe, this time expanding the scope of the Scorecard to include companies from Australia and Japan. As in 2009, we have looked at these companies' commitment to, and use of, palm oil certified to the internationally recognized standards of the Roundtable on Sustainable Palm Oil (RSPO).



**PALM OIL ITSELF
IS NOT THE
ISSUE—THE
PROBLEM
IS HOW AND
WHERE IT IS
PRODUCED**

Palm oil is a major global commodity—a highly versatile vegetable oil derived from very productive oil palm trees grown only in the tropics. And it is here to stay—consumption is increasing globally and is set to grow from about 50 million tonnes in 2011 to at least 77 million tonnes in 2050.

Clearing tropical forests for oil palm production can be very damaging to wildlife, communities and the wider environment—not least because deforestation makes a major contribution to greenhouse gas emissions caused by human activity.

But palm oil itself is not the issue—the problem is how and where palm oil is produced. The industry does not have to grow at the expense of the environment. At the heart of the RSPO is a standard that requires members not to clear primary forest or any land that is important for wildlife and communities. In 2011, 10 per cent of global palm oil is certified to the RSPO standard—but unfortunately only half of that is being bought.

The Palm Oil Buyers' Scorecard 2011 measured the performance of 132 major retailers and consumer goods manufacturers against four areas which show whether or not these companies are acting responsibly:

- Being an active member of the RSPO;
- Making a public commitment to RSPO-certified sustainable palm oil;
- Disclosing how much palm oil they use;
- Showing how much of the palm oil they source is RSPO-certified.

NO EXCUSES
FOR COMPANIES
NOT TO
ACCELERATE
THEIR SOURCING
OF CERTIFIED
SUSTAINABLE
PALM OIL

Conclusions

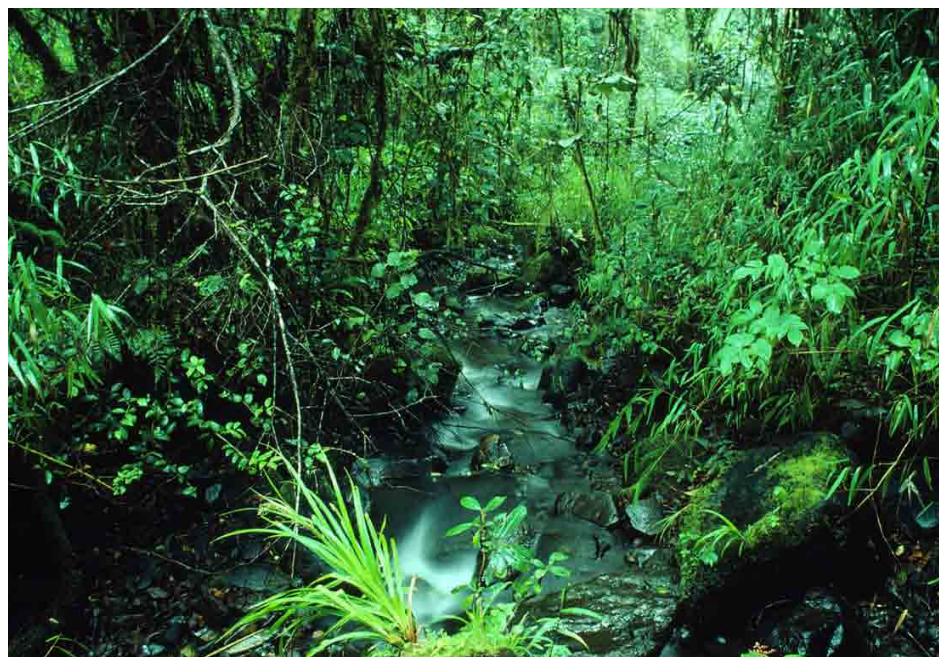
The Scorecard reveals that there has been some progress on sustainable palm oil since WWF's 2009 assessment. But new commitments are simply not translating fast enough into increased use of certified sustainable palm oil. The implications for companies are clear—they need to shift gears immediately and accelerate their use of RSPO-certified palm oil.

Another finding of the Scorecard is a worrying lack of openness in the industry. Companies are reluctant to say how much palm oil they are using, making it difficult to judge their progress and equally challenging to show what their commitments mean in terms of future demand for certified sustainable palm oil. And yet, this information is vital to convince producers that there is demand for palm oil that meets the standards of the RSPO.

The availability of several supply chain options, coupled with the ready supply of certified sustainable palm oil, means that there are simply no excuses for companies not to accelerate sustainable sourcing.

Companies must start pushing harder to source fully traceable sustainable palm oil. Only then will the whole supply chain begin to be cleaned of unacceptable palm oil from sources that may have contributed to deforestation.

Time is running out for palm oil buyers to take action. Companies need to seize this opportunity to support sustainable palm oil, and help avoid the irrecoverable loss of tropical forests, and the unique species that inhabit them. This is a chance to show the world that they are part of the solution, rather than a part of the problem.



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Recommendations

Companies should:



1. Join the RSPO and be an active member;
2. Make a commitment to source 100 per cent RSPO-certified palm oil by 2015 at the very latest;
3. Be transparent about their use of palm oil;
4. Start using certified sustainable palm oil immediately;
5. Start investing in traceable supply chains of certified sustainable palm oil;
6. For retailers, go beyond “own brand commitments”;
7. Raise awareness of the RSPO and certified sustainable palm oil globally.

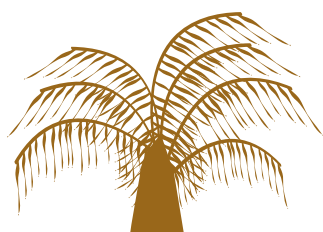
Consumers can:



1. Shop from companies that have committed to certified sustainable palm oil;
2. Look for the RSPO trademark on products;
3. Ask retailers to source much more certified sustainable palm oil products for everything they sell—not just their own brands;
4. Ask manufacturers to use certified sustainable palm oil;
5. Contact WWF to find out about other ways to get involved with our work (see list of offices at www.wwf.org).

HOW CLEAN IS OUR PALM OIL?

In 2009, WWF released its first major assessment of a selection of European companies' palm oil buying practices.



AN ASSESSMENT OF 132 COMPANIES

The study showed how a small group of forward-thinking companies had made serious commitments—often followed up with tangible actions—to use only sustainable palm oil. But it also revealed that the industry as a whole had a long journey ahead of it before sustainable palm oil sourcing became the norm. At the time, WWF said that we would re-score companies to see if they were making adequate progress.

Now in 2011, WWF has taken another detailed look at the palm oil buying practices of major companies. The result is the WWF Palm Oil Buyers' Scorecard 2011, an assessment of 132 European, Australian and Japanese retailers' and consumer goods manufacturers' commitment to, and use of, palm oil certified to the internationally recognized standards of the RSPO.

Through this Scorecard, WWF once again holds up a mirror to some of the world's major retailers and manufacturers that buy palm oil so they can see how they perform on one of the most serious challenges facing the palm oil industry today.



For the sake of simplicity, the term “use” has been employed throughout this document to represent how companies can and do support sustainable palm oil through any of the supply chain options available through the RSPO system. We note that companies choosing the Book and Claim supply chain option to cover all or part of their palm oil supply are not, technically, “using” certified sustainable palm oil, but rather purchasing certificates to support responsible palm oil production.

For more information on the distinctions between certified sustainable palm oil supply chain options, [see the appendix on page 42](#).

Palm oil, a valuable commodity

**PALM OIL
MAKES UP MORE
OR LESS A THIRD OF
THE 151 MILLION
TONNES OF
VEGETABLE
OIL PRODUCED
WORLDWIDE**

Oil palm yields more oil per hectare of land than any other crop in the world. That is one of the reasons why palm oil makes up more or less a third of the 151 million tonnes of vegetable oil produced worldwide¹. Its wide availability and low price combined with certain unique characteristics means that it is used in many packaged food and personal care products that line supermarket shelves. Ice cream, margarine, biscuits, cakes, breakfast cereals, soup stock cubes, snacks, ready meals, instant noodles, shampoos, soaps, lipsticks, candles and washing-up liquids—all of these items often contain palm oil that was produced in tropical countries such as Indonesia and Malaysia.

And palm oil is here to stay. Demand is expected to reach 77 million tonnes in 2050² to help feed the world's growing population and the increased affluence of emerging economies like China and India. And its use may possibly grow even more if demand increases for palm oil as a biofuel.

The thriving palm oil industry also contributes significantly to the well-being of producer countries like Indonesia, Malaysia and Papua New Guinea, and increasingly in the palm oil frontiers of Africa and Latin America. In these countries and regions, the palm oil sector can create employment that helps to lift rural people out of poverty.

Palm oil itself is not the issue—the problem can be how and where palm oil is produced.

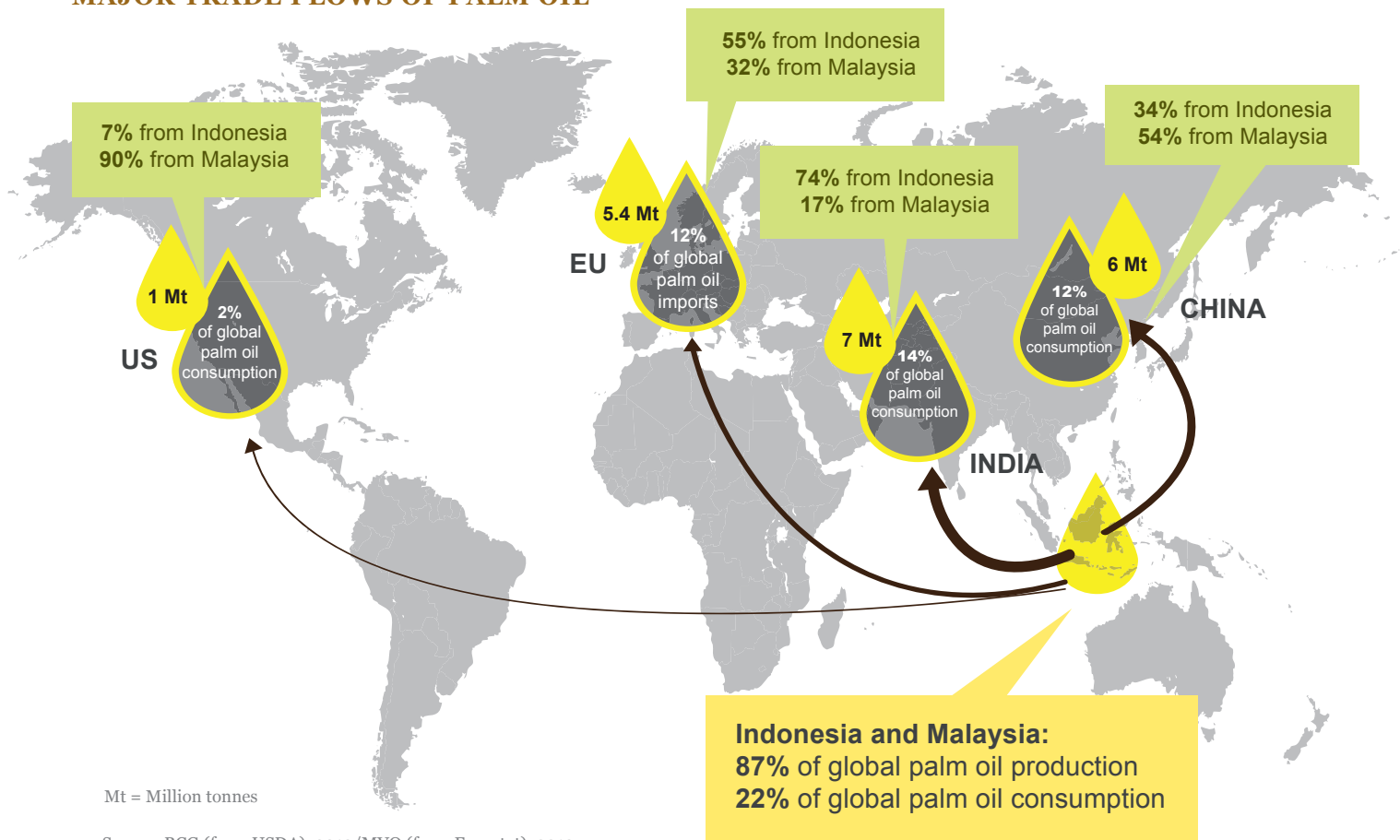


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¹USDA. Table 03: Major Vegetable Oils: World Supply and Distribution (Commodity View). Accessed October 22, 2011
<http://www.fas.usda.gov/psdonline/psdreport.aspx?hidReportRetrievalName=BVS&hidReportRetrievalID=702&hidReportRetrievalTemplateID=5>

