Mind the gap: Palm oil buyers fail to hold suppliers to account on zero-deforestation commitments

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ZSL research shows industry must increase transparency to combat deforestation

More than half of the world's most significant palm oil companies are failing to publicly assess their suppliers on commitments to sustainability and zero-deforestation, a new assessment by ZSL has found.

Published today (Wednesday 23 November) ZSL's annual SPOTT ranking of palm oil producers, processors and traders found that while 39% of companies report a clear process to assess suppliers, the remaining 61% have limited or no public commitments for evaluating the risk of their suppliers being associated with habitat destruction and biodiversity loss – vital to ensuring a sustainable future for palm oil.

The SPOTT analysis also found only 58% of companies have a public zero-deforestation commitment that applies to all their suppliers, and just 12% have disclosed a time-bound action plan for suppliers to become compliant with sustainable palm oil sourcing commitments.

Eleanor Spencer, ZSL's Sustainable Business Specialist for Asia says: "Palm oil can be a difficult topic due to unsustainable practices linked to the industry, such as deforestation, being some of the biggest contributors to habitat and biodiversity loss across the tropics - but it doesn't have to be that way.

"As demand for palm oil continues to increase, ZSL is calling for the industry to provide stronger transparency on its assessment of and support for suppliers at all levels of the supply chain, to guarantee that they are complying with key social and environmental commitments - and legal requirements - needed to play their part in addressing the biodiversity and climate crises.

"Without transparent supplier evaluations and support, it's impossible to know whether supply chains are avoiding environmentally damaging practices. Risk assessments are vital to improve sustainability in palm oil production and prevent greenwashing."

The analysis reveals that only 11 companies report having a programme to support high-risk mills in ensuring compliance with their sourcing policies, presenting another opportunity for deforestation to enter the supply chain.

Eleanor added: "The current lack of support in these areas may become a bigger issue for some businesses when the EU Deforestation Regulation (EUDR) comes into force next year. This will require that palm oil and related products sold in the EU are produced without causing deforestation and human rights abuses. Without clear processes for assessing and engaging with suppliers on compliance, it is hard to see how some companies will meet these requirements."

Alongside threatening the vast array of species that live in the tropical forests of Asia, Africa, and Central and South America, deforestation and peatland draining has far-reaching repercussions through accelerating climate change by releasing millions of tonnes of carbon dioxide into the atmosphere.

Most of the palm oil produced globally is used for food and in consumer goods - such as lipsticks, biscuits and shampoos - but it is increasingly being used in biofuels for transport, electricity and heating.

Eleanor explained: "Palm oil is one of the most efficient vegetable oils to grow in terms of yield per hectare and so a complete rejection of its use could have unintended negative impacts - as a less efficient alternative may be adopted in its place. ZSL believes one of the fundamental steps to achieving sustainability is through increased transparency and commitments, which is why it's concerning that so many companies continue to score so low in our assessment."

The analysis found that four of the assessed companies, Royal Industries Indonesia PT, Sazean Holdings, Groupe Blattner Elwyn and Atama Plantation Sarl scored 0% across all assessment criteria.

Peter van der Werf, Executive Director Active Ownership at asset management company Robeco said: "We have a shared responsibility to halt deforestation. To address biodiversity loss, palm oil companies need to provide clear sustainability expectations towards their suppliers and empower them to move

towards efficient and conversion-free planting and harvesting practices that allow for both food security and environmental resilience."

Palm oil buyers, financiers and stakeholders can view SPOTT's assessments and take advantage of a range of support tools to track transparency and benchmark progress at www.spott.org.

ZSL will call on world leaders to put nature at the heart of all decision-making at the UN Biodiversity Conference this December - to better protect ecosystems, wildlife and the communities who rely on them. Find out more at www.zsl.org.

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