Palm Oil Buyers Scorecard
Measuring the Progress of Palm Oil Buyers
Sustainability | Conservation | Biodiversity
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On the cover
Sumatran elephants are under threat from unsustainable palm oil expansion, causing destruction and fragmentation of their habitats.
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WWF project team Adam Harrison and Carrie Svingen
Research and data analysis Jon Grayson
Scorecard production Jennifer Campbell, Barney Jeffries,
Mitchell Davies, Aaron Scheid and Catalyze Communications

Published in September 2016 by WWF – World Wide Fund For Nature
(Formerly World Wildlife Fund), Gland, Switzerland.

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WWF’s Palm Oil Scorecard shows what companies are – and aren’t – doing to prevent the negative environmental and social impacts of palm oil production.

Palm oil is a hugely important commodity, but it can also cause deforestation, create greenhouse gas (GHG) emissions, drive social conflicts and lead to the loss of vital habitats and unique biodiversity. As demand continues to expand, the industry has a responsibility to stop illegal and irresponsible practices and ensure palm oil is produced sustainably. One way to do that is to support the Roundtable on Sustainable Palm Oil (RSPO) and more importantly buy RSPO-certified sustainable palm oil.

The WWF Palm Oil Scorecard shines a light on what companies are doing to tackle the problems around palm oil. Building on previous WWF Scorecards in 2009, 2011 and 2013, this latest edition brings into sharp focus which companies have met their commitments on palm oil – and which are falling behind.

The results cover 2015 – the deadline year by which many companies promised to use 100 per cent certified sustainable palm oil (CSPO). While many companies have made commendable strides forward and honoured their commitments, others have made little progress or taken no action at all.

This Scorecard assessed the performance of 137 retailers, manufacturers and food service companies from Australia, Canada, Europe, India, Japan and the US. Between them, these brands use more than 6 million tonnes of palm oil, representing roughly 10 per cent of global use.

In this Scorecard we looked again at the same core actions that any responsible company that uses palm oil can and should be taking to show commitment and support producers that are acting responsibly. No matter what the size of the company or which sector they are in, they should have:

- Joined the RSPO
- Made a time-bound commitment to buying only CSPO
- Started buying sustainable palm oil
- Publicly reported progress on these actions.

We also went on to look at how quickly brands are shifting their use of CSPO to physically segregated sources that ensure uncertified and potentially unsustainable palm oil is eliminated from global supply chains.
Almost one in five companies (28 out of 137) didn’t even respond to our requests for information. This lack of transparency and engagement on an issue of significant public interest is completely unacceptable.

Of the 109 brands we were able to judge, all but four are RSPO members – a sign that the RSPO has been instrumental in getting the industry to be more open and more involved in finding practical solutions.

But simply joining the RSPO isn’t enough – companies also need to commit to taking action, and then deliver on their commitments.

107 out of 137 companies assessed told us that they had some sort of public commitment to use CSPO – but only 77 companies had committed to use 100 per cent CSPO by 2015 – the year widely declared by the industry itself as being its target “tipping point”.

Ninety-six companies reported that they had used some CSPO in 2015. This means 41 of the 137 companies didn’t buy any CSPO at all or at least did not report using any.

Of the 77 who said they would only be using CSPO by 2015 only 56 hit their target. Seven of the companies assessed fell short by 50 per cent or more.

However, overall, we’re seeing improvements over recent years: of the 94 companies that were also assessed in the 2013 Scorecard, 76 have shown progress, though 11 seem to have stalled and seven have gone backwards.
Around 17 per cent of global palm oil production is now certified as sustainable by the RSPO – but increased market demand for CSPO is still needed to create the incentive for more producers to adopt sustainable practices and help to shift the whole industry. Given its ready availability, there is no excuse for any company not to be buying enough CSPO now to cover 100 per cent of its palm oil use.

As deforestation, climate change and conflict continue to plague the unsustainable palm oil industry, we need to see companies urgently ramp up their efforts and not just stop after the first step.

Ninety-six companies reported using at least some CSPO in 2015. Just under half of the CSPO these companies used was bought through the book and claim system. Seventeen of these 97 companies were relying on book and claim for more than three-quarters of the CSPO they used. Essentially, this means these companies are paying producers of CSPO for certificates to cover the volume of palm oil they use – even though the actual palm oil that goes into their products may come from uncertified sources.

The book and claim system is valuable to kickstart transformation by making it easy and cheap for brands to support growers that are RSPO-certified. But it still allows the global supply chain to continue trading uncertified and potentially unsustainable palm oil.

So the next step is for companies to shift their sourcing toward fully segregated supply chains – where CSPO is kept separate from uncertified palm oil all the way from the mill where it’s first pressed to the end user. This ensures the palm oil in companies’
products does not contribute to deforestation, and will help build a genuinely sustainable and transparent global trading industry.

While many brands have taken the first step on the core actions needed, fewer are taking this second step on the journey.

Overall, only 15 per cent of all the palm oil that the brands told us they used in 2015 was segregated. Only three companies used 100 per cent segregated CSPO in 2015 – Arnott’s, Danone and Ferrero. Their impressive efforts show that it’s possible for even large users of palm oil (like Ferrero) to get their sourcing on a more sustainable footing. Other companies now need to follow their example.

**Next steps**

There is no excuse at all for any brand using palm oil not to be already using 100 per cent CSPO today. The WWF Palm Oil Buyers Scorecard 2016 shows that almost half of the companies assessed had achieved that by 2015. Those companies that have fallen short should be called to account by their competitors and their customers.

We welcome progress so far but more needs to be done. Brands are not moving fast enough to sourcing segregated CSPO and ensuring the global palm oil trade has no place for unsustainable palm oil.

Meanwhile the wider industry needs to show continuous improvement. WWF’s work on the ground in Sumatra, Indonesia and elsewhere shows that despite the progress shown by the companies in our Scorecard, deforestation is still happening at an alarming rate. The industry as a whole is not changing fast enough and not driving change in the practices of smaller and independent palm oil growers. Meanwhile, policies in producer regions sometimes inhibit change for the better.

Alongside buying CSPO from segregated sources as soon as possible, there are further steps that companies can and should take to improve wider palm oil sustainability.

These include:

- Joining schemes like the Palm Oil Innovation Group (POIG), and buying palm oil certified to tougher standards like RSPO NEXT and the POIG Charter
- Supporting smallholders to become certified
- Lobbying governments in producer and consumer countries to create and enforce legislation requiring legal and sustainable palm oil production.

Consumers also have an important role to play in choosing products containing CSPO, and putting pressure on brands to improve their performance.
Palm oil: an introduction

It’s a crucial commodity, but growing palm oil can lead to devastating deforestation and harm to wildlife, people and the climate.

What’s the problem with palm oil?

From margarine to lipstick, biscuits to candles, chocolate to laundry detergent, palm oil is found in an incredible range of everyday household products. It’s also used to fuel cars, as animal feed and in electricity generation.

In fact, it’s the world’s most produced, consumed and traded vegetable oil, accounting for 38 per cent of global vegetable oil consumption in 2014/15.¹

Palm oil is not only extremely versatile – it’s also very productive, with a yield far greater than other vegetable oils from a far smaller land area. It creates a huge number of jobs, generates income for everyone from small farmers to massive global industries, and makes a big contribution to many local and national economies.

All in all, it could be seen as a miracle plant.

But there’s a downside. When palm oil is grown in the wrong place and in the wrong way, it can be devastating for people, wildlife, nature and the global climate.

Deforestation, conflict and climate change

Palm oil trees grow best in low-lying, wet, hot areas – exactly where tropical rainforests would grow naturally. Clearing for palm oil plantations has led to widespread destruction of rainforests, most significantly in Indonesia and Malaysia, where 86 per cent of the world’s palm oil is grown.²

Between 1990 and 2010 industrial palm oil plantations in these two countries grew by almost 10 million hectares – a rate of 7-8 per cent each year. More than two-fifths of that was planted on cleared forests, and the rest on land already cleared for farming.³

This has damaged the habitats of unique wildlife including orang-utans, elephants, rhinos and tigers, alongside a teeming array of other plants and animals. Many of these species find themselves critically endangered due to the destruction, clearing and fragmentation of their natural habitat.