²FAO, 2006, World agriculture: towards 2030/2050. Prospects for food, nutrition, agriculture and major commodity groups. Interim report

MAJOR TRADE FLOWS OF PALM OIL



When palm oil becomes a problem

Oil palm trees grow in tropical regions, and tracts of tropical forests are often cleared to make room for plantations to meet export markets. In the major palm oil producing regions of Indonesia and Malaysia, it is estimated that almost a third of forest loss in the last 10 years has been due to the expansion of oil palm. This leads to the fragmentation and loss of habitat for 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.

THE PALM OIL INDUSTRY CAN GROW IN SUCH A WAY THAT IT DOES NOT SACRIFICE TROPICAL FORESTS OR HAVE NEGATIVE IMPACTS ON SPECIES AND COMMUNITIES

But it's not just wildlife and the environment that pay the price for the palm oil we use. When forests vital to communities are cleared, people lose their livelihoods and sometimes even their homes.

The impacts of forest loss are not just felt locally. When forests are felled and peat swamps drained, they are often also burnt, releasing smoke that creates 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. Palm oil cultivation doesn't have to cause these problems. WWF is convinced that the palm oil industry can grow in such a way that it does not sacrifice tropical forests.

The negative impacts of palm oil can be avoided

15 per cent of all human-induced greenhouse gas emissions are caused by deforestation, forest degradation and peatland emissions³

Van der Werf
et al, 2009

In 2004, WWF, AAK, KLK, Sainsbury's, Unilever and others established the RSPO, a non-profit initiative which today 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. The RSPO has set a strict standard for responsible oil palm plantations, coupled with an independent system for auditing plantations, mills and the supply chain right up to the end users, like the manufacturers and retailers in this Scorecard.

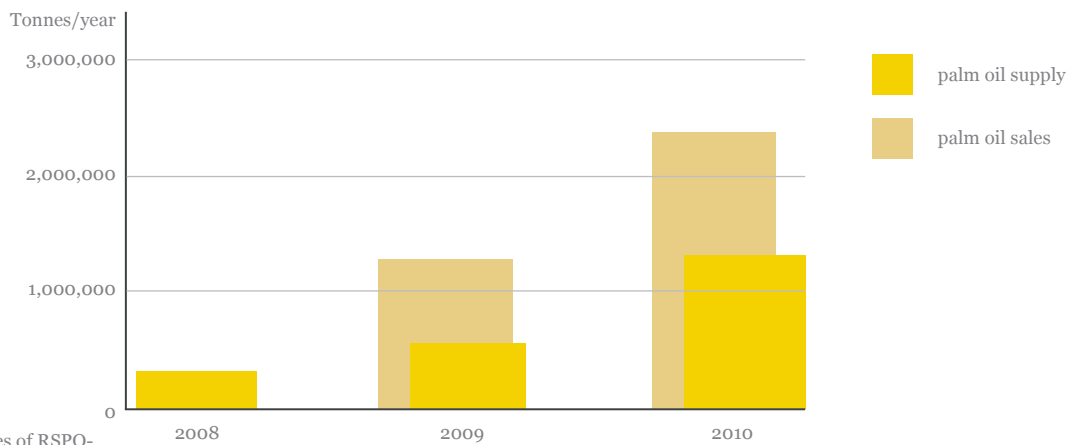


Figure 1: Supply and sales of RSPO-certified sustainable palm oil

Source: RSPO

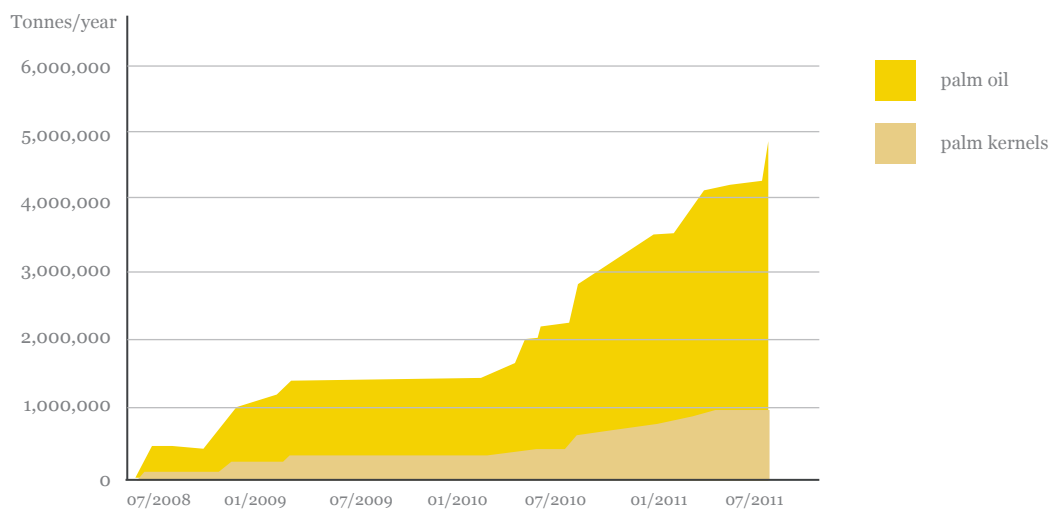


Figure 2: Certified sustainable palm oil production capacity

Source: RSPO

³G. 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. 2009. CO₂ emissions from forest loss. *Nature Geoscience*, vol. 2: 737-738.



Since the first RSPO-certified palm oil was produced in November 2008, more and more grower members have become certified. As of 2011, more than 5 million tonnes a year, or 10 per cent of the total amount of palm oil produced globally, is certified through the RSPO (see figure 1 on previous page). Moreover, 114 palm oil producing and processing companies are certified to offer fully traceable RSPO-certified palm oil to end users.

While this demonstrates impressive progress on the journey toward sustainable palm oil, the problem is that, in the last full year (2010), only about half of the certified sustainable palm oil produced was sold (see figure 2 on previous page). This lack of uptake has caused frustration among some producers, as it makes it challenging for them to foresee how the market will evolve. Ultimately, this threatens to slow down the certification of plantations (see appendix, page 40).

What else WWF is doing about palm oil issues

As one of the founding members of the RSPO, WWF helped develop the platform's standards to make sure they include solid social and environmental criteria, including a prohibition on the conversion of valuable forests to oil palm plantations.

Today, WWF works with companies all along the palm oil supply chain—with growers, to improve their practices; with traders, to ensure they are in control of what they are buying and selling; and with palm oil users, to promote sustainable sourcing.

We also collaborate with financial institutions to ensure that their investments support only responsible companies, and with governments in both producer and market countries to promote better land-use policies as well as favourable market conditions for sustainable palm oil.

[Find out more about the RSPO](#)

[Find out more about WWF's work on palm oil](#)

What the Palm Oil Buyers' Scorecard measures

The Palm Oil Buyers' Scorecard 2011 measures the performance of more than 130 major retailers and consumer goods manufacturers against four areas which WWF believes show whether or not these companies are acting responsibly in terms of palm oil use and sourcing:

- Being an active member of the RSPO;
- Making a public commitment to RSPO-certified sustainable palm oil;
- Disclosing how much palm oil they use;
- Showing how much of the palm oil they use is CSPO or is supporting sustainable production.

The Scorecard focuses on European companies, since they are leading the way in transforming the market for palm oil, and were the first to commit to the RSPO. However, it also looks at other markets such as Australia and Japan where some progress is being made.

[See page 35 for more information on the Scorecard methodology](#)



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HOW DID THE COMPANIES SCORE?

The Palm Oil Buyers' Scorecard 2011 assessed a wide variety of companies, covering a selection of retailers and manufacturers of both food and personal care goods such as toiletries and detergents.

These companies range widely in the amount of palm oil they use, from those using a few tonnes of palm oil a year to others using over 1 million tonnes. The following tables show the overall scores and some of the relevant data about each company. Later sections analyze this information to draw conclusions on how the companies are progressing.

Retailers

TOTAL SCORE	NAME	COUNTRY	Assessment questions				Supply chain options used
			RSPO MEMBER?	COMMITTED TO SUSTAINABLE PALM OIL?	RANGE OF PALM OIL USED? (Tonnes)	AMOUNT OF PALM OIL THAT IS CSPO?	
9	ASDA (Walmart)	United Kingdom	Yes	2015	10,000-50,000	75-100%	  
9	Boots Group	United Kingdom	Yes	2014	0-1,000	75-100%	  
9	Co-op Switzerland	Switzerland	Yes	2011	1,000-10,000	75-100%	  
9	ICA (Royal Ahold)	Sweden	Yes	2015	1,000-10,000	75-100%	  
9	Marks & Spencer	United Kingdom	Yes	2015	1,000-10,000	75-100%	  
9	Migros	Switzerland	Yes	2015	1,000-10,000	75-100%	  
9	Royal Ahold	Netherlands	Yes	2015	1,000-10,000	75-100%	  
9	The Body Shop (L'Oréal)	United Kingdom	Yes	2011	0-1,000	75-100%	  
9	The Co-operative Group	United Kingdom	Yes	2011	1,000-10,000	75-100%	  
9	Waitrose	United Kingdom	Yes	2012	1,000-10,000	75-100%	  
8	Axfood	Sweden	Yes	2015	0-1,000	75-100%	  
8	Carrefour	France	Yes	2015	10,000-50,000	50-75%	  
8	IKEA	Sweden	Yes	2011	50,000-100,000	50-75%	  
8	Morrisons	United Kingdom	Yes	2015	10,000-50,000	25-50%	  
8	Sainsbury's	United Kingdom	Yes	2014	10,000-50,000	25-50%	  
8	Tesco	United Kingdom	Yes	2012	10,000-50,000	25-50%	  
7	SOK Group	Finland	Yes	Other	1,000-10,000	25-50%	  
7	Woolworths	Australia	Yes	2015	1,000-10,000	0-25%	  
6.5	Casino	France	Yes	2010	1,000-10,000	0-25%	  
6.5	E.Leclerc	France	Yes	2015	1,000-10,000	0-25%	  
6.5	REWE Group	Germany	Yes	2013	10,000-50,000	0-25%	  
4.5	Coles Supermarkets	Australia	Yes	2015	0-1,000	0-25%	  
4.5	Delhaize Group	Belgium	Yes	2015	10,000-50,000	0-25%	  



