

## **PRESS RELEASE**

**For Immediate Release**

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### **The World's Largest Palm Oil Players Commit to Funding High Carbon Stock Study**

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**Kuala Lumpur, 30 July 2014** - The world's largest palm oil players are jointly funding a comprehensive 12-month study that will:

- clearly define what constitutes a High Carbon Stock (HCS) forest;
- provide practical guidance on how to delineate HCS forests on the ground; and
- establish thresholds for HCS that take account of regional socio-economic conditions and opportunities.

The study will take a wide-ranging and practical approach, using robust scientific methods to estimate both above and below ground carbon stocks, and carbon emissions resulting from conversion to oil palm plantations. An inclusive, consultative approach will be adopted (working with governments and leading social and developmental economics experts) to help deepen today's understanding of sustainable palm oil.

Malaysian companies IOI Corporation Berhad, Kuala Lumpur Kepong Berhad and Sime Darby Plantation, Indonesia's Asian Agri and Musim Mas Group, and global agribusiness groups Cargill and Wilmar International, are funding the study and have committed to adopt the study's findings in all their operations and supply chains.

The HCS study is a key component of the Sustainable Palm Oil Manifesto, which was signed by oil palm growers Sime Darby Plantation, IOI Corporation Berhad, Kuala Lumpur Kepong Berhad, Musim Mas Group, and Asian Agri, as well as global palm oil trader Apical and global agribusiness group Cargill. The Manifesto includes a commitment to no deforestation, creating traceable and transparent supply chains, and protecting peat areas, while ensuring economic and social benefits for the local people and communities where oil palm is grown.

To oversee this Study, a Steering Committee has been set up, independently co-chaired by Sir Jonathon Porritt, and Chief Research Scientist from Australia's Commonwealth Scientific and Industrial Research Organisation (CSIRO), Dr John Raison. They are joined by independent economic advisor for the agribusiness sector, Dr James Fry, who will lend his expertise in international commodities to the process.

Leading environmentalist, Sir Jonathon Porritt, said: "Everyone acknowledges just how important it is to have robust methodologies in place to determine exactly what is meant by 'High Carbon Stock'. This study will help to shed light both on the biophysical and on the socio-economic dimensions of that critical area of enquiry, taking a fully integrated approach in order to address the concerns of all stakeholders, including those of NGOs, local communities, smallholders and governments."

The Steering Committee comprises delegates from the signatories of the Manifesto, representing key stakeholders in the palm oil value chain, along with Wilmar International which, although not a signatory, has joined the group to co-fund the study. Collectively, members of the Steering Committee have massive experience in palm oil research. They will be applying this expertise to support an independent, systematic and robust scientific process. Observers to this process include the

Roundtable on Sustainable Palm Oil (RSPO) and the Sustainable Trade Initiative (IDH) who will actively contribute to ensure a transparent, objective and holistic approach. There are plans for discussions with wider stakeholder groups including the RSPO, to help ensure that the results of the study achieve international acceptance and are integrated into RSPO's existing standards and policies.

Over the next weeks, the Steering Committee will appoint a Technical Committee to further scope the work, and then to assemble two groups of experts to contribute to the HCS study. A team of experts specialising in above-ground biomass, soil carbon, remote sensing and oil palm management will determine methods for estimating carbon stocks on the ground in regions where further oil palm development is likely. Concurrently, a team of socio-economic experts will assess the impact of adopting varying HCS forest thresholds on the developmental needs of local communities and governments in the same regions.

The consultants and the Technical Committee will then work together to integrate the findings and to produce an independent report, which will be finalised following extensive consultation. The report will recommend threshold values for what constitutes HCS forests, taking into account environmental concerns, regional socio-economic contexts, and the practical considerations in developing and managing economically viable oil palm plantations.

Sir Jonathon Porritt said, "The Steering Committee will have a critical role in overseeing this study, building common ground across the entire value chain to help define HCS values and thresholds. This is a highly significant move forward for the palm oil industry, and it should be rapidly emulated by others in the agricultural sector."

Dr John Raison stated, "In-depth analysis will be needed to define HCS forest thresholds that also take account of both carbon emissions as well as local developmental opportunities. The Technical Committee will conduct an open and transparent process, and will consult widely in developing an independent report that is based on the best available science and practical experience."