² Ibid.
³ RSPO. *Reports from the Technical Panels of the 2nd Greenhouse Gas Working Group of the RSPO.*
How popular is palm oil?

Palm oil has damaged the habitats of unique wildlife including orang-utans, elephants, rhinos and tigers.

Global palm oil production 1964-2014


Source: IndexMundi
People have suffered too – especially the communities that depend on the forests for their livelihoods. For many, the loss of forest means a loss of cultural heritage, of food and crops, medicine and shelter, fuel and water – and ongoing conflict with major palm oil growing companies.

But the effects are also felt globally. The conversion of forest and peat land to palm oil plantations releases massive quantities of carbon dioxide, fuelling climate change. Fires – both set deliberately to clear the forest and made more likely as remaining areas become drier – create air pollution problems across the region. The 2015 fires in Indonesia were among the worst ever, with hazardous levels of air pollution causing widespread respiratory, eye and skin ailments, and for several weeks emitting more GHGs than the entire US economy.

So is palm oil a miracle or a nightmare?

The answer isn’t black and white. Palm oil doesn’t have to be destructive, and in fact has the potential to be a major force for sustainable development. The solution is to grow it in a responsible way. And that’s now beginning to happen.

A solution for the industry: sustainable palm oil

The palm oil industry can grow and prosper without sacrificing any more tropical forests or getting involved in conflict with communities. How? WWF believes that one of the most important ways is for companies that produce palm oil to follow the standard and guidance of the Roundtable on Sustainable Palm Oil (RSPO).

WWF co-founded the RSPO in 2004 to bring the whole palm oil industry – from growers, through traders, refiners, manufacturers and retailers – together with NGOs and investors to collaborate to make palm oil more sustainable.

Today the organization has more than 3,000 members from around the world, and has developed a set of certification standards for sustainable palm oil (revised in 2013). By July 2016, around 11 million tonnes of certified sustainable palm oil (CSPO) was being produced each year – about 17 per cent of global production. It’s a good start, but there’s still a long way to go.

RSPO certification is the easiest way for companies in the global palm oil industry, whatever their size or resources, to show they are acting responsibly. WWF strongly urges the industry to produce RSPO-certified sustainable palm oil – and retailers and brands to buy it.

4 RSPO.
WWF wants companies that use palm oil to take action on four fronts, as set out in our guide to palm oil sourcing: 5

**COMMIT**
Make a public statement about palm oil and sustainability that demonstrates a commitment to source more responsibly. Alongside acknowledging the impacts of its palm oil use and announcing its intention to source sustainably, a crucial step for any brand is to join and participate in the RSPO.

**ASSESS**
Assess its supply chain and start buying CSPO. Once it has become a member of the RSPO, a company needs to work out how much palm oil it uses and more importantly start buying RSPO-certified sustainable palm oil from any of the supply chain options available.

**ACT**
Develop and implement a time-bound plan for responsible sourcing of palm oil. The most important step for a responsible brand is of course to turn those promises into concrete actions. It needs to pressure its own suppliers and make a firm, time-bound commitment to only buy 100 per cent physical CSPO.

**PROGRESS**
Demonstrate progress toward purchasing CSPO from growers implementing best practice. Brands need to report their progress and encourage others to change as well. Progress means achieving 100 per cent physical CSPO and committing to go further such as sourcing palm oil from companies verified against the Palm Oil Innovation Group (POIG) Charter or RSPO NEXT (see below).

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5 WWF. 2014. *Sourcing sustainable palm oil: commitments and actions for manufacturers and retailers*. 
The threat of unsustainable palm oil to people, nature and the environment is so great and so urgent that we need a response that will transform the whole global industry. While the RSPO is the best mainstream solution to overall industry transformation, there are other stages on the journey to sustainability.

The journey begins with eliminating poor practice and achieving legality in palm oil production. That is where national governments in palm oil producing countries like Indonesia and Malaysia need to be better at enforcing their own laws and systems (see the Tesso Nilo story on page 56 for an example of what happens when that fails). Both Indonesia and Malaysia now have national standards for palm oil which are broadly aligned with the legal minimum in each country. Both countries need to enforce these standards rigorously. And both standards also need to address sustainability comprehensively. High conservation values must be protected and communities must be asked to give their free, prior and informed consent for palm oil. And both standards need to include supply chain controls before they can be considered as credible international standards for palm oil buyers.

Once the worst practices are eliminated, the industry must then show that it is using better practices by achieving RSPO certification. Certification is important because it requires independent verification of best practices and does not rely on companies’ own reporting or paid consultants. But the journey doesn’t end there – innovators and leaders need to show the industry where it needs to go next by building on the RSPO to achieve best practice. Two initiatives doing just that are RSPO NEXT and POIG. WWF supports these initiatives because we believe they have the potential to deliver real change in the industry.

The Palm Oil Innovation Group, which Greenpeace, Rainforest Action Network, Forest Peoples Programme, WWF and progressive grower members of the RSPO founded together, works to build on existing RSPO standards, systems and commitments and put innovative best practice into action.

POIG has developed a charter standard and is currently looking to build independent third-party verification into the system in order to demonstrate credible proof of change on the ground.

See WWF’s position on POIG.

RSPO NEXT, launched in 2016, is a voluntary add-on to the RSPO’s existing Principles and Criteria, defining the next steps companies can take on the journey to palm oil sustainability. It provides a further set of best practices that members can be consistently and independently measured against.
At the core of RSPO NEXT is independent third-party verification of sustainable production practices based on a robust and comprehensive standard. Unlike many other initiatives, it does not rely on words, promises and good intentions of companies or their consultants, but measures all its members consistently and transparently.

Unfortunately, despite the promises and best efforts of committed growers and supportive buyers, deforestation for palm oil is still happening at an alarming rate. Even the largest, most innovative palm oil growers draw on a large pool of independent suppliers and smallholders that often continue to deal in illegal and sometimes unsustainable palm oil, while governments in the major producing regions are failing to plan the growth of the industry or robustly regulate its performance. As a consequence, supply chains can remain contaminated with illegal palm oil. Many brands, including some we scored, are working to tackle these problems.

Some support a range of smallholder projects to improve practices and work toward certification. Others are mapping their supply chains back to mills in order to try to identify where they are drawing on illegal and unsustainable fruit. While these are worthwhile initiatives, they need to lead to systematic change in the industry. Companies need to collaborate and share best practice – not just keep it to themselves. And they need to help change government policies and not just the practices of growers.

The case of Tesso Nilo (see page 56) is simply the tip of the iceberg. Unless governments take control of the situation, and unless the industry accepts its responsibility to deal with independent suppliers, big and small, and implement due diligence in sourcing from them, responsible brands will no longer be able to source palm oil from these areas.

For more information on the vital role of governance, see page 51.
PALM OIL BUYERS SCORECARD: THE JOURNEY SO FAR

Building on our previous Scorecards, WWF’s 2016 Scorecard aims to bring into sharp focus which companies have met their commitments on palm oil – and which are falling behind.

WWF published its first Palm Oil Buyers Scorecard in 2009, a time when CSPO was new on the market and was in danger of faltering as initial demand did not meet supply. There was very little transparency around corporate use of palm oil.

2009
This first Scorecard showed that few companies were making commitments to CSPO, and of those that were, far too few were taking even the basic steps to keep them, such as working out how much palm oil they were using. The Scorecard played an important role in jumpstarting the market for CSPO, and helping to spur a drive for greater transparency in the industry.

2011
Our next Scorecard in 2011 assessed a greater number of companies. While supply of and demand for CSPO had increased markedly, still only around half of CSPO supply was being purchased and claimed as CSPO. This was, and still is, used as an excuse by growers not to pursue RSPO certification for additional land.

2013
Many users of palm oil set 2015 as their target for reaching 100 per cent CSPO. With the deadline two years away, WWF helped focus the attention of these companies – and their customers – on whether they were making enough progress.

2016
For the European companies, we also took a closer look at which of the RSPO-approved supply chain options palm oil buyers were using, with the objective of promoting faster and greater uptake of segregated CSPO.