Book and Claim



Mass Balance



Segregated

TOTAL SCORE	NAME	COUNTRY	Assessment questions				Supply chain options used
			RSPO MEMBER?	COMMITTED TO SUSTAINABLE PALM OIL?	RANGE OF PALM OIL USED? (Tonnes)	AMOUNT OF PALM OIL THAT IS CSPO?	
4.5	Kesko Food	Finland	Applied	Other	1,000-10,000	0-25%	🔴🔴
4.5	Metcash Trading	Australia	Yes	2015	1,000-10,000	Some	
3.5	Rema 1000	Denmark	Yes	2015	no disclosure	None	
3.5	Superunie	Netherlands	Yes	2015	no disclosure	Some	
3	Magasins U/Système U	France	Applied	Other	1,000-10,000	None	
3	Metro Group	Germany	Yes	Other	no disclosure	Some	🔴🔴
2	Auchan	France	Applied	Other	no disclosure	Some	
2	C1000	Netherlands	No	2015	no disclosure	Some	
2	Les Mousquetaires/ Intermarché	France	No	Other	1,000-10,000	Some	📖
2	Torcé (Lactalis)	France	Applied	None	0-1,000	0-25%	🔴🔴
1.5	Aldi Süd	Germany	Yes	no disclosure	no disclosure	no disclosure	📖🔴
1.5	Co-op Sweden	Sweden	No	Other	no disclosure	Some	📖🔴
1	Colruyt	Belgium	No	None	no disclosure	None	
1	Co-op Denmark	Denmark	No	None	no disclosure	50-75%	📖🔴
0.5	EDEKA Group	Germany	No	no disclosure	1,000-10,000	no disclosure	
0.5	Jumbo/Super de Boer	Netherlands	No	Other	no disclosure	no disclosure	
0	Aldi Nord	Germany	No	no disclosure	no disclosure	no disclosure	
0	Dansk Supermarked Group (DSG)	Denmark	No	None	no disclosure	no disclosure	
0	Lidl (Schwarz Group)	Germany	No	no disclosure	no disclosure	no disclosure	
0	SuperGros	Denmark	No	None	no disclosure	no disclosure	
0	Tradeka	Finland	No	no disclosure	no disclosure	no disclosure	



Book and Claim



Mass Balance



Segregated

Other: The company has not made a commitment to only use CSPO by 2015, but may have made some other statement about the sustainability of the palm oil it uses.



Consumer goods manufacturers

TOTAL SCORE	NAME	COUNTRY	Assessment questions				Supply chain options used
			RSPO MEMBER?	COMMITTED TO SUSTAINABLE PALM OIL?	RANGE OF PALM OIL USED? (Tonnes)	AMOUNT OF PALM OIL THAT IS CSPO?	
9	Allied Bakeries (ABF)	United Kingdom	Yes	2014	1,000-10,000	75-100%	 
9	Burton's Foods	United Kingdom	Yes	2013	10,000-50,000	75-100%	 
9	Cadbury (Kraft)	United Kingdom	Yes	2010	10,000-50,000	75-100%	 
9	Cloetta	Sweden	Yes	2011	0-1,000	75-100%	 
9	Devineau Bougies	France	Yes	2011	0-1,000	75-100%	 
	La Française						
9	DSM Nutritional Products	Netherlands	Yes	2013	0-1,000	75-100%	 
9	Findus Group	United Kingdom	Yes	2015	1,000-10,000	75-100%	 
9	Göteborgs Kex	Sweden	Yes	2009	1,000-10,000	75-100%	 
9	Henkel	Germany	Yes	2015	1,000-10,000	75-100%	 
9	Iglo Group	United Kingdom	Yes	2011	0-1,000	75-100%	 
9	L'Oréal	France	Yes	2011	0-1,000	75-100%	 
9	Nutrition & Santé	France	Yes	2011	1,000-10,000	75-100%	 
9	Premier Foods	United Kingdom	Yes	2015	10,000-50,000	75-100%	 
9	Santa Maria (Paulig)	Sweden	Yes	2011	1,000-10,000	75-100%	 
9	Saraya	Japan	Yes	2015	0-1,000	75-100%	 
9	The Jordans and Ryvita Company (ABF)	United Kingdom	Yes	2012	0-1,000	75-100%	 
9	United Biscuits	United Kingdom	Yes	2011	50,000-100,000	75-100%	 
9	Warburtons	United Kingdom	Yes	2015	0-1,000	75-100%	 
9	Yves Rocher	France	Yes	2010	0-1,000	75-100%	 
8.5	Ginsters	United Kingdom	Yes	2012	1,000-10,000	75-100%	 
8.5	Harry's (Barilla)	France	Yes	Other	1,000-10,000	75-100%	 
8.5	Iwata Chemical	Japan	Yes	Other	0-1,000	75-100%	 
8.5	Oriflame Cosmetics	Sweden	Yes	2012	1,000-10,000	75-100%	 
8	Brioche Pasquier	France	Yes	2011	1,000-10,000	25-50%	 
	Cerqueux						
8	H J Heinz	United Kingdom	Yes	2013	1,000-10,000	25-50%	 
8	Karl Fazer	Finland	Yes	2012	1,000-10,000	50-75%	 
8	Nestlé	Switzerland	Yes	2015	100,000+	25-50%	 
8	Remia	Netherlands	Yes	2014	10,000-50,000	25-50%	 
8	Royal FrieslandCampina	Netherlands	Yes	2011	50,000-100,000	50-75%	 
8	St Hubert (Dairy Crest)	France	Yes	Other	1,000-10,000	75-100%	 
8	Unilever	Netherlands	Yes	2015	100,000+	50-75%	 
7.5	Biscuiterie de l'Abbaye	France	Yes	2010	0-1,000	50-75%	 
7.5	Danone	France	Applied	2011	10,000-50,000	75-100%	 
7.5	LU France (Kraft Foods)	France	Applied	2010	1,000-10,000	75-100%	 
7	AAK	Sweden	Yes	2015	100,000+	0-25%	 
7	Aigremont	Belgium	Yes	2015	10,000-50,000	0-25%	 
7	Arla Foods	Denmark	No	2015	10,000-50,000	75-100%	 



Book and Claim



Mass Balance



Segregated

Other: The company has not made a commitment to only use CSPO by 2015, but may have made some other statement about the sustainability of the palm oil it uses.

TOTAL SCORE	NAME	COUNTRY	Assessment questions				Supply chain options used
			RSPO MEMBER?	COMMITTED TO SUSTAINABLE PALM OIL?	RANGE OF PALM OIL USED? (Tonnes)	AMOUNT OF PALM OIL THAT IS CSPO?	
7	BASF Personal Care and Nutrition	Germany	Yes	2015	100,000+	0-25%	
7	CSM	Netherlands	Yes	2015	100,000+	0-25%	  
7	Dairy Crest (Group)	United Kingdom	Yes	2015	10,000-50,000	0-25%	
7	Goodman Fielder	Australia	Yes	2015	50,000-100,000	0-25%	
7	Kerry Group	United Kingdom	Yes	2015	10,000-50,000	0-25%	
7	Lantmännen ek för	Sweden	Yes	2011	1,000-10,000	0-25%	
7	Lindt & Sprüngli	Switzerland	Yes	2011	1,000-10,000	0-25%	
7	Mills DA	Norway	Yes	None	1,000-10,000	75-100%	
7	Smilde Foods (Royal Smilde)	Netherlands	Yes	2015	10,000-50,000	0-25%	
7	Vandemoortele	Belgium	Yes	2015	100,000+	0-25%	  
6.5	Associated British Foods (ABF) (group)	United Kingdom	Yes	2015	50,000-100,000	0-25%	 
6.5	Barilla	Italy	Yes	Other	10,000-50,000	0-25%	
6.5	Levo	Netherlands	Yes	2015	0-1,000	0-25%	
6.5	Lotus Bakeries	Belgium	Yes	2011	1,000-10,000	0-25%	
5.5	Kao Corporation	Japan	Yes	2015	10,000-50,000	25-50%	
5.5	Mimasu Cleancare	Japan	Yes	Other	0-1,000	0-25%	 
5.5	Raisio	Finland	Applied	2015	0-1,000	0-25%	  
5.5	Royale Lacroix	Belgium	Yes	2015	1,000-10,000	0-25%	
5	Dragsbæk	Denmark	Yes	2014	10,000-50,000	None	
5	Lion Corporation	Japan	Yes	2015	10,000-50,000	None	
5	Nutreco International	Netherlands	Yes	2014	10,000-50,000	None	
5	Reckitt Benckiser	United Kingdom	Yes	2015	50,000-100,000	Some	
5	Vitacuire	France	Yes	None	0-1,000	0-25%	
4.5	Arnott's	Australia	Yes	2015	10,000-50,000	None	
4.5	Aviko	Netherlands	Yes	2015	10,000-50,000	None	
4.5	Co-op Clean	Japan	Yes	Other	1,000-10,000	None	
4.5	Ecover	Belgium	Yes	2012	1,000-10,000	0-25%	
4.5	Ferrero	Italy	Yes	2015	50,000-100,000	0-25%	 
4.5	OSCAR (Paulig)	Denmark	Yes	2012	0-1,000	Some	
4.5	Palsgaard	Denmark	Yes	2015	0-1,000	None	
4	Norlander Zeelandia	Sweden	Yes	2015	1,000-10,000	None	
3.5	Continental Bakeries	Netherlands	Yes	Other	1,000-10,000	Some	 
3.5	Northern Foods	United Kingdom	Yes	2012	10,000-50,000	50-75%	  
3	Domstein	Sweden	Yes	None	0-1,000	None	
3	Vitré (Lactalis)	France	Yes	None	0-1,000	0-25%	 
2.5	Bondues (Lactalis)	France	Yes	None	1,000-10,000	50-75%	



Book and Claim



Mass Balance



Segregated

Other: The company has not made a commitment to only use CSPO by 2015, but may have made some other statement about the sustainability of the palm oil it uses.