**For further information, please contact:**

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**About the Co-Chairs:**

*Sir Jonathon Porritt is a co-founder of Forum for the Future, the UK's leading sustainable development charity. He was also a director of Friends of the Earth and chairman of the UK Sustainable Development Commission. Dr John Raison is a Nobel Prize winning forest ecologist with over 30 years of research experience and his areas of competence include sustainable forest management, greenhouse gas accounting and climate-related issues.*

### **About the Signatories to the Manifesto:**

*The Signatories to the Manifesto include oil palm growers Sime Darby Plantation, IOI Corporation Berhad, Kuala Lumpur Kepong Berhad, Musim Mas Group, and Asian Agri, as well as global palm oil trader Apical and global agribusiness group Cargill. They are all members of the RSPO, and have existing policies and practices that adhere to its stringent sustainability standards. These companies are already committed to protecting primary forests, peat lands and areas of High Conservation Value (HCV) in new developments by identifying and excluding areas of critical importance in terms of ecological, social or cultural value. Once the HCS study is complete and its thresholds defined, with due consideration given to socio-economic and political factors, the Signatories will adopt and implement the new standards. The RSPO's Principles and Criteria have established the foundation for the growing, production, processing and trading of sustainable palm oil. It is currently the only sustainability standard available to the global edible oil industry, making palm oil the only edible oil that is produced on a large scale that adheres to stringent social and environmental standards.*

### **Background on palm oil:**

*Oil palm is the world's most efficient oil seed crop (one hectare of oil palm produces between 4-6 times more oil per hectare than the next most efficient crop) and it is essential to fulfil the global demand for healthy vegetable oil. With increasing wealth and changing dietary requirements fuelled by economic growth in countries like China and India, the need for efficiently produced oil is critical.*

*In 2012, palm oil accounted for 32 per cent of global oils and fats produced. However, oil palm accounted for only 5.5 per cent of global land use for oilseed cultivation. As a comparison, soybean accounted for 40.1 per cent of global land use for oilseed cultivation, but only 22.4 per cent of global oils and fats produced. Oil palm's land use is even smaller, at less than one per cent, when compared against the total land used for agriculture globally. In 2012, a total of 53.1 million tonnes of palm oil were produced, of which 8.2 million tonnes were certified sustainable palm oil (CSPO). Demand however continued to fall far short of supply at around 3.5 million tonnes.*

*Data from Food and Agriculture Organisation (FAO) shows that out of a total of nearly 5 billion hectares of land used for agriculture worldwide, approximately 70 per cent is utilised as livestock farming, while the remaining 30 percent is used for crop planting. Approximately 0.26 per cent of total land used for global agriculture is planted with oil palm<sup>1</sup>. It is also worthwhile to note that the palm oil industry has proven to be a major driver of economic development in Malaysia and Indonesia, accounting for about 9 per cent<sup>2</sup> and 4.5 per cent<sup>3</sup> of the respective economic output. The palm oil sector also accounts for 570,000<sup>4</sup> and around 3 million<sup>5</sup> direct workers in Malaysia and Indonesia respectively.*

### **References:**

<sup>1</sup> FAO Statistics. 2011

<sup>2</sup> Presentation by MPOB Director General Dato' Dr Choo Yuen May for POTS Romania, September 2012. ([http://mpoc.org.my/upload/P3\\_DatukDrChooPOTSRomania.pdf](http://mpoc.org.my/upload/P3_DatukDrChooPOTSRomania.pdf))

<sup>3</sup> USDA Commodity Intelligence Report, October 2010  
(<http://www.pecad.fas.usda.gov/highlights/2010/10/Indonesia/>)

<sup>4</sup> Malaysia Ministry of Plantation Industries & Commodities, 2009

<sup>5</sup> RSPO, 2013

([http://www.rspo.org/file/GHGWG2/8\\_env\\_n\\_social\\_impacts\\_of\\_oil\\_palm\\_on\\_peat\\_Schrier\\_et\\_al.pdf](http://www.rspo.org/file/GHGWG2/8_env_n_social_impacts_of_oil_palm_on_peat_Schrier_et_al.pdf))