WWF chose to wait until 2016 to issue this latest Scorecard. We felt it was crucial to score companies on the actions they took in 2015 – the milestone year by which many frontrunners promised to have their entire palm oil supply certified. So which companies actually followed through? Which stalled or pushed back their deadlines?

As in 2013, this Scorecard looks at the supply chain choices that companies are using when they buy CSPO. We have scored many of the brands on their progress toward buying only CSPO that comes from fully segregated supply chains.

The 2016 Scorecard includes several new countries, evaluating key retailers and brands from Poland and Canada for the first time.
HOW DID WE ASSESS COMPANIES?

The Scorecard assesses commitments made and actions taken to move to sustainable palm oil – including how some companies use different supply chain options.

We have scored all companies in the Scorecard out of a possible total of nine points, based on the performance indicators below. These are the most important first steps that all palm oil users should be taking.

<table>
<thead>
<tr>
<th>PERFORMANCE INDICATOR</th>
<th>SCORING ALLOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSPO membership and annual progress reporting</td>
<td>1 point for being an RSPO member</td>
</tr>
<tr>
<td>– as a sign of basic commitment to the cause of sustainable palm oil and to reporting progress</td>
<td>1 point for reporting progress to the RSPO</td>
</tr>
<tr>
<td>Time-bound commitments to buying CSPO</td>
<td>1 point for making a commitment to buy only CSPO by 2015 or earlier</td>
</tr>
<tr>
<td>– as a sign that companies plan to use their sourcing of palm oil to help transform the global industry</td>
<td>1 point if that commitment covers all of their palm oil use globally</td>
</tr>
<tr>
<td>Whether companies know and disclose how much palm oil they use</td>
<td>1 point for publishing how much palm oil they use in total</td>
</tr>
<tr>
<td>– because transparency about how much palm oil is used by brands gives an important signal to growers about the likely market for CSPO</td>
<td></td>
</tr>
<tr>
<td>How much CSPO companies actually use</td>
<td>4 points if 75-100 per cent of their palm oil is CSPO</td>
</tr>
<tr>
<td>– because this is how both large and small brands can best turn their commitment into action</td>
<td>3 points for 50-75 per cent</td>
</tr>
<tr>
<td></td>
<td>2 points for 25-50 per cent</td>
</tr>
<tr>
<td></td>
<td>1 point for 1-25 per cent</td>
</tr>
<tr>
<td></td>
<td>0 points for none (or no data given)</td>
</tr>
</tbody>
</table>

As the supply of CSPO has grown in markets like Europe and elsewhere, WWF’s scoring system has evolved to also look at how some companies use supply chain options for CSPO – book and claim (GreenPalm) or the physical supply chains (mass balance, segregated and identity preserved). For 2016, we have scored companies in Europe, North America, Japan and Australia based on the weighted average of how much of their total use of palm oil is covered by the different supply chain options.

The final supply chain score is our measure of how far each company has travelled on the journey to switching all of their use of palm oil to physically segregated and RSPO-certified sources.
Due to the complexity of the palm kernel supply chain, physical supplies of palm kernel oil (PKO) and palm oil derivatives (POD) from RSPO-certified sources are much harder to find than certified crude palm oil (CPO), making the shift to physical CSPO for companies relying on PKO and POD more difficult. It also makes it more difficult for companies sourcing palm products in certain markets. For instance, there is little refining capacity in the US, so physical CSPO is harder to come by there than in Europe. Also, finding segregated or identity preserved certified palm products of any type is harder than finding the same product from mass balance CSPO, or using the simpler book and claim system.

We have weighted the scoring to reflect these challenges – giving fewer points for sourcing certified CPO compared to certified PKO and in turn to certified POD. In the supply chain scoring system, book and claim is only given points if it is used to bring total volumes of CSPO up to 100 per cent – covering only half of your use of palm oil with such certificates and doing nothing else is not taking credible action to shift the industry toward physical sustainable supply chains.

We applied the following weightings to the volumes of CSPO used:

<table>
<thead>
<tr>
<th></th>
<th>Percentage of palm product used that is identity preserved or segregated</th>
<th>Percentage of palm product used that is mass balance</th>
<th>Percentage of palm product used that is book and claim</th>
<th>Overall score for supply chain choices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude palm oil</td>
<td>% x 4</td>
<td>% x 2</td>
<td>% x 1</td>
<td>Sum of the three scores</td>
</tr>
<tr>
<td>Palm kernel oil</td>
<td>% x 5</td>
<td>% x 2.5</td>
<td>% x 1</td>
<td>Sum of the three scores</td>
</tr>
<tr>
<td>Palm oil derivatives and fractions</td>
<td>% x 6</td>
<td>% x 3</td>
<td>% x 2</td>
<td>Sum of the three scores</td>
</tr>
</tbody>
</table>

We also wanted to have a measure of how difficult it was for companies to switch their own sourcing depending on what type of business they were in.

First, we had to account for the fact that some companies don’t use particular types of palm oil at all – so for instance the baked foods sector tends to use mainly CPO and little or no PKO, whereas for the personal care sector it’s the other way round. It makes sense for companies to focus their efforts on the type of palm oil they use most of, and we didn’t want to mark a company down just because it doesn’t use a particular type of palm oil, or uses only a small proportion.

We then applied the weightings below to the scores already given for a company’s supply chain choices. Essentially, we rated the effort companies made to source CSPO across their businesses, giving them a final consolidated score out of 10.
All of these weightings are subjective and it’s a complex calculation, but since each company is scored in the same way we are able to measure how individual companies have progressed along their own journey toward physical supplies of CSPO.

This method allows us to compare the largest companies facing the biggest challenges directly with the smallest companies facing their own barriers. It allows us to acknowledge those companies that have put in the effort to sort out their palm oil supply chains and, just as importantly, identify those that have not.

The 2016 Scorecard also looks at what the assessed companies are doing to build on the RSPO and its standard – such as buying book and claim certificates from certified independent smallholder producers, joining POIG and setting additional sourcing requirements for their suppliers like those outlined by RSPO NEXT and POIG. However, we didn’t score companies on these efforts.

There are 137 companies in the 2016 Scorecard, including a mixture of large and small palm oil users and RSPO members and non-members. The majority are manufacturers and retailers, while we also looked at some companies operating in the food service sector. The scored companies are based in Australia, Canada, Europe, India, Japan and the US, and represent important brands in their respective markets. Between them we estimate that they use about 10 per cent of the world’s palm oil.

From this group we get a picture of global progress as well as insight into how individual companies are doing. Many companies have also appeared in earlier WWF Scorecards, enabling us to build up a picture of their progress over time.

The world of brands is constantly shifting as companies merge or get acquired. For instance, The Body Shop – which we previously scored in its own right – is now reporting as part of L’Oréal. Meanwhile Harrys in France is now reported under Barilla in Italy. Unfortunately this means we can no longer see how much palm oil and CSPO these individual subsidiaries use.

Other companies that we have scored are not members of the RSPO themselves, but are either subsidiaries of RSPO members (such as Seiyu, a Japanese retailer owned by...
Why does the Scorecard not include other issues?

The WWF Palm Oil Buyers Scorecard 2016 has scored companies on what they have actually done related to the RSPO and CSPO up to the end of 2015, rather than on the promises and commitments that they may be making to do things differently in the future. Many brands are also involved in a wide range of other efforts to help change the industry, ranging from participation in national and international bodies and groups, to supporting smallholders to improve their practices, to working with consultants to map the risks in their supply chains.

WWF welcomes the many commitments, initiatives, projects and partnerships focusing on sustainable palm oil that assessed companies have told us they are involved in, and these are noted in the individual company profiles on the Scorecard website (palmoilscorecard.panda.org). These actions were not scored in the Scorecard however, as we lack the capacity to judge and verify them.
Companies disclosed the volume of palm oil they used.

- 98 companies disclosed the volume of palm oil they used.
- 96 companies used CSPO.
- 59 companies used 100% CSPO.
- 35 companies from North America.
- 80 companies from Europe.
- 22 companies from Australasia.