TOTAL SCORE	NAME	COUNTRY	Assessment questions				Supply chain options used
			RSPO MEMBER?	COMMITTED TO SUSTAINABLE PALM OIL?	RANGE OF PALM OIL USED? (Tonnes)	AMOUNT OF PALM OIL THAT IS CSPO?	
2.5	Farm Frites	Netherlands	No	Other	10,000-50,000	Some	
2.5	L'Occitane	France	Applied	Other	1,000-10,000	0-25%	
2.5	Mulder Natural Foods	Belgium	Yes	None	1,000-10,000	50-75%	
2.5	Valio	Finland	No	Other	0-1,000	None	
2	VAASAN	Finland	No	Other	0-1,000	None	
1.5	Brossard	France	Yes	no disclosure	no disclosure	no disclosure	
1.5	Lactalis (group)	France	No	None	10,000-50,000	25-50%	
1.5	Shiseido	Japan	Yes	Other	no disclosure	no disclosure	
1	Compiègne (Lactalis Valpiform)	France	Applied	None	0-1,000	0-25%	
1	IGOR	Italy	Yes	no disclosure	no disclosure	no disclosure	
1	NutriXo	France	Yes	None	no disclosure	no disclosure	
1	Peerless Holdings	Australia	Yes	None	no disclosure	no disclosure	
1	Snack Brands	Australia	No	None	no disclosure	Some	
0	DLG	Denmark	No	no disclosure	no disclosure	no disclosure	
0	Lännen Tehtaat	Finland	No	None	no disclosure	no disclosure	



Book and Claim



Mass Balance



Segregated

Other: The company has not made a commitment to only use CSPO by 2015, but may have made some other statement about the sustainability of the palm oil it uses.



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WHAT DO THE SCORECARD RESULTS SHOW?

On the journey toward sustainable palm oil, a substantial number of companies are making commendable progress to reduce their impact on deforestation. WWF scored more companies this year to give a better picture of the state of play among palm oil buyers.

In 2009, no company received a top score, but in 2011, 29 out of 132 have—and most of the companies scored in both 2009 and 2011 have shown progress (see appendix, page 37). This shows how taking action on palm oil has become much more mainstream compared to a few years ago, but it also highlights the distance some companies still need to go.

Companies that have scored well (eight or more) in the 2011 Scorecard include those dealing in very large volumes of palm oil, such as Nestlé and Unilever, as well as those dealing with relatively smaller amounts such as IKEA, Royal FrieslandCampina and United Biscuits.

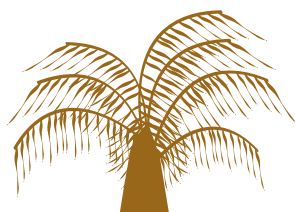
In the mid range, manufacturers like Burton's, Cadbury, Premier, Remia and retailers such as ASDA, Carrefour, Morrisons, Sainsbury's and Tesco have done well.

IN 2009,
NO COMPANY
RECEIVED
A TOP SCORE,
BUT IN 2011
31 OUT OF
132 HAVE

Also scoring eight points out of nine are smaller operators such as Allied Bakeries, Brioche Pasquier Cerqueux, Findus Group, Ginsters, Göteborgs Kex, H J Heinz, Harry's, Henkel, Karl Fazer, Nutrition & Santé, Oriflame Cosmetics, Santa Maria, St Hubert, and the retailers Coop Switzerland, Marks & Spencer, Migros, Royal Ahold and their subsidiary ICA, The Co-operative Group UK and Waitrose, as well as comparatively minor palm oil users such as Cloetta, Devineau Bougies la Française, DSM Nutritional Products, Iglo Group, Iwata Chemical, L'Oréal, Saraya, The Jordans and Ryvita Company, Warburtons, Yves Rocher, alongside Axfood, The Body Shop and the Boots Group.

In doing well, these companies have demonstrated that, regardless of size, it is possible to be a responsible member of the RSPO, to make strong public commitments to sustainable palm oil, to be transparent about how much palm oil they use and to lead the way on using RSPO-certified palm oil now.

While a number of companies have achieved the top score, this does not mean they have reached the peak of sustainability with regards to palm oil. This Scorecard represents a snapshot in time of company performance, showing how well they are performing in relation to each other in 2011. Most top performers still have a long journey ahead of them—they need to continue increasing purchases of sustainable palm oil and in most cases, move to traceable supply chains.



**ONLY ABOUT
HALF OF
ALL THE
SUSTAINABLE
PALM OIL
PRODUCED
IS BEING
PURCHASED**

Just behind the leaders are a group of middle-ranking companies that have taken the first steps on the journey and are starting to take responsibility for the impact of the palm oil they use. WWF expects these companies to build on this early momentum, and for future assessments to reflect their progress.

All of the companies that have taken action are outpacing a large group of companies that scored very low—companies that are still not taking full, or in some cases any, responsibility for the environmental and social impacts of the palm oil they use. They have a long journey ahead, and they need to start now.

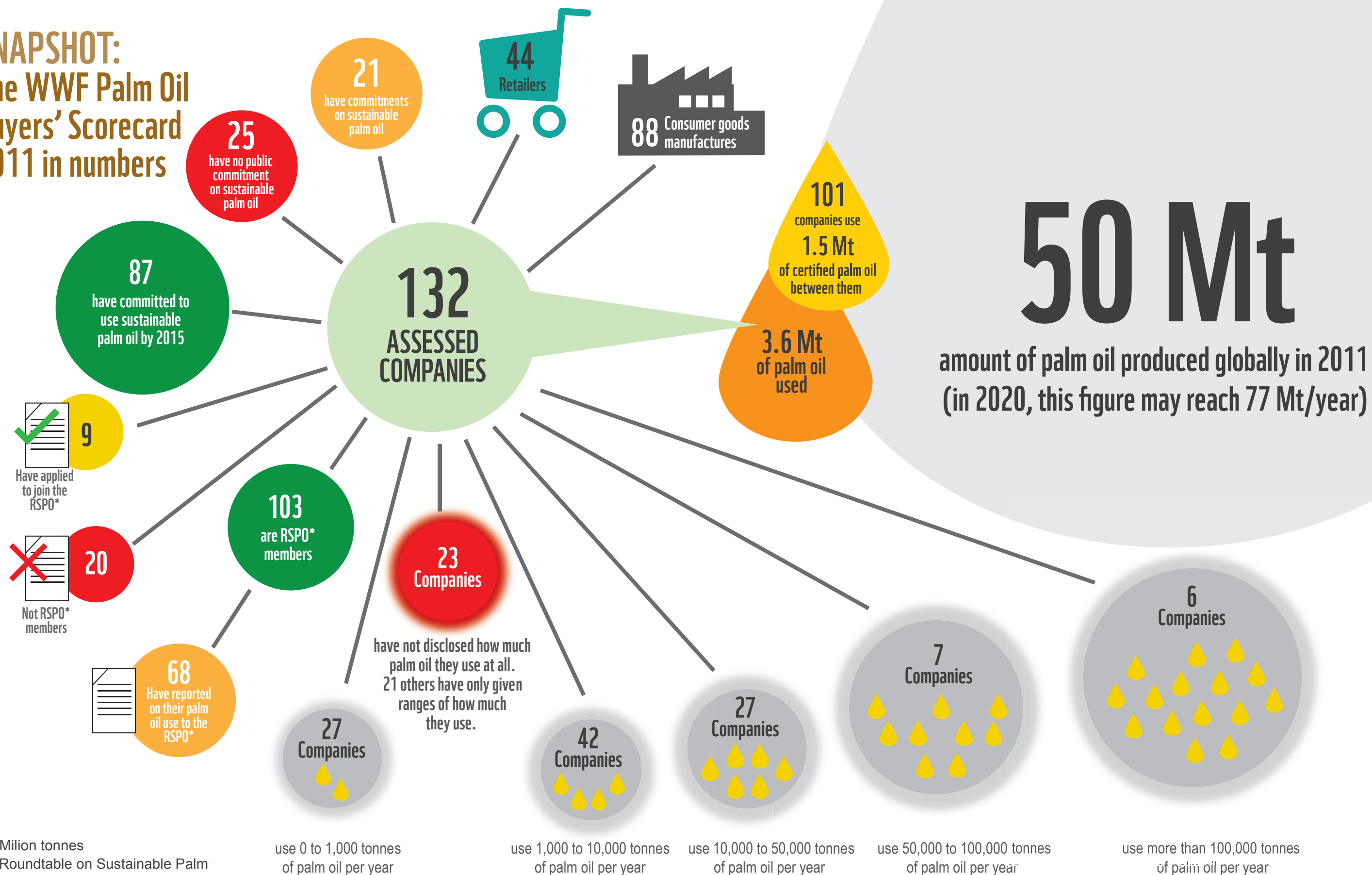
The certified sustainable palm oil market has also grown dramatically since WWF released our first assessment of palm oil buyers in 2009 (see appendix, page 40), with five times as much certified sustainable palm oil being produced and bought now. Unfortunately, only about half of all the sustainable palm oil produced is being purchased. The picture in 2011 is not so different from the situation we observed in 2009—and just like then, WWF urges companies to take their responsibilities far more seriously.

Many companies have set a target of 2015 for buying 100 per cent certified sustainable palm oil, but WWF is particularly concerned that they do not seem to be taking the necessary steps to make sure that they can deliver on this goal. More action is needed now; companies should set annual milestones toward the 2015 target and deliver on their commitments early, if possible.



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SNAPSHOT: The WWF Palm Oil Buyers' Scorecard 2011 in numbers



KEY FINDINGS



The analysis reveals that too many companies have still not even taken the basic first step of joining the RSPO to begin the process of sourcing sustainable palm oil. Only 103 are already members, while nine have applied recently, and there are 20 that have not shown any interest in doing so.



Twelve of the RSPO members have not reported as required on their progress this year. Annual reporting is essential to demonstrate progress in this new market for sustainable palm oil—but is too often ignored.



Eighty-seven companies scored have made commitments to use 100 per cent certified sustainable palm oil by 2015 or sooner, and a further 20 have made other kinds of commitments regarding the sustainability of the palm oil they are using.



Twenty-five companies have made no public commitments on palm oil that we were able to find.



Only 88 companies assessed disclosed to WWF how much palm oil they are using annually—but a further 21 agreed to be placed within published size categories. Twenty-three would not tell us anything about their palm oil volumes. WWF considers disclosure of palm oil use to be a fundamental step in the process toward transforming the palm oil market, as commitments to use certified sustainable palm oil are even more valuable if other companies and suppliers know what volumes they represent.



Encouragingly, 103 of the companies in the Scorecard reported that they are already using some certified sustainable palm oil, which amounts to about 1.5 million tonnes in total.



But only 47 per cent of the total palm oil currently used by these companies is certified sustainable palm oil, or covered by Book and Claim certificates (see appendix, page 42).

HOW DID THE RETAILERS PERFORM?



A table showing a list of retailers assessed in the Scorecard, categorized by the amount of annual palm oil usage reported by each company, can be found here:

<http://bit.ly/vwyuOF>

It shows how broadly comparable companies facing similar challenges are performing.

Overall, the Scorecard results show that a good number of mainly European retailers have taken steps to source RSPO-certified palm oil, setting an example for other retailers in Europe and the rest of the world.

Established brands such as ASDA, Carrefour, IKEA, Morrisons, Sainsbury's and Tesco, that are relatively large users of palm oil (using tens of thousands of tonnes each year) have progressed very well. Medium-sized users such as Co-op Switzerland, Co-operative Group UK, ICA, Marks & Spencer, Migros, Royal Ahold and Waitrose, have also performed well in their size class. Among the small palm oil volume retailers, Axfood, The Body Shop and the Boots Group are ahead of the curve.

There is a second group of retailers that are at the start of their journey and that WWF expects to do better in future Scorecards. These include Casino, Coles Supermarkets, Delhaize Group, E.Leclerc, Kesko Food, Metcash Trading, REWE Group, the SOK Group and Woolworths.

Unfortunately there is still a large number of companies that are not yet performing as well as they should, and certainly not as well as the Scorecard's leading companies show is possible.

RSPO membership – Disappointingly, 12 out of the 44 retailers scored have still not joined the RSPO, a very basic first step in taking responsibility for the palm oil they use.

Commitments – More encouragingly, 26 retailers have made public commitments to use only certified sustainable palm oil by 2015 and in some cases earlier. That still leaves eight making only vague commitments and 10 making none at all. Given that the use of palm oil is widespread, as is understanding about the challenges it poses to sustainability, WWF expected much greater action on the issue from retailers overall.

14 OUT OF THE 43 RETAILERS SCORED HAVE STILL NOT JOINED THE RSPO

IT IS TIME THAT RETAILERS BEGIN TO TAKE RESPONSIBILITY FOR EVERYTHING THEY SELL

What do these commitments cover? Between them, the retailers included in the Scorecard reported that they use at least 123,000 tonnes of certified sustainable palm oil a year. In almost all cases, this figure covers only their own brands, and not the many other brands offered on their shelves. WWF believes that it is time that retailers begin to take responsibility for all the products they sell. Only then can they claim that they are doing everything they can to ensure that their stores are free of “tainted” palm oil.

Transparency – Twenty-two retailers scored told us the total volume of palm oil they use (in their own brands). A further seven were willing to tell us what size range they were in, and we have published these figures. Fifteen were unwilling to tell us anything about the volume of palm oil they use. Unless there is greater transparency, there is a risk that oil palm growers will be unwilling to commit to certification, as they simply cannot accurately gauge future demand for certified sustainable palm oil. This is why WWF expects far more openness in this industry.

Use of certified sustainable palm oil – It is encouraging that 33 retailers scored have reported that they are buying Book and Claim certificates and/or are using at least some certified sustainable palm oil already. However, only 11 companies are meeting their palm oil needs with 75 per cent of certified sustainable palm oil. On average, the retailers scored are covering 53 per cent of their total palm oil use. This is a good start, but given the relatively small volume and the range of supply chain options available, this remains a disappointing result.



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Why are retailers using so little certified palm oil? Retailers face a complex job in achieving sustainability when it comes to palm oil. Because the commodity is used in so many processed foods and other goods, it can be difficult for large retailers in particular to make the switch to traceable sustainable palm oil. However, the Book and Claim system, which consists of buying certificates to cover the volume of palm oil used, is a way for retailers to move quickly toward 100 per cent RSPO-certified palm oil before traceable supply chains are in place. With the Book and Claim system readily available to all companies, there is really no excuse for the disparity between top scorers and other retailers in the Scorecard.

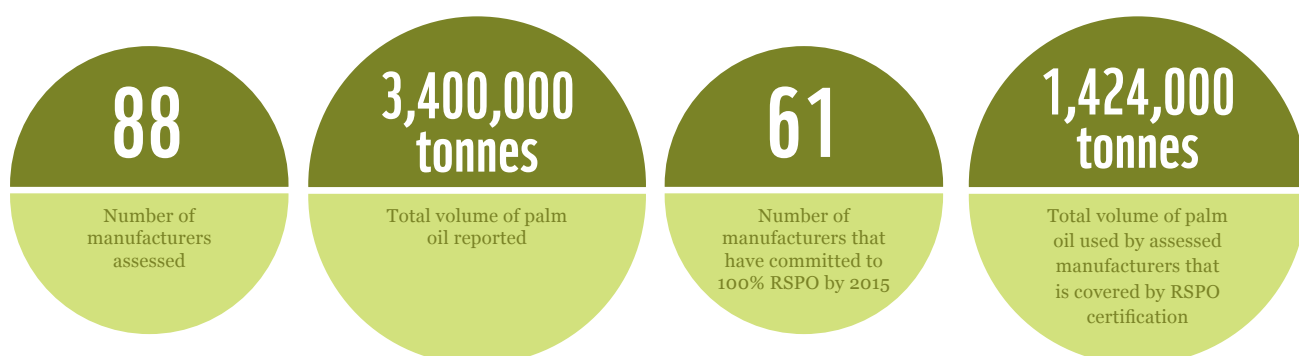
What supply chains options are the retailers using? Most of the 33 retailers that told us they are using certified palm oil are at least starting to use traceable supply chains, with just seven relying only on buying Book and Claim certificates to cover the volumes they use. WWF welcomes the use of traceable supply chains by these companies as an essential step on the journey to cleaning up the industry.

Is it time to move to fully traceable palm oil? Retailers are powerful actors in the food and personal care sectors. They need to start pushing manufacturers as hard as they can to take control of their supply chains, in order to eliminate tainted palm oil and to supply only certified sustainable palm oil. This includes asking manufacturers that supply them to use 100 per cent RSPO-certified palm oil in all their products, and specifically starting to demand traceable sustainable palm oil (see appendix, page 42).



These results show that there are options for all retailers to act as responsibly as their top-scoring competitors in the Scorecard. It is clearly possible for retailers not only to make the right commitments, but to follow them up with action—and to use their muscle to shift the rest of the supply chain for palm oil. WWF urges many more retailers to demand RSPO-certified palm oil, and thus send a sustainability signal that affects the whole supply chain.

HOW DID THE MANUFACTURERS PERFORM?



A table showing a list of consumer goods manufacturers assessed in the Scorecard, categorized by the amount of annual palm oil usage reported by each company can be found here:

<http://bit.ly/vwyuO>

It shows how broadly comparable companies facing similar challenges are performing.

Overall, the 2011 Scorecard shows some progress with sustainable palm oil among consumer goods manufacturers. As is the case with the assessed retailers, the better companies are showing the way—but there are still too many lagging behind.

Companies using substantial volumes of palm oil—more than 100,000 tonnes per year—have generally performed well in the Scorecard, with household names such as Nestlé and Unilever scoring eight out of nine. Unilever in particular uses more than 1 million tonnes of palm oil a year, placing them further ahead than any other company in the Scorecard (in terms of the amount of palm oil they use)—and they are the only company at this level using more than 50 per cent certified sustainable palm oil. These very big users of palm oil are faced with substantial logistical and cost challenges in moving to 100 per cent RSPO-certified palm oil, and they should be acknowledged for what they have achieved so far.

However, they are also global brand leaders with substantial influence on the market. WWF hopes that they will continue to lead the way and to push themselves even harder to complete the job of transforming themselves and the rest of the palm oil industry. This will include making the transition in their supply chains from Book and Claim certificates to Mass Balance and Segregated certified palm oil (see appendix, page 42).

At a smaller scale—50,000 to 100,000 tonnes per year—companies such as United Biscuits (nine) and Royal FrieslandCampina (eight) drew the top score, while in the next category (10,000 to 50,000 tonnes), recognized brands such as Burton's Foods, Cadbury, Premier Foods and Remia also set an example in terms of sustainable palm oil sourcing.

RETAILERS USING SUBSTANTIAL VOLUMES OF PALM OIL HAVE GENERALLY PERFORMED WELL IN THE SCORECARD



© James Morgan/WWF International

In the smaller size classes, while there were more top performers, WWF is disappointed that the palm oil industry remains plagued by a substantial number of laggard companies still choosing to run the risk of sourcing unsustainable palm oil, despite the availability of RSPO-certified palm oil, particularly in Europe.

RSPO membership – The majority of manufacturers scored were already members of the RSPO or have recently applied. “Manufacturers” is the fastest growing category of RSPO membership, reflecting a welcome shift in response to demands from retailers to act responsibly. The eight non-members scored need to up their game at even this very basic level. However, the companies scored are only a sample of the many thousands that are part of the palm oil supply chain—all of which should consider becoming RSPO members.

Commitments – Encouragingly, 61 companies have made public commitments to use only certified sustainable palm oil by 2015 and in some cases earlier. But that leaves 27 with only vague commitments to sustainability in palm oil, or worse still, no policies at all. This is worrying given that so many are already RSPO members, with some companies still not meeting the membership requirement to have a time-bound commitment to use only certified sustainable palm oil.

What do these commitments cover? Unlike retailers, the majority of manufacturers that have committed to certified sustainable palm oil are applying these to all the lines they make—whether their own brands or products they make for others. This makes sense for manufacturers who otherwise would have to create two separate production lines for sustainable and non-sustainable palm oil. This is welcome and bodes well for certified palm oil starting to enter the mainstream.

Transparency – Sixty-six of the manufacturers scored disclosed how much palm oil they are using. A further 14 were willing to put themselves in a size category; only eight were unwilling or unable to tell us how much they use. This is a more appropriate level of openness than we have seen among the retailers scored, and one which should give a clear signal to the rest of the industry about the future prospects for certified palm oil.

Use of certified sustainable palm oil – It is very welcome that 68 of the 88 manufacturers scored reported that they are sourcing at least some certified sustainable palm oil already. Twenty-eight are sourcing between 75 and 100 per cent. But more than half are using less than 25 per cent certified palm oil, or absolutely none at all. On average, the manufacturers are only using enough certified sustainable palm oil to cover 42 per cent of their total palm oil use.

Why are manufacturers using so little certified palm oil? Manufacturers can face challenges moving to traceable certified palm oil due to the wide range of derivatives and fractions of palm oil they use, and the multiple steps and companies involved in producing them. However, for manufacturers producing goods to be sold to consumers, the Book and Claim system of buying certificates to cover the volume of palm oil used is a way to move quickly toward 100 per cent RSPO-certified palm. This allows companies to take early action before sufficient traceable supply chain volumes are available for all the derivatives they use. Therefore, there is no excuse for the disparity between top scorers and other manufacturers.

What supply chain options are the manufacturers using? Of the 68 that are using or supporting certified sustainable palm oil, 41 are using traceable supply chains for some of their volumes. WWF welcomes this step by manufacturers to start cleaning up the industry. However, 52 manufacturers are using Book and Claim certificates, with 27 of them relying *only* on buying Book and Claim certificates to cover the palm oil they use. More manufacturers need to start following the lead of their peers that are pushing to use traceable palm oil.

It is time to move to fully traceable palm oil – Manufacturers are key players in the market as they are in a position to push actors further up the chain. In particular, they can push the refiners and processors and, through them, the traders that are key to shifting entire supply chains to fully traceable certified sustainable palm oil. If the industry as a whole is to become more sustainable, this needs to happen urgently.



WWF hopes that consumer goods manufacturers with a top score will continue to push themselves to help set the stage for transformation by the rest of the palm oil industry, including making the transition to Mass Balance and Segregated RSPO-certified palm oil. However, in the smaller size classes, WWF is disappointed that the palm oil industry remains plagued by a substantial number of laggard companies that are still choosing to run the risk of sourcing unsustainable palm oil.

The global picture

While Europe is currently a major market for palm oil, India and China will soon overtake it (see [China and India appendices](#), page 43 and 45). Clearly, in order to shift the global market toward certified sustainable palm oil, India and China, and even Indonesia (also a very large consumer of the palm oil it grows), will need to increase their use of sustainable palm oil. For Chinese and Indian buyers, sourcing RSPO-certified palm oil would be the best way to avoid the risk of being associated with “tainted” palm oil, while ensuring a sustainable supply of palm oil in their developing markets well into the future. But both markets are very price sensitive, have traditionally low levels of consumer demand for sustainability and are heavily shaped by government policies. In these countries, market and consumer pressure alone are not enough.