48 retailers using 281,845 tonnes of palm oil.

77 manufacturers using 5,640,475 tonnes of palm oil.

12 food service companies using 166,960 tonnes of palm oil.

96 companies used 100% CSPO.

77 companies had committed to reaching 100% CSPO by 2015.

109 companies are RSPO members.

100 companies reported to the RSPO in 2015.

Companies have used:

- CPO: 3,116,549t
- PKO: 983,205t
- POD: 2,072,524t
- SG: 875,052t
- IP: 6,570t
- MB: 857,914t
- B&C: 2,923,351t

With 137 companies assessed this year, there are too many to present all the information on each of them – see in-depth profiles of each company at palmoilscorecard.panda.org.

If companies reach their time-bound plans, they will be using 6,072,154 tonnes of CSPO in 2020.

If there is no URL - Regular OR

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.
<table>
<thead>
<tr>
<th>COMPANY</th>
<th>Country of HQ</th>
<th>RSPO member?</th>
<th>Commitment to 100% CSPO by year</th>
<th>Total palm oil used (t)</th>
<th>How much of this is CSPO (%)</th>
<th>Score out of 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahold</td>
<td>Netherlands</td>
<td>2010</td>
<td>Global</td>
<td>18,880</td>
<td>100%</td>
<td>9</td>
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<tr>
<td>Axfood</td>
<td>Sweden</td>
<td>2009</td>
<td>National</td>
<td>20</td>
<td>100%</td>
<td>9</td>
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<td>Boots</td>
<td>United Kingdom</td>
<td>2010</td>
<td>Regional</td>
<td>2,296</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Carrefour</td>
<td>France</td>
<td>2010</td>
<td>Global</td>
<td>12,822</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Casino</td>
<td>France</td>
<td>2010</td>
<td>National</td>
<td>2,159</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Coles</td>
<td>Australia</td>
<td>2010</td>
<td>Regional</td>
<td>4,114</td>
<td>100%</td>
<td>9</td>
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<tr>
<td>Colruyt Group</td>
<td>Belgium</td>
<td>2010</td>
<td>Regional</td>
<td>6,113</td>
<td>100%</td>
<td>9</td>
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<tr>
<td>Coop Switzerland</td>
<td>Switzerland</td>
<td>2010</td>
<td>National</td>
<td>2,910</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Coop Sweden</td>
<td>Sweden</td>
<td>2012</td>
<td>National</td>
<td>1,064</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Delhaize</td>
<td>Belgium</td>
<td>2012</td>
<td>National</td>
<td>8,652</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>E.Leclerc</td>
<td>France</td>
<td>2011</td>
<td>Global</td>
<td>41,686</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Marks &amp; Spencer</td>
<td>United Kingdom</td>
<td>2010</td>
<td>National</td>
<td>12,866</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Migros</td>
<td>Switzerland</td>
<td>2013</td>
<td>National</td>
<td>8,583</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Morrisons</td>
<td>Denmark</td>
<td>2012</td>
<td>National</td>
<td>1,000</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>REMA 1000</td>
<td>Finland</td>
<td>2015</td>
<td>Regional</td>
<td>1,026</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>S Group</td>
<td>United Kingdom</td>
<td>2010</td>
<td>National</td>
<td>12,271</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Selga</td>
<td>Japan</td>
<td>2010</td>
<td>National</td>
<td>1,080</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Super U</td>
<td>United Kingdom</td>
<td>2010</td>
<td>National</td>
<td>3,656</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>The Co-operative</td>
<td>United Kingdom</td>
<td>2010</td>
<td>National</td>
<td>4,919</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Waitrose</td>
<td>USA</td>
<td>2010</td>
<td>National</td>
<td>1,450</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Walmart</td>
<td>USA</td>
<td>2010</td>
<td>Global</td>
<td>85,400</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Woolworths</td>
<td>Australia</td>
<td>2010</td>
<td>Regional</td>
<td>2,237</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>ICA</td>
<td>Sweden</td>
<td>2010</td>
<td>Regional</td>
<td>1,794</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Jumbo</td>
<td>Netherlands</td>
<td>2010</td>
<td>National</td>
<td>4,001</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Metcash</td>
<td>Australia</td>
<td>2010</td>
<td>National</td>
<td>279</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Tesco</td>
<td>United Kingdom</td>
<td>2010</td>
<td>National</td>
<td>38,906</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Kesko</td>
<td>Poland</td>
<td>2010</td>
<td>National</td>
<td>1,203</td>
<td>100%</td>
<td>9</td>
</tr>
<tr>
<td>Superunie</td>
<td>Netherlands</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Costc</td>
<td>USA</td>
<td>2011</td>
<td>Global</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Dansk Supermarked</td>
<td>Denmark</td>
<td>2010</td>
<td>Regional</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Kroger</td>
<td>USA</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Target</td>
<td>USA</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Safeway</td>
<td>USA</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>CO.OP Japan</td>
<td>Japan</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Seven &amp; I Holdings</td>
<td>Japan</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>JEON</td>
<td>Japan</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Alma</td>
<td>Poland</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Auchan</td>
<td>Poland</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Coop Denmark</td>
<td>Denmark</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Eurocash</td>
<td>Poland</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Jerónimo Martins Poland</td>
<td>Poland</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Lewistan</td>
<td>Poland</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Pilat i Pawel</td>
<td>Poland</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>POLOmarket</td>
<td>Poland</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Whole Foods Market</td>
<td>USA</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
<tr>
<td>Żabka</td>
<td>Poland</td>
<td>2010</td>
<td>National</td>
<td>ND</td>
<td>ND</td>
<td>9</td>
</tr>
</tbody>
</table>
Their customers are concerned about unsustainable palm oil, but the responses from retailers are polarized: while 22 of the 48 assessed are buying 100 per cent CSPO, another 19 seem not to be buying any at all.

Of the 48 retailers evaluated by WWF, 14 did not submit an Annual Communication of Progress (ACOP) to the RSPO or respond to WWF’s requests for information. We drew the following conclusions about volumes based on the 34 companies that did respond and that we were able to score.

Many retailers have still not taken even the first and simplest step of joining the RSPO. And some RSPO member retailers haven’t set a target to use 100 per cent CSPO – even through the easily available book and claim system.

ÆON, Alma, Auchan, Coop Denmark, Eurocash, Jerónimo Martins Poland, Kroger, Lewiatan, Piotr i Pawel, POLOmarket, Safeway, Seven & i Holdings, Whole Foods Market and Żabka did not respond to our request for information. Of these only Safeway is a member of the RSPO – but as a new member does not yet need to report on progress. CO.OP Japan did respond but reported no action taken in 2015.

None of the above used any CSPO in 2015 – and CO.OP Japan, Costco, Dansk Supermarked and Target didn’t tell us whether they had or not. Costco, Safeway
and Target are RSPO members but did not set themselves the challenge to use only CSPO by 2015.

Showing the way forward

At the same time, many retailers have really put the effort into changing themselves and the industry, setting tough targets and delivering on them.

Ahold, Axfod, Boots, Carrefour, Casino, Coles, Colruyt Group, Coop Sweden, Coop Switzerland, Delhaize Group, E.Leclerc, IKEA, Marks & Spencer, Migros, Morrisons, REMA 1000, Sainsbury’s, Seiyu, S Group, Super U, The Co-operative (UK), Waitrose, Walmart and Woolworths all scored the maximum of nine points.

If they can do it so can their competitors!
### WWF PALM OIL BUYERS SCORECARD 2016

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Palm Oil Used (t)</th>
<th>How much of this is CSPO (%)</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>How much of this is CSPO (%)</th>
<th>Total Palm Oil Used (t)</th>
<th>How much of this is CSPO (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>58,120</td>
<td>0%</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>0%</td>
<td>58,120</td>
<td>0%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>21,294</td>
<td>76%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>76%</td>
<td>21,294</td>
<td>76%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>14,049</td>
<td>32%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>32%</td>
<td>14,049</td>
<td>32%</td>
</tr>
<tr>
<td>USA</td>
<td>125,843</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>125,843</td>
<td>100%</td>
</tr>
<tr>
<td>EU</td>
<td>493,677</td>
<td>4%</td>
<td>2013</td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td>4%</td>
<td>493,677</td>
<td>4%</td>
</tr>
</tbody>
</table>
Like retailers, the consumer goods manufacturers show a clear split: 33 leading brands of the 77 evaluated are using 100 per cent CSPO, but 16 seem not to be buying any at all.