Multinational companies—including several companies in the Scorecard (Carrefour, Nestlé and Unilever)—that have made global commitments to, and reported on their global use of, RSPO-certified palm oil have a part to play in introducing these commitments to Asia. US companies, not scored here because of the relatively low levels of domestic consumption of palm oil, are also key to the long-term growth in sustainable palm oil because of the role they play in global markets (see [appendix](#), page 46).

**SOURCING RSPO-
CERTIFIED
PALM OIL IS THE
BEST WAY TO AVOID
THE RISK OF BEING
ASSOCIATED WITH
“TAINTED” PALM OIL**



© James Morgan/WWF International

CONCLUSIONS

The WWF Palm Oil Buyers' Scorecard 2011 reveals that there has been real progress in terms of company commitments to sustainable palm oil since the 2009 Scorecard (see appendix, page 37), but these are just not translating fast enough into increased use of certified sustainable palm oil.

The implications for companies are clear; they need to shift gears immediately and increase their use of RSPO-certified palm oil.

In spite of the welcome increase in companies with a top score since the 2009 Scorecard, in 2011 too many companies are still not doing nearly enough to ensure they meet their sustainable palm oil sourcing targets. Joining the RSPO should be seen as the very first and most basic step to be taken—but even that seems to be beyond some companies. Going further, making clear public commitments to use only certified sustainable palm oil by 2015 or preferably earlier is also important, but even more essential is to take early action to deliver those commitments.

The availability of a variety of options for using sustainable palm oil, coupled with the fact that there is surplus certified sustainable palm oil available, means that there are simply no excuses for companies not to accelerate their sourcing of it.

What the Scorecard also reveals is that in some European markets (such as the UK), companies have made great progress in engaging in sustainable palm oil. While not all UK companies scored well, they are almost all showing progress. Sixteen of the 25 UK companies scored have close to 100 per cent of their palm oil certified. But they must not rest on this early progress. They need to push all the harder to start using traceable certified palm oil rather than continuing to rely on Book and Claim. Mass Balance and Book and Claim should be used as stepping stones toward the use of Segregated palm oil. Only then will we be able to say that unacceptable palm oil has been truly eliminated from the products we buy.

Another general conclusion that WWF draws from this assessment is that *there is still not enough openness and transparency in the palm oil supply chain*. We found it very hard to get clear information about what exactly many companies are doing about sustainable palm oil, what their policies and commitments are and how quickly they are meeting their targets. As a result, we relied on the information that companies disclosed, which we do not have the resources to verify. This is not the best way for the industry as a whole to communicate to its customers or to its suppliers.

Not enough RSPO members are following the RSPO requirements for reporting progress, nor are they making public commitments to use only certified sustainable palm oil. The industry as a whole is still reluctant to be open about how much palm oil individual companies use. Without basic information like this in the public domain, it will remain difficult to see how quickly companies are progressing. Meanwhile, it will remain impossible for growers of sustainable palm oil to get a clear message from users that they should proceed with further certification.



WHAT ARE WWF'S RECOMMENDATIONS?

Companies

Companies can follow these steps in order to join the growing part of the industry that is choosing sustainable palm oil.

-  **1 Join the RSPO and become an active and responsible member.** In particular, companies need to make sure they are setting themselves targets and reporting on progress. This is the easiest and first step any responsible company should take.
-  **2 Make a commitment to sourcing 100 per cent certified sustainable palm oil by 2015 at the very latest and implement a time-bound action plan to deliver the commitment.** Companies should set milestones along the way and start taking action as soon as possible. The first step is to understand how much palm oil is being used, and where it is coming from.
-  **3 Be transparent about your use of palm oil.** Transparency is essential at this early stage in the evolution of a sustainable palm oil market—growers need to know what the likely demand for certified sustainable palm oil will be. As RSPO members, companies must also report annually to ensure that the world can easily see the progress being made. The RSPO has recently introduced a requirement for more open reporting of volumes of palm oil produced and used by its members. WWF urges all members to follow through with this requirement and therefore be far more transparent.
-  **4 Start sourcing certified sustainable palm oil – from any of the RSPO supply chains.** WWF does not believe that companies should wait until traceable sustainable palm oil is widely available before they take action. Book and Claim should be used where Segregated and Mass Balance are not yet available. Early action is vital now. Companies need to set themselves interim milestones for their use of sustainable palm oil and keep to them.

5 However, they should start investing in traceable supply chains of certified sustainable palm oil. The industry as a whole needs to start to clean up its supply chains and ensure that options like Book and Claim and Mass Balance are being used as stepping stones toward only using fully traceable, Segregated certified palm oil. This involves working with suppliers to certify their palm oil plantations and hence increase the amount of RSPO-certified palm oil produced.

6 Go beyond “own commitments” and engage suppliers of branded products to make similar commitments. Retailers and manufacturers producing for others are not just judged on their own brands but on their overall responsibility.

7 Take every opportunity to raise awareness of the RSPO and certified sustainable palm oil. One way to do this is to use the new RSPO trademark on products containing certified sustainable palm oil. In addition, WWF wants companies operating in Asian markets such as China and India to make sure they are taking every available opportunity to promote sustainable palm oil.



WWF believes that these steps represent the most effective solutions for companies to show their commitment to sustainable palm oil and to reduce reputational risks.



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Consumers

Most European citizens feel that a product's impact on the environment is an important element when deciding which products to buy. In fact, almost half of EU citizens say that ecolabelling plays an important role in their purchasing decisions. The RSPO has launched an official trademark to show if a product contains certified sustainable palm oil. WWF wants companies to use it—and consumers can help by demanding that they do. Multinational companies should use their global influence to grow this consumer awareness about sustainable palm oil in emerging markets such as India and China.

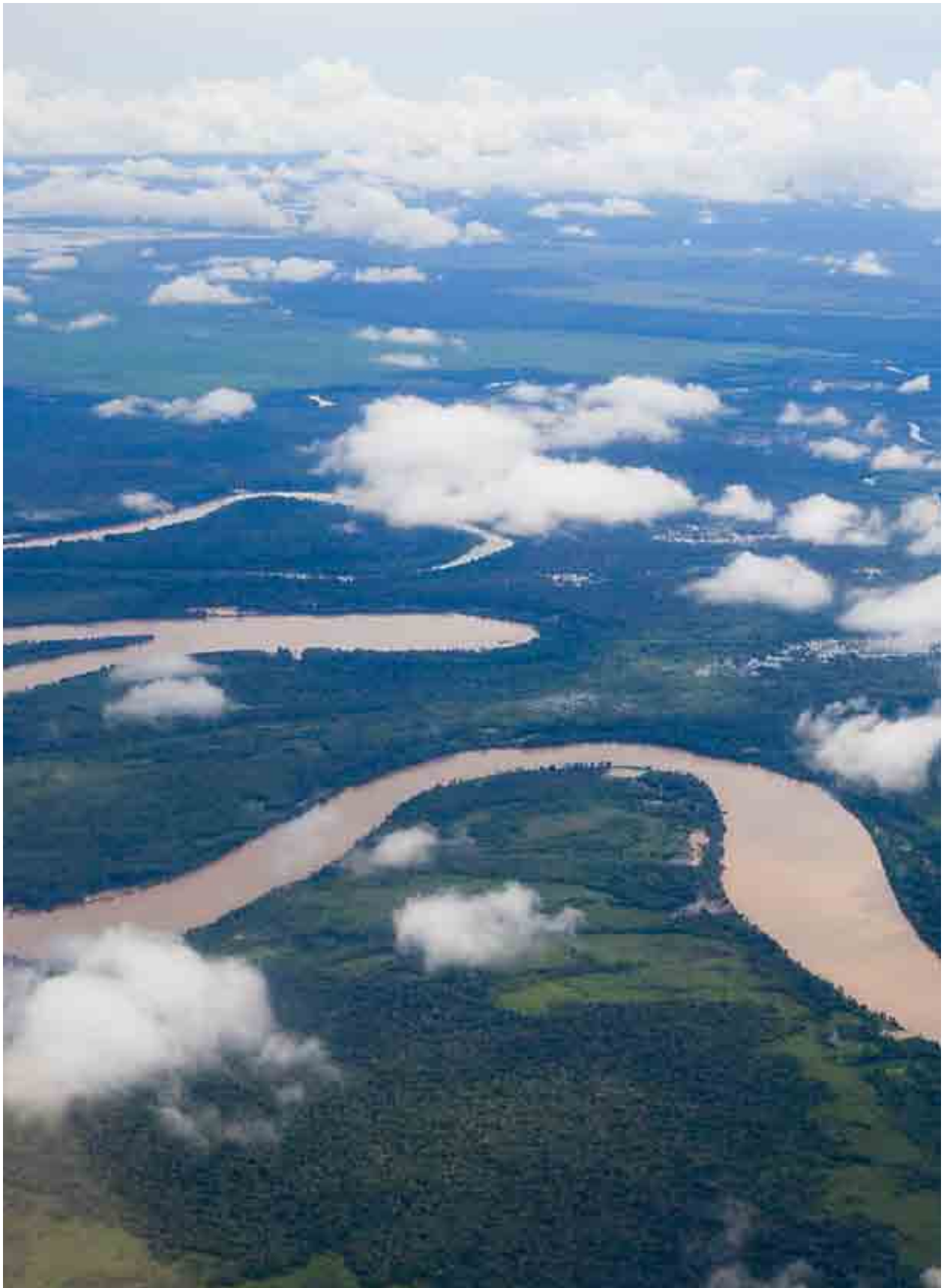
- 1 **WWF recommends shopping from companies that have committed to certified sustainable palm oil**—by using this report or WWF's online interactive tool to help make purchasing decisions: <http://bit.ly/tvMstr>;
- 2 **Look for the RSPO trademark on products;**
- 3 **Ask retailers to source certified sustainable palm oil products for everything they sell—not just their own brands;**
- 4 **Ask manufacturers to source certified sustainable palm oil;**
- 5 **Contact WWF to find out about other ways to get involved with our work** (see list of offices at www.wwf.org).

HOW TO IDENTIFY “GOOD” PALM OIL



A growing number of companies using RSPO-certified palm oil will soon be labelling their products with this trademark, making it possible for consumers to make informed choices to buy products containing sustainable palm oil.

Find out more at www.rspo.eu/market/



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HOW WERE COMPANIES ASSESSED IN THE SCORECARD?

WWF assessed companies on several aspects related to their commitments to, and use of sustainable palm oil. As with the 2009 Scorecard, we evaluated company performance based on publicly available data (including websites and corporate sustainability reports, as well as the annual reports required by the RSPO from its members) in relation to the following four questions:

Questions	Points
Is the company a member of the RSPO and is annual reporting up to date?	2
Does the company have a policy on sustainable palm oil—specifically a commitment to source 100 per cent RSPO-certified palm oil by 2015 or earlier?	1
Is the company disclosing total volumes of palm oil used/bought?	1
Is the company using any certified sustainable palm oil or buying any Book and Claim certificates? What proportion of the company's total palm oil use/sales are RSPO-certified palm oil in 2010-2011 (irrespective of which supply chain option the company is using), and is the company disclosing volumes used?	5

Tentative scores (out of a possible total of nine) were compiled based on this preliminary assessment and these were sent to the companies, along with an explanation of the scoring process. Companies were then given the opportunity to provide WWF with further information pertaining to the questions, some of which was provided to WWF in confidence. We tallied a final set of scores based on the additional information received. Each company was informed of its final score before the Scorecard was made public.