Of the 77 manufacturers evaluated by WWF, 10 did not submit an ACOP report to the RSPO or respond to WWF’s requests for information. We drew the following conclusions about volumes based on the 67 companies that did respond and that we were able to score.

Not on the journey yet

Of the 77 manufacturers surveyed seven have not taken even the first and simplest step of joining the RSPO.

Brioche Pasquier, Canada Bread, Dragsbæk, Emami Limited, Hillshire Brands, Intercos, Maspex, Sofina, Tayto and Toms did not respond to WWF’s request for information. Avril did respond but reported taking no action in 2015. Its subsidiary Oleon is an RSPO member but in the processor/refiner category, so it is unclear whether the data it reported to the RSPO covered any or all of Avril’s business as well.

Campbell’s reported directly to WWF since it is not yet an RSPO member itself. Campbell’s subsidiary Arnott’s is an RSPO member but the data it gave to the RSPO only covers Arnott’s actions and not those of its parent company.
Manufacturers that reported their progress but included no targets for using CSPO were Avril and Jacquet Brossard. But there are many more that had not committed to only use CSPO by 2015.

Fifteen manufacturers are not buying any CSPO as far as we can tell: Avril, Brioche Pasquier, Campbell’s, Canada Bread, Dragsbæk, Emami Limited, Godrej, Hillshire Brands, Intercos, Maspex, Nisshin OilliO, Smucker’s, Sofina, Tayto and Toms.

Meanwhile other manufacturers are leaving their competitors in the dust. ABF, Arla, Arnott’s, Cérélia, Colgate-Palmolive, ConAgra Foods, Danone, Estée Lauder, Ferrero, FrieslandCampina, General Mills, Hershey, Karl Fazer, Kellogg’s, Kraft Heinz, Lindt & Sprüngli, Lotus Bakeries, Mars, Mondelēz, Oriflame, PepsiCo, Premier Foods, Reckitt Benckiser, Warburtons, Unilever and Young’s all scored the maximum of nine points for the core actions WWF asked of them: joining the RSPO, reporting progress, setting tough targets to buy CSPO – and delivering on those commitments.

From these results, it seems that taking the first steps is relatively easy for consumer goods manufacturers. How these market leaders are progressing on the harder task of switching to physical sources of CSPO is discussed later.

Out of the 77 manufacturers evaluated, several identified themselves as mainly food manufacturers, others as mainly personal care and detergents producers, and others as manufacturers of general or mixed products.

The table below shows how far the different types of manufacturers have progressed toward using CSPO:

<table>
<thead>
<tr>
<th></th>
<th>How much CSPO are the scored manufacturers using?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
</tr>
<tr>
<td>Food</td>
<td>44</td>
</tr>
<tr>
<td>General</td>
<td>15</td>
</tr>
<tr>
<td>Personal care</td>
<td>11</td>
</tr>
</tbody>
</table>

Food manufacturers are progressing more quickly than others – probably as certified CPO is more readily available than the PKO and derivatives used more frequently by personal care products manufacturers. Manufacturing companies have consistently told us that they find it more difficult to source certified PKO and derivatives. If the entire industry is to shift to CSPO, then the major refiners will have to increase their efforts to access and process the full range of palm oil products from RSPO-certified sources.
## PROGRESS ON ESSENTIAL ACTIONS

### FOOD SERVICE COMPANIES

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>Country of HQ</th>
<th>RSPO member?</th>
<th>Commitment to 100% CSPO by year</th>
<th>Scope of commitment</th>
<th>Total palm oil used (t)</th>
<th>How much of this is CSPO (%)</th>
<th>Score out of 9</th>
<th>Change in score since 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Krispy Kreme Doughnuts</td>
<td>USA</td>
<td>✔</td>
<td>✔ 2015</td>
<td>Global</td>
<td>20,000</td>
<td>100%</td>
<td>9</td>
<td>—</td>
</tr>
<tr>
<td>McDonald’s</td>
<td>USA</td>
<td>✔</td>
<td>✔ 2015</td>
<td>Global</td>
<td>122,669</td>
<td>95%</td>
<td>9</td>
<td>▲</td>
</tr>
<tr>
<td>Sodexo</td>
<td>France</td>
<td>✔</td>
<td>✔ 2013</td>
<td>National</td>
<td>1,805</td>
<td>100%</td>
<td>9</td>
<td>▲</td>
</tr>
<tr>
<td>Tim Hortons</td>
<td>Canada</td>
<td>✔</td>
<td>✔ 2015</td>
<td>Global</td>
<td>17,544</td>
<td>100%</td>
<td>9</td>
<td>—</td>
</tr>
<tr>
<td>Wendy’s</td>
<td>USA</td>
<td>✔</td>
<td>✔ 2022</td>
<td>Global</td>
<td>1,942</td>
<td>23%</td>
<td>5</td>
<td>—</td>
</tr>
<tr>
<td>Compass Group</td>
<td>United Kingdom</td>
<td>✔</td>
<td>✔ 2020</td>
<td>Global</td>
<td>700</td>
<td>0%</td>
<td>4</td>
<td>▲</td>
</tr>
<tr>
<td>Délifrance</td>
<td>France</td>
<td>✗</td>
<td>✔ 2020</td>
<td>Global</td>
<td>2,300</td>
<td>36%</td>
<td>4</td>
<td>—</td>
</tr>
<tr>
<td>Dunkin’ Brands</td>
<td>USA</td>
<td>✗</td>
<td>✔ 2016</td>
<td>Global</td>
<td>ND</td>
<td>ND</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Cara Operations</td>
<td>Canada</td>
<td>✗</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>—</td>
</tr>
<tr>
<td>Pizza Pizza</td>
<td>Canada</td>
<td>✗</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>—</td>
</tr>
<tr>
<td>Whitbread</td>
<td>United Kingdom</td>
<td>✗</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>—</td>
</tr>
<tr>
<td>Yum!</td>
<td>USA</td>
<td>✗</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>—</td>
</tr>
</tbody>
</table>
We looked at only a few food service companies – but found the majority making little progress, with half buying no CSPO at all.

Of the 12 food service companies evaluated by WWF, four did not submit an ACOP report to the RSPO or respond to WWF’s requests for information. We drew the following conclusions about volumes based on the eight companies that did respond and that we were able to score.

- **94%** Total percentage of CSPO used
- **157,319 t** Total CSPO used
- **166,960 t** Total palm oil used
- **6** Are RSPO members
- **4** Had a 2015 time-bound plan
- **6** Used some CSPO
- **3** Used 100% CSPO
- **0** Used 100% physical CSPO

The data on food service companies comes from a small sample, so it is difficult to draw conclusions – but it seems the sector in general is falling behind other brands.

**Not on the journey yet**

Neither Cara Operations, Pizza Pizza, Whitbread’s nor Yum! replied to our request for information. Along with Dunkin’ Brands, they are not even members of the RSPO.

Délifrance, Krispy Kreme Doughnuts, McDonald’s, Tim Hortons and Wendy’s told us that they were using some CSPO.

Compass Group and Dunkin’ Brands told us they are not using any CSPO yet.
Only four food service companies we scored are leading the pack – **Krispy Kreme Doughnuts, McDonald’s, Sodexo** and **Tim Hortons**.

All four scored the maximum of nine points for the core actions WWF asked of them: joining the RSPO, reporting progress, setting tough targets to buy CSPO – and delivering on those commitments by sourcing close to all of their palm oil used from CSPO.

By far the largest food service user of palm oil we scored, **McDonald’s** is really carrying the weight for the sector – without its CSPO volumes, the food service brands would be far behind other sectors.

*Palm oil can be an ingredient in many everyday products, including bread.*
As the European, North American and Australian markets shift to CSPO, Asian companies now need to take the lead on sustainable palm oil.

Figure 4
What companies in different parts of the world told us about their palm oil use

TOTALS

Volumes of palm oil
6,172,280 t
137 Companies
109 RSPO members
76% CSPO
In the 2013 Scorecard, European brands were well ahead of their competitors in the rest of the world in sourcing CSPO. By 2015, Australian and US brands had caught up or even surpassed them. Companies in Japan are also progressing, although slowly.

Unfortunately we still see very little progress by brands elsewhere in Asia. Awareness of sustainability issues among the industry using palm oil is low even in countries that produce and consume it in large volumes, like Indonesia and Malaysia. See appendix 3 for more about sustainable palm oil in China and India.

As the European, North American and Australian markets shift to CSPO, the future growth in demand needed to persuade more growers to switch to CSPO will have to come from the large and expanding Asian markets: China, India, Indonesia and Malaysia.

Brands in Malaysia and Indonesia are well placed to move quickly to source sustainable palm oil. Most CSPO is produced in Indonesia and Malaysia, and refiners in both countries are already processing physical supplies of CSPO. With increasing local awareness of palm oil due to the recent recurrence of haze caused by fires used for land clearing, local brands have a golden opportunity to show support for responsible producers and respect for local customers by using, and promoting their use of, CSPO.
The Scorecard shows that size isn’t a big factor when it comes to which companies are sourcing CSPO.

**Figure 5** Scored companies that achieved 99-100 per cent CSPO

<table>
<thead>
<tr>
<th>Palm oil volume used (tonnes)</th>
<th>Less than 1,000</th>
<th>1,000-10,000</th>
<th>10,000-50,000</th>
<th>50,000-100,000</th>
<th>100,000-1,000,000</th>
<th>More than 1,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies</td>
<td>6</td>
<td>36</td>
<td>31</td>
<td>12</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>Number at 99-100% CSPO</td>
<td>3</td>
<td>22</td>
<td>21</td>
<td>7</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Who are they?</td>
<td>Axfod</td>
<td>Boots</td>
<td>Ahold</td>
<td>ABF</td>
<td>Colgate-Palmolive</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Jacquet</td>
<td>Coles</td>
<td>Arla</td>
<td>General Mills</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Brossard</td>
<td>Colruyt Group</td>
<td>Arnott’s</td>
<td>Kellogg’s</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Young’s</td>
<td>Coop Sweden</td>
<td>Avon</td>
<td>L’Oréal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coop Switzerland</td>
<td>Barilla</td>
<td>Mars</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Delhaize Group</td>
<td>Carrefour</td>
<td>United Biscuits</td>
<td></td>
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<td>Foods</td>
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</table>

| Total volume of palm oil     | 2,654          | 134,821      | 631,191      | 857,772        | 3,032,577         | 1,513,265           |
| Total volume of CSPO         | 1,083          | 114,483      | 500,233      | 601,447        | 1,931,313         | 1,513,265           |
| Average CSPO used            | 41%            | 85%          | 79%          | 72%            | 64%               | 100%                |
Size doesn’t seem to matter much when it comes to sourcing sustainable palm oil.

The performance of companies sourcing between 1,000 and 1,000,000 tonnes of palm oil appears broadly similar. The range of supply chain options makes it easy for a responsible palm oil user to buy as much physical CSPO as possible and cover the shortfall with book and claim certificates. However, many companies of all sizes are still not taking up even these easy options.

Unilever stands out among the brands as by far the largest user of palm oil, as well as the single company that has done the most to source CSPO.

Of the 137 companies assessed, the 14 largest users account for more than two-thirds of the total palm oil used – with Unilever alone making up almost 30 per cent. These large brands are crucial in driving producers to certify more palm oil by demonstrating demand, and a handful of them – Colgate-Palmolive, ConAgra Foods, Ferrero, FrieslandCampina, PepsiCo, Reckitt Benckiser and Unilever – are doing that by sourcing all or almost all of their palm oil as CSPO. But that is only one action they need to be taking to transform the rest of the industry. Below we look at how quickly these and other brands are also moving to sourcing physical CSPO.

As well as supporting transformation through their buying power, some of these large brands – in particular Ferrero and Unilever – have played a significant role by setting up and actively participating in initiatives such as the RSPO and POIG. Other influential brands should follow their example.

While the big players can lead the way, smaller palm oil users also need to take action.

Workers harvesting palm oil in Sumatra, Indonesia.
HOW FAR HAS THE INDUSTRY COME SINCE 2009?

WWF has scored 40 brands consistently since 2009. Almost all of them have shown progress. Unfortunate exceptions who have largely failed to report on their progress to either WWF or the RSPO include Auchan and Brioche Pasquier.

Brands that seem to be stuck at the bottom of the ranking include Coop Denmark, Costco, Dansk Supermarked, Emami Limited, Hillshire Brands, Target and Tayto. These companies really need to ramp up their efforts on sustainable palm oil.

Showing the greatest progress over the years are ABF, Casino, Colruyt Group, Coop Sweden and Super U. These companies showed little appetite for sustainable palm oil in 2009 but have since progressed well.

What happened to 2015?

Until recently, many major companies set themselves the target of being 100 per cent RSPO-certified by 2015. But as evidenced in our Scorecards, even by 2011 and certainly by 2013 it was increasingly obvious that many companies would not reach their goals.

Unfortunately, the concerns we expressed in past Scorecards were well founded. In 2015, 77 companies had commitments to use or cover all of their palm oil use with CSPO by 2015. But in the same year that they were publicizing those targets, only 56 actually reached 100 per cent, while a further seven were more than 90 per cent of the way there.

These brands need to be acknowledged for making the right commitment but more importantly putting in the effort to deliver those commitments.

But what about the rest?

There are many reasons why targets have not been met. In some cases companies point out that the types of palm oil they use – particularly the more complex fractions and derivatives used in personal care and specialist products – are not always widely available or sold at a price they are willing to pay in the markets where they want them.

But that is precisely why the book and claim system exists – to allow those sorts of users to take action to support sustainable producers of palm oil, even if the traders and refiners are lagging behind. So it is disappointing that many companies seem not to have taken up this basic option that can encourage palm oil growers to pursue certification.
Some brands facing these challenges have shied away from using book and claim due to concerns about its credibility (see appendix 1 on supply chain choices). Others, like Nestlé, have now stopped buying book and claim certificates, preferring to rely on their own sourcing guidelines. Other brands are seeking to invest in smallholder schemes rather than book and claim certificates. But some companies seem to be using this argument to do nothing at all.

While we welcome any and all of these efforts by brands to change the industry, we appreciate that not all brands can undertake them. Buying CSPO has a key role to play in demonstrating to palm oilgrowers that there is a demand for them to improve their practices and get their operations independently verified as meeting better practices. Buying CSPO is an option open to all brands, big or small, that use CSPO and/or the most complex derivatives and fractions. Other actions must also be undertaken along with buying CSPO, but they must not replace this fundamental step.

In particular WWF is very disappointed to see that the following companies fell at least 50 per cent short of their own 2015 targets or did not report to us with enough evidence of whether they had met them or not:

Dansk Supermarked, DuPont, Ginsters, Kroger, Lion, Nestlé, P&G, Remia, Smucker’s and Superunie.

Moving targets: which companies switched target dates and when?

Some brands pre-emptively dropped 2015 as a target and replaced it with 2020. Among those companies that had set themselves a target of 2015 in 2012 the following had, by 2014, postponed their target year:

Aviko, Avon, Co-op Clean, Kao, Lion, Saraya, Super U, Taiyo and Yushi.

Unilever, one of the first brands to set 2015 as a target to meet all its use with physical CSPO, was also one of the first to move its target year to 2020. However, it then purchased enough book and claim credits to cover all the palm oil it was unable to source from physical CSPO supplies. There is no excuse for other companies not to follow this example.

So if the industry didn’t achieve 100 per cent by 2015, what happens next?

The 137 companies scored use more than 6.1 million tonnes of palm oil between them, representing about 10 per cent of global use. While there is likely to be some double counting between manufacturers and retailers, they provide a good indication of how the demand for CSPO is progressing.