WWF chose to score companies based on their importance either in terms of the total volume of palm oil they use, their role and influence in the supply chain or because of their relevance in national markets where WWF works.

The Scorecard is a snapshot of company performance with regards to palm oil use and sourcing. It is based on commitments and actions that companies had already taken before November 2011. For those companies that have taken action on palm oil *after* the scoring window, their progress could not be reflected in this Scorecard. For example, companies like Arnott's and Coles in Australia and Les Mousquetaires/Intermarché in France are at the start of their efforts to shift to sustainable palm oil but a lot of the groundwork they are doing is not yet public. Other companies like IKEA, Lactalis, Sainsbury's and Vandermoorle are already on the way toward sustainable palm oil but are not top scorers. However, they are in the process of increasing their use of sustainable palm oil. WWF welcomes these recent actions and expects them to be delivered in practice, which will be reflected in future Scorecards.

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 unverified data provided by the company such as total volume of palm oil use, and WWF's assessment of a company's intentions and actions for sustainable palm oil. WWF values transparency, and for some questions, points were only awarded if a company made public its commitments and actions.



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HAS COMPANY PERFORMANCE IMPROVED SINCE WWF'S 2009 PALM OIL SCORECARD?

Whereas the 2009 edition of the WWF Palm Oil Buyers' Scorecard included only 59 companies, in 2011 WWF decided to expand the number of companies assessed and to reduce the number of questions asked.

There are, however, a set of questions that are common to both versions of the Scorecard, providing an opportunity to draw some conclusions about how companies included in both have progressed in the intervening years.

The common questions cover whether a company is a member of the RSPO and whether it has submitted its latest RSPO annual report. Both Scorecards also ask the same questions about whether a company has a commitment to sustainable palm oil, and specifically whether it has made a public commitment to use only RSPO-certified palm oil by 2015 or earlier.

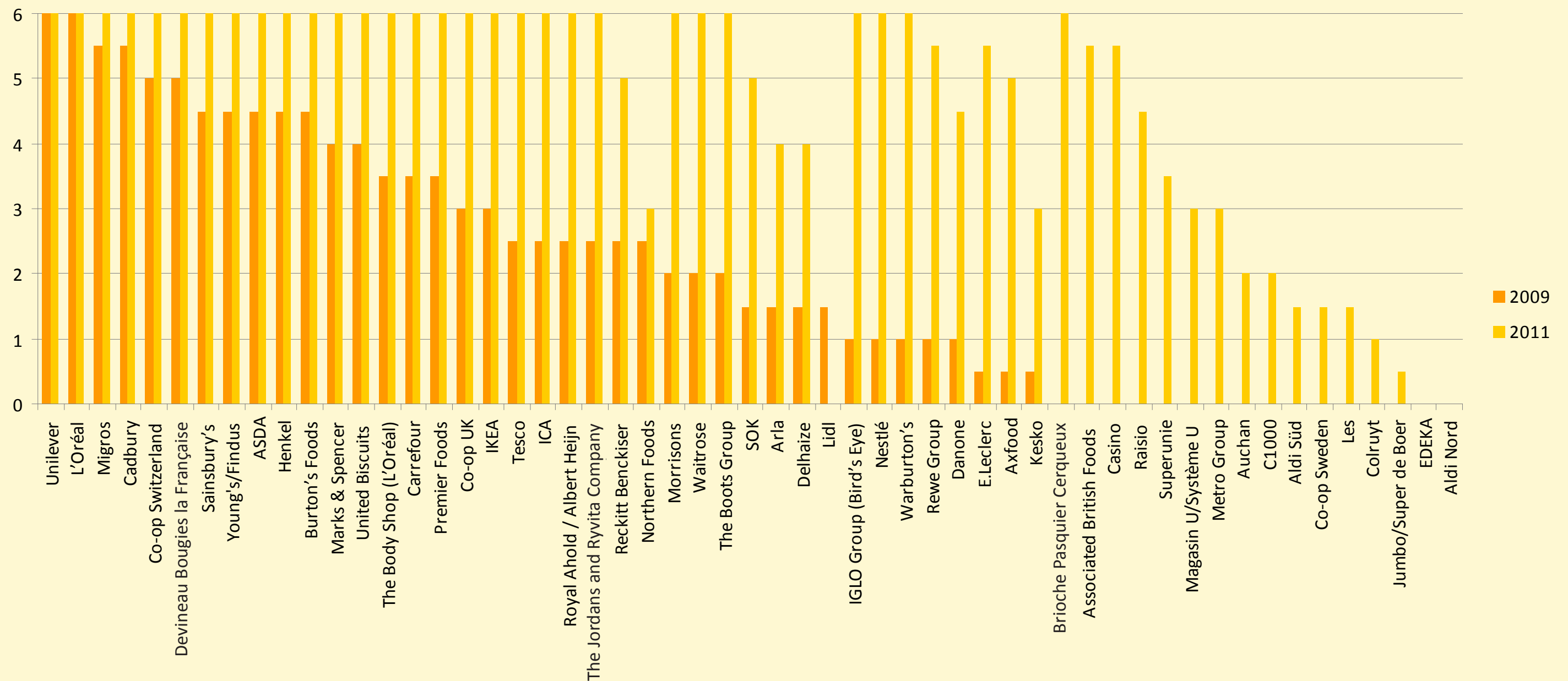
TAKING ACTION ON SUSTAINABLE PALM OIL HAS BECOME MORE MAINSTREAM IN THE LAST FEW YEARS

Finally there are three common questions about whether a company discloses the total volume of palm oil it uses, whether it currently uses any RSPO-certified palm oil at all, and if so whether it publishes how much. In total, these questions add up to six out of the total nine points available to companies in the 2011 Scorecard. Fifty of the companies in the 2009 Scorecard have also been included in the 2011 version.

So on the basis of RSPO membership, and on commitment to, and use of, RSPO-certified palm oil, how have the companies progressed since 2009?

The figure on the next page shows the improvement in performance of all the companies that were in both the 2009 and 2011 Scorecards. Companies such as L'Oréal and Unilever, that performed well in 2009, have maintained their top position and overall, the top 10 performers in 2009 are still among the top performers in 2011.

In 2010, WWF-Australia published the Palm Oil Buyers' Scorecard - Australia. Three of the Australian companies included in the 2010 Scorecard—Goodman Fielder, Coles Supermarkets and Woolworths—are also included in the 2011 version. All three of these Australian brands have shown progress in commitments and actions on sustainable palm oil, although plenty of action is still needed to reach the 2015 targets they have committed to.



The graph also shows that several companies that were just short of being the best performers in 2009 have used the intervening two years to consolidate their earlier efforts toward palm oil sustainability. They have continued to be active members of the RSPO, started to use RSPO-certified palm oil, and are disclosing the volumes they use—a signal that they are taking seriously their responsibility within the market for transparency. These include companies such as Carrefour, Devineau Bougies la Française, Henkel, Premier Foods, Royal Ahold, Tesco and United Biscuits.

Notably, a group of companies, including IGLO Group (Bird's Eye), Nestlé, the Boots Group, Waitrose, and Warburtons, generally under-performed in the 2009 Scorecard, even though some were taking early action (including, in some cases, commitments to RSPO-certified palm oil that came too close to the publication of the 2009 Scorecard to be reflected in the scores). These companies have made a substantial turn-around and have earned relatively better scores in the 2011 Scorecard.

The 2011 Scorecard also shows that several companies that scored very poorly in 2009 (including many that got no points) have started to act responsibly. Cases in point include Brioche Pasquier Cerqueux and Casino in France. Also, Associated British Foods in the UK, which has built on early good performance among its subsidiaries like Allied Bakeries and the Jordans and Ryvita Company, has gone on to make group-wide commitments to the responsible sourcing of palm oil.

Overall, the two consecutive Scorecards show progress in the marketplace for sustainable palm oil. It is clear that taking action on sustainable palm oil has become more mainstream in the last few years, and it is easier to take action now than it was in 2009.

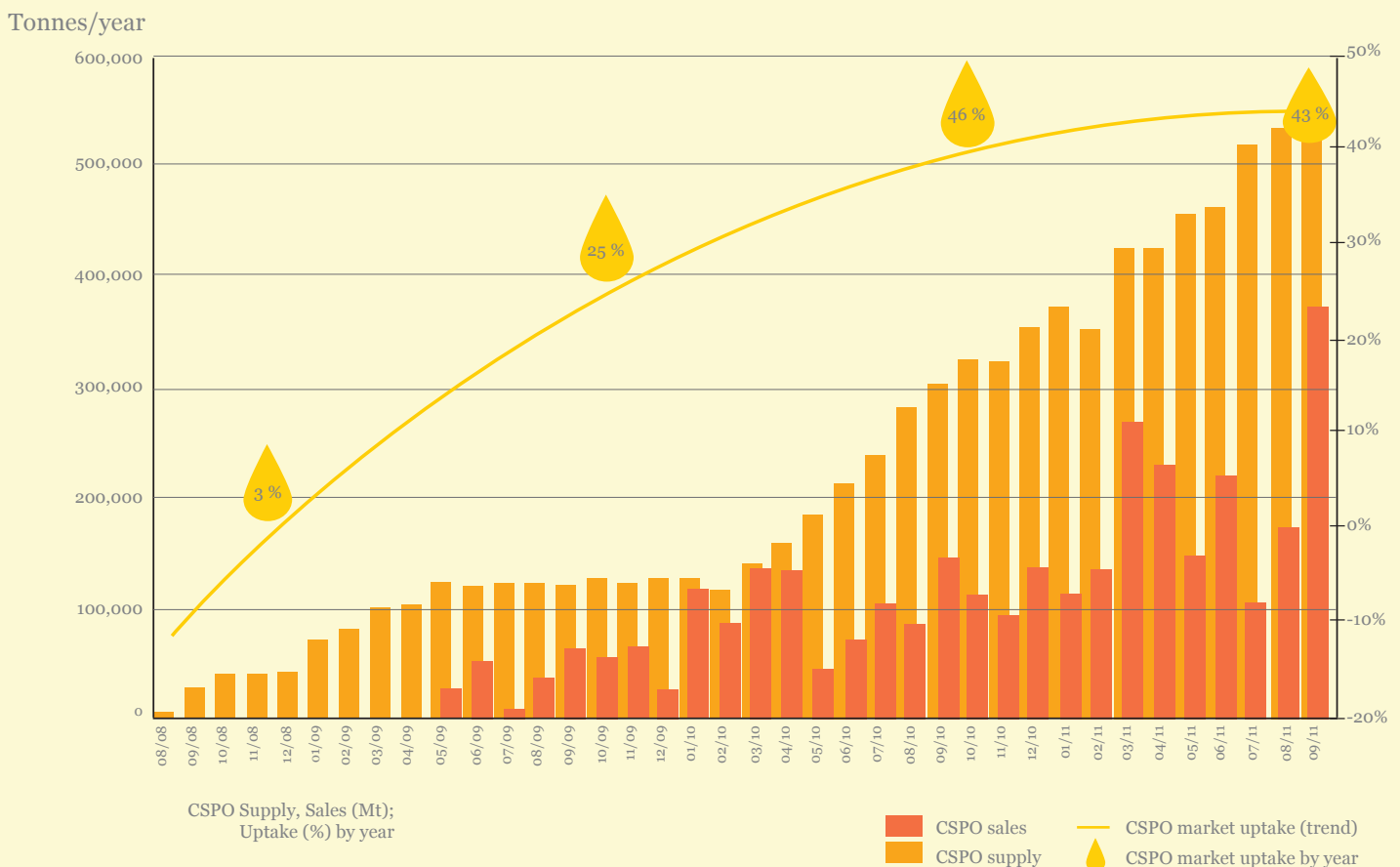
SUPPLY AND DEMAND OF CERTIFIED SUSTAINABLE PALM OIL

2008 saw the first successful audit of an oil palm plantation against the RSPO principles and criteria and since then the volume of RSPO-certified palm oil has grown to now stand at over 5 million tonnes coming from more than 1 million hectares of certified plantations.