In 2015, 4.7 million tonnes – or 77 per cent of the assessed companies’ palm oil use – was already covered by CSPO. If their use of palm oil stays constant and, more importantly, if they take their new targets seriously, then by 2020 we can expect to see at least 6 million tonnes of CSPO being used by these companies.
Given the urgency of tackling deforestation, species loss, climate change and conflict, and the availability of CSPO, WWF urges companies to meet these targets as soon as possible.
What exactly are the brands promising to their customers in different parts of the world?

The palm oil industry is truly global – and so are many of the companies that buy and use palm oil. Multinationals that operate across the world have a particular responsibility to make sure that all of their customers are treated the same. They can take a strong leadership role by not only using CSPO in the more progressive markets such as Europe and North America, but also in Asia.

Of the 50 companies that told us they operated at a global level, the majority were also committed to using CSPO in all of their markets. However, some do not. For example, L’Oréal seems to have made a commitment to use CSPO only in France. This is worrying not only because L’Oréal is a global brand itself, but also because it now owns and sets policies for The Body Shop, a company that scored well in previous WWF Scorecards.

In the same vein, Tesco is a global brand – but has only promised to use CSPO in the UK. Another three companies – Lactalis, United Biscuits and Zeelandia – only promise to use CSPO in some of the markets they sell into. United Biscuits, another company that scored very highly in previous WWF Scorecards, has justified its limited commitment scope because of its recent merger with the large Turkish company Yildiz Holdings and the subsequent expansion of its business. We hope that the new company will take its lead from United Biscuits’ previously good track record on palm oil.

The European and US markets are progressing well on shifting to CSPO. But the Asian markets – particularly India and China, which each consume as much or more than the whole of Europe and where demand is increasing year on year – are lagging way behind. These markets will shift to CSPO only when global brands start treating their consumers in Asia with the same respect they give consumers in their home countries. That means using CSPO in all products produced for and in Asia, and indeed globally. See appendix 3 for more about recent developments in sustainable palm oil in India and China.

You can ask your favourite brands whether they are committed to using sustainable palm oil in all the markets where they operate. Promising to be only half sustainable is not good enough.
DO COMMITMENTS COVER OWN BRANDS OR PRIVATE LABELS TOO?

As in earlier Scorecards, one of the issues we examined in 2016 is whether palm oil buyers make commitments to use CSPO only for their own brands or whether they are also doing so on behalf of other companies that they use or sell palm oil for (i.e. private labels).

Many manufacturers produce goods for other companies that are sold under other labels. In most cases it may not be apparent who the original manufacturer was. At the same time most retailers sell their own-brand products alongside similar ones from other companies – sometimes even those made by the same manufacturers.

Unless companies are making commitments that cover both their own brands and the private labels they do business with, they are making only partial promises. Transformation is all or nothing – changing only half the industry will not tackle the problems of deforestation, climate change and conflict caused by irresponsibly produced palm oil.

But the brands seem in most cases to be reluctant to accept this wider responsibility. In fact, although WWF asked about this issue in our questionnaires to companies, the RSPO as a membership organization has shied away from doing so. Because we used companies’ annual reports to the RSPO for the majority of our data, in most cases we received no information on what companies really mean by a commitment to 100 per cent sustainable palm oil.

From the contact that WWF has with retail companies, it is clear that almost all are committed to using CSPO for only their own-brand lines and are not willing to play a role in the sustainability of the other private labels they sell. Two exceptions are Coop Sweden and Rema in Denmark.

On the other hand, we know that several consumer goods manufacturers have made overarching commitments to supply products using CSPO to all of their customers alongside using it in their own brands. Some, like United Biscuits, made this commitment early on without the knowledge of whether their customers wanted CSPO or not. This is the sort of proactive leadership that we need much more of. It does not make sense for a single manufacturing facility to run two separate production lines – one with CSPO and another with uncertified palm oil. If more manufacturers made the shift to CSPO, there would be even less excuse for retailers not to as well.
WWF is asking brands to move away from relying on book and claim and toward mass balance, and eventually segregated and identity preserved CSPO.

Each of the RSPO-approved supply chain options to source CSPO has a role to play in transforming the industry (see appendix 1).

The book and claim system is valuable to kickstart transformation by making it easy and cheap for brands to support growers that are RSPO-certified. And it’s currently difficult or even impossible to source physical supplies of some types of palm oil, such as complex derivatives or palm oil from independent smallholders. However, shifting supply chains to physical supplies of CSPO is important because it brings greater transparency, and gives consumers the assurance that the oil in their products is indeed sustainable.

WWF’s work on the ground, such as that in Tesso Nilo (see page 56), clearly illustrates the need for companies all along the palm oil supply chain to take control and responsibility for the palm oil they source. Other than investing huge resources themselves in tracing all of their palm oil right back to the plantations (something which no company has yet achieved), the only way for brands to be sure they are buying sustainable palm oil is to shift their sourcing to known and verified sustainable sources. That means buying CSPO that has been kept segregated from uncertified palm oil right from the plantation to the end user.

The mass balance option is a stepping stone between book and claim and fully segregated CSPO. It gets companies along the supply chain asking questions about their suppliers and building relationships based on their ability to deliver sustainable palm oil.

This is why WWF asks brands to move away from relying on book and claim and toward mass balance and eventually segregated and identity preserved CSPO.

The low cost and ease of using the book and claim option and the global availability of CSPO means that today there is no reason why a responsible retailer, food service company or manufacturer should not already be 100 per cent certified for the palm oil it uses.

And in markets where mass balance, segregated and even identity preserved CSPO is increasingly available (like Europe and North America) brands must also increase their use of these options.
So in the mature CSPO markets, the Scorecard looks at how companies are progressing on the journey from book and claim to fully segregated supplies of CSPO.

Leaders on supply chain progress

Only three companies used 100 per cent segregated CSPO in 2015 – Arnott’s, Danone and Ferrero. Of these Ferrero is the larger user of palm oil – so it’s a credit to them that they have put in the effort to shift their sourcing to segregated supplies.

Laggards on supply chain progress

In contrast, alongside 28 companies that did not bother to respond to WWF or the RSPO, there were 12 that did report but failed to disclose whether they used CSPO, or told us that they were not using any CSPO at all.

Of the 97 brands that reported using CSPO many are still either using very low proportions of CSPO or still relying too heavily on the book and claim system. Sixteen brands told us they were using 100 per cent CSPO – but still at least three-quarters of that was book and claim. The 16 are:

ABF, Avon, Axfood, Colgate-Palmolive, ConAgra Foods, Estée Lauder, Karl Fazer, Krispy Kreme Doughnuts, McDonald’s, Oriflame, PepsiCo, Reckitt Benckiser, Seiyu, Sodexo, Tim Hortons and Unilever.

Getting to 100 per cent shows that these brands are committed to making sure that they are supporting sustainable producers – but now these brands need to focus on shifting to segregated sources of CSPO and show that they also support the sustainable trade in palm oil.

Do different types of manufacturers show more or less progress?

Among the 77 manufacturers that WWF scored, 44 are food producers and 11 are personal care companies.

Thirty-seven food producers disclosed sufficient detail about their CSPO use to enable us to score them on their CSPO supply chain options. They include companies that are still heavily reliant on the book and claim option, such as Axfood, ConAgra Foods, Karl Fazer and PepsiCo, through to those companies like Arnott’s, Danone and Ferrero which source only segregated CSPO.

The sample size for the personal care companies was much smaller which makes it difficult to draw definitive conclusions about this sector. That said, it is clear that no personal care company has progressed as far as the best of the food companies – likely because they use more PKO and its derivatives, which are harder to come by from physical sources. Nevertheless, several of them have taken the right steps by buying as much physical CSPO as possible and covering the rest of their palm oil use with book and claim certificates. Examples include Avon, Colgate-Palmolive, Estée Lauder, Oriflame, Reckitt Benckiser and Unilever. This once again shows the value of
the book and claim system to allow those companies that face challenges in procuring physical CSPO to take a step in the right direction.