MORE THAN
10%
OF THE
WORLD'S
PALM OIL IS
CERTIFIED

This substantial growth rate has resulted in the certification of more than 10 per cent of the world's palm oil.

Even more welcome are the estimates of how quickly the supply of RSPO-certified palm oil is set to grow. All producer members of the RSPO are required to submit a time-bound plan for when all their plantations will be certified. Among the 92 grower members of the RSPO there have been public commitments to produce up to 15 million tonnes of RSPO-certified palm oil by 2020—more than enough to meet the demand for palm oil in Europe and to start supplying demand in China and India.



Unfortunately, the users of palm oil in the RSPO have not yet matched these commitments.

Since the first batch of RSPO-certified palm oil was delivered to the market in 2008, less than half of what was available has been bought. WWF's 2011 Scorecard shows that, although many retailers and manufacturers using palm oil have made public commitments to use only RSPO-certified palm oil, fewer have made public what volumes of palm oil they use or have started to actually use it.

This situation makes it very difficult for responsible growers, who have made commitments to produce RSPO-certified palm oil, to judge whether they have made the right decisions. It also hinders efforts to persuade other growers to start certifying. In the longer run, it makes it difficult to persuade certified growers that the RSPO standards need to be improved. All this needs to happen and palm oil users need to play their part in making sure it does.

One of the reasons WWF is publishing a second Scorecard is to help growers ascertain what the likely demand for RSPO-certified palm oil is going to be in the coming years. That is why we have not only recorded the commitments made but also asked the retailers and manufacturers to disclose what volume of palm oil those commitments represent.



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SUPPLY CHAIN OPTIONS

Palm oil and its derivatives that are certified by the RSPO can be purchased through three main supply chain systems: Segregated, Mass Balance and Book and Claim.

All three supply chains have the same starting point—a plantation is successfully audited against the RSPO principles and criteria and the total volume of Certified Sustainable Palm Oil (CSPO) that it can produce a year is established.



Segregated CSPO – 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. However, this approach can be expensive because the two streams of certified and non-certified oil or derivatives need to be kept apart throughout the entire supply chain.



Mass Balance CSPO – 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). Each company handling Mass Balance CSPO is only allowed to sell the same amount of certified palm oil drawn from the “mixed” oils that they originally bought as certified.



Book and Claim CSPO – This option 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 or physical separation of oil along the supply chain is needed, and therefore it is a much cheaper option. It also means that companies that are using derivatives of palm oil that are not yet available as CSPO can still buy certificates to support the production of CSPO. The drawback is that a company using Book and Claim may still be using oil that comes from unacceptable sources, and may therefore still be supporting producers that are not acting responsibly.

Until global volumes of CSPO grow to a much higher level, and until entire supply chains from refiners through to end users can switch to only using CSPO, there will remain a need to offer Book and Claim CSPO, especially for products that use complex derivatives of palm oil.

But this should not stop buyers from pushing their suppliers to begin sourcing traceable palm oil.

PALM OIL IN CHINA

China was the second largest importer of palm oil in 2010, using 6 million tonnes—12 per cent of the world's total.



**PALM OIL
DEMAND
IN CHINA IS
EXPECTED
TO GROW
AT ABOUT
10% PER
YEAR**

It is estimated that some 70 per cent is used as edible oil, much of it in the instant noodle industry. China exports very little palm oil and is therefore the end consumer of the palm oil which it imports. Imports will increase dramatically as living standards increase. Demand is expected to grow at about 10 per cent a year, to reach about 8.6 million tonnes in 2015 and 12 million tonnes in 2020.

More than 5,000 companies in China are known to be end users of palm oil. Many of the large companies are vertically integrated and are involved in many parts of the palm oil supply chain, from importing, processing, and manufacturing to retailing. Some are state-owned enterprises such as COFCO, privately-owned Chinese companies such as Kerry Oils & Grains, Longwit and Master Kong, and multinational companies such as Bunge China, Cargill China, Nestlé China and Wilmar China. Some of the vertically integrated companies trading palm oil command an extremely large share of the market, and will play a pivotal role in shifting the market toward sustainability.

Sustainable palm oil is a new concept for most Chinese companies. They operate in an extremely price sensitive market and are unlikely to move toward more sustainable practices without a strong business case and a strong signal from the government. Consumer demand for sustainability is still low. These are some of the reasons why WWF feels that scoring the performance of Chinese companies would not be informative or helpful at this time.

China is not just a consumer of palm oil. In order to reduce its dependence on foreign importers, China has recently invested in production, through government banking arms and bilateral agreements, in Indonesia and Malaysia, as well as in Africa. WWF would like to see the government, financial institutions and private companies align their overseas plantations with RSPO guidelines in order to ensure a more responsible global agricultural footprint for China.

In 2008, the China Chamber of Commerce for Import and Exports of Foodstuffs, Native Produce and Animal By-Products (CFNA), with WWF's support, began to participate at RSPO roundtables and to hold seminars on sustainable palm oil for its members.

In 2009, WWF-China and CFNA launched the China Sustainable Palm Oil Network, to support sustainable palm oil in China as well as the production of sustainable palm oil in China's overseas investments. The network includes Kuala Lumpur Kepong Berhad, Solidaridad China, Unilever and Wilmar International, and now seeks to expand the group to include more multinational as well as Chinese-owned companies and to collaborate more closely with the RSPO.

These initiatives recognize that multinational companies that have made global commitments to sustainable palm oil should lead the way by operationalizing their commitments in China. By showing that it is possible to use certified sustainable palm oil in the Chinese market, they will set a powerful example for other companies in China as well as for Chinese authorities.



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PALM OIL IN INDIA

Despite being a global oil seed producer itself, India is still the world's largest single importer of palm oil.



**IN 2010-2011, INDIA
IMPORTED 14% OF
THE WORLD'S
PALM OIL**

In 2010-2011, India imported approximately 7 million tonnes of palm oil amounting to 14 per cent of the world's palm oil. Palm oil comprises around 48 per cent of the total edible oils imported into the country.

Approximately 95 per cent of the palm oil in India is used as edible oil for domestic and commercial consumption. Oils and fats in India are mostly sold by independent small grocers. A small quantity is also used as a raw material for consumer goods such as soap bars, cosmetics, detergents and shampoos.

As in China, government policies play a key part in the palm oil market. For all vegetable oils, domestic import tariff policies drive consumption patterns. In 2008, most duties on crude vegetable oil (including palm oil) were abolished, in response to growing domestic food inflation, opening the Indian market to palm oil imports.

Few companies in India have started to take action on certified palm oil. The main reason is the price sensitivity of the Indian market, which makes companies reluctant to pay even a small premium for sustainable commodities. Furthermore, palm oil is mainly used as edible oil in India, most of it sold loosely and for blending. This makes it difficult to identify the end user who can be influenced to use sustainable palm oil and palm oil products.

As with China, WWF believes that it is still too early to score Indian companies on their commitments and actions on sustainable palm oil.

Nevertheless, they are making some progress. As of 2011, four companies in India are registered as members of the RSPO—Adani Wilmar, Godrej, Kamani Oil Industries and VVF. Meanwhile, some Indian stakeholders have formed the “Sustainable Palm Oil Coalition”, a domestic palm oil coalition which has so far focused on lobbying the government to support sustainable palm oil purchases.

Led by Godrej, Greenpeace, Hindustan Unilever, Ruchi, VVF and WWF-India, the group aims to kick-start the uptake of certified sustainable palm oil through a proposal that the government extend a customs duty rebate for all palm oil products, including palm by-products and palm derivatives, which are backed by RSPO certificates. Alternatively, the government may extend a subsidy to the importers, up to 50-75 per cent of the cost of RSPO certificates.

In addition to incentives that the Indian government might provide, WWF sees a role for large companies operating in India to lead the way on procuring sustainable palm oil, particularly those affiliated with multinational companies that have already made time-bound global commitments to certified sustainable palm oil.

PALM OIL IN THE US

Total US domestic consumption of palm oil is currently only 1 million tonnes, which represents only 2 per cent of global use and only about 8 per cent of total domestic vegetable oil consumption.



Most edible oils in the US are domestically produced, with soybean and corn oil as the principle ones. Ninety per cent of the palm oil imported into the US is from Malaysia. Indonesia supplies roughly seven per cent and the remaining three per cent comes from various other sources.

At such a low relative level of domestic consumption, palm oil and its impacts has not historically been a high priority for US companies. More recently, however, companies are starting to take action.

**TOTAL US
DOMESTIC
CONSUMPTION
OF PALM OIL IS
CURRENTLY ONLY
1 MILLION
TONNES**

WWF sees the importance of US corporations coming not from their domestic use of palm oil but from their global role in the food and personal care sectors—both as manufacturers and retailers. WWF-US has directly engaged major companies that use palm oil in their global supply chains, including General Mills, Johnson & Johnson, Kellogg's, Kraft Foods, Mars, Proctor & Gamble and Walmart. Because of this engagement, many of these US food companies and retailers have joined the RSPO and committed to source 100 per cent certified sustainable palm oil by 2015.

Some of them have achieved this goal through the Book and Claim mechanism. US companies account for almost 20 per cent of the Book and Claim certificates sold.

Achieving 100 per cent certified palm oil by 2015 is feasible for US companies, but there are challenges that need to be overcome. One of the current key challenges has been limited availability of Segregated palm oil imported into the US—hence the reliance on Book and Claim. There is also a relatively low level of awareness about palm oil among US consumers and a lack of understanding among companies about what needs to be done with regard to sustainable palm oil.

Further collaboration is needed to overcome these and other challenges, and WWF is taking an active role in networking. WWF has hosted a workshop bringing together all relevant players in the supply chain and has actively participated in various workshops hosted by other trade organizations, such as the American Palm Oil Council, along with key food brands.

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.

wwf.panda.org/reducingimpacts/palmoil