It is often said that company size influences how far and how fast a brand can progress in shifting to sourcing physical CSPO. Yet in reality the messages we get from companies are mixed. Large users of palm oil tell us that small companies have it easier because they can find suppliers willing to meet their relatively modest demands – and small users of palm oil tell us that the larger companies find it easier to convince suppliers to change what they offer. These arguments can sound like excuses for inaction, especially as the Scorecard data shows no significant difference between how well or how badly large and small companies perform.

Explore the accompanying website (palmoil.scorecard.panda.org) to see which companies are doing the right thing – and which ones are not.
<table>
<thead>
<tr>
<th>COMPANY</th>
<th>Country of HQ</th>
<th>Commitment to 100% CSPO by year</th>
<th>Total palm oil volume (t)</th>
<th>Total % CSPO</th>
<th>Commitment to 100% physical CSPO by year</th>
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<td>ND</td>
<td>ND</td>
<td>ND</td>
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<tr>
<td>Eurocash</td>
<td>Poland</td>
<td>2015</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
</tr>
<tr>
<td>Jeronimo Martins Poland</td>
<td>Poland</td>
<td>2015</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
</tr>
<tr>
<td>Kroger</td>
<td>USA</td>
<td>2015</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
</tr>
<tr>
<td>Lewistan</td>
<td>Poland</td>
<td>2015</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
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<tr>
<td>Piotr i Pawel</td>
<td>Poland</td>
<td>2015</td>
<td>ND</td>
<td>ND</td>
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<tr>
<td>POLOmarket</td>
<td>Poland</td>
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<td>ND</td>
<td>ND</td>
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<td>USA</td>
<td>2015</td>
<td>ND</td>
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<td>USA</td>
<td>2015</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
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<tr>
<td>Žabka</td>
<td>Poland</td>
<td>2015</td>
<td>ND</td>
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## Supply Chain Progress: Food Service Companies

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>Country of HQ</th>
<th>Commitment to 100% CSPO by year</th>
<th>Total palm oil volume (t)</th>
<th>Total % CSPO</th>
<th>Commitment to 100% physical CSPO by year</th>
<th>Score out of 10</th>
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</thead>
<tbody>
<tr>
<td>Sodexo</td>
<td>France</td>
<td>2013</td>
<td>1,805</td>
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<td>2025</td>
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<td>Tim Hortons</td>
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<td>2015</td>
<td>17,544</td>
<td>100%</td>
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<td>3.3</td>
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<tr>
<td>Krispy Kreme Doughnuts</td>
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<td>2015</td>
<td>20,000</td>
<td>100%</td>
<td>2030</td>
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</tr>
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<td>Délifrance</td>
<td>France</td>
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<td>36%</td>
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<td>McDonald’s</td>
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<td>122,669</td>
<td>95%</td>
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</tr>
<tr>
<td>Compass Group</td>
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<td>700</td>
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<tr>
<td>Wendy’s</td>
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<td>ND</td>
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<td>Canada</td>
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<td>Yum!</td>
<td>USA</td>
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WWW PALM OIL BUYERS SCORECARD 2016

SUPPLY CHAIN CHOICES MADE BY COMPANIES

90%
80%
70%
60%
50%
40%
30%
20%
10%
0%

Arnott's 13,516 t
Danone 34,457 t
Ferrero 181,000 t
Lotus 13,017 t
Coles 4,114 t
Arla 25,070 t
Coop Switzerland 2,910 t
Young's 655 t
Warburtons 1,325 t
Tesco 30,906 t
ICA 1,700 t
IKEA 41,686 t
Sainsbury's 12,271 t
Waitrose 1,458 t
Metcash 279 t
United Biscuits 76,196 t
Marks & Spencer 3,630 t
Lindt & Sprüngli 3,816 t
R&R Ice Cream 3,158 t
The Co-operative 4,519 t
Cérélia 10,664 t
Premier Foods 14,620 t
FrieslandCampina 107,500 t
Migros 12,696 t
Morrisons 8,652 t
Kraft Heinz 12,732 t
Colruyt Group 6,113 t
Woolworths 6,227 t
Zeelandia 4,369 t
S Group 1,036 t
Casino 2,159 t
General Mills 67,724 t
Barilla 34,696 t
Farm Frites 14,049 t
Hershey 22,410 t
Jacquet Brossard 38 t
Mars 82,456 t
WhiteWave Foods 26,084 t
Boots 2,296 t
Aigremont 23,388 t
Ahold 10,683 t
Kellogg's 50,313 t
Carrefour 12,632 t
Goodman Fielder 9,235 t
Super U 3,456 t
E.Leclerc 7,987 t
Jumbo 4,891 t
Karl Fazer 5,408 t
Unilever 1,513,265 t
Coop Sweden 1,064 t
L 'Oréal 54,986 t
Royal Smilde 15,000 t
Delhaize Group 8,111 t
Oriflame 4,552 t
Peerless Foods 16,112 t
ABF 70,043 t
Estée Lauder 3,302 t
Sodexo 1,805 t
Tim Hortons 17,544 t
Avon 20,000 t
Colgate-Palmolive 174,328 t
Pepsico 452,743 t
Axfood 25 t
REMA 1000 1,800 t
Krispy Kreme Doughnuts 20,000 t
ConAgra Foods 102,728 t
Seiyu 1,692 t
Reckitt Benckiser 125,843 t
Barry Callebaut 58,120 t
Walmart 85,602 t
Délifrance 2,300 t
Lactalis 11,185 t
Mondelēz 289,255 t
Raisio 3,629 t
Unigrà 315,000 t
Kesko 1,250 t
Ginsters 3,027 t
Remia 18,860 t
P&G 493,677 t
Nestlé 417,834 t
Vandemoortele 44,669 t
McDonald's 122,669 t
Kao 100,000 t
Nissin 19,750 t
Lion 13,000 t
Ajinomoto 35,200 t
Clariant 64,500 t
Compass Group 700 t
Wendy's 1,942 t
Aviko 21,294 t
Co-op Clean 3,700 t
Johnson & Johnson 86,686 t
Saraya 3,562 t
Shiseido 4,626 t
Taiyo Yushi 13,000 t
Tamanohada 957 t
CO.OP Japan ND
Costco ND
Dansk Supermarked ND
Superunie ND
Target ND
Dunkin' Brands ND
Avril ND
Campbell's ND
Nisshin OilliO ND
Smucker's ND
Alma NR
Auchan NR
Coop Denmark NR
DuPont ND
Eurocash NR
Jerónimo Martins Poland NR
Kroger NR
Lewiatan NR
Piotr i Pawel NR
POLOmarket NR
Safeway NR
Seven & i Holdings NR
Whole Foods Market NR
ÆON NR
Żabka NR
Cara Operations NR
Pizza Pizza NR
Whitbread NR
Yum! NR
Brioche Pasquier NR
Canada Bread NR
Dragsbæk NR
Hillshire Brands NR
Intercos NR
Maspex NR
Sofina NR
Tayto NR
Toms NR
WHAT OTHER ACTIONS ARE COMPANIES TAKING?

Progressive companies can do much more than just join the RSPO, including supporting smallholders, setting their own standards and building on the RSPO.

In addition to the core actions of joining the RSPO and sourcing CSPO there are a range of other actions that companies can and should take to help transform the industry.

We asked specifically about a few which we believe are the easiest ways for brands to bring their particular influence to bear on the industry.

Supporting sustainable smallholders

Around four tonnes of palm oil in every 10 produced globally is grown by smallholders. Many smallholders are supported directly by the companies to which they sell their fresh fruit bunches (FFB). The companies that are certified RSPO members have an obligation, under the RSPO standard, to help these smallholders to become certified themselves within three years. However many independent smallholders are not allied to particular companies and don’t benefit from this sort of support. Certification can be a real challenge for these smallholders: they tend to be small groups with low capacity to improve their practices, and may not even have access to mills to buy their FFB.

Because of these constraints the RSPO has helped independent smallholders with direct funding since 2013. This has helped individuals form cooperative groups, employ group managers and undertake improvements that have led to certification.
Palm oil can be grown sustainably, like it is at the Musim Mas plantation in Sumatra.
Setting their own sourcing standards that build on the RSPO

By July 2016, 5,117 independent smallholders had become certified, producing 56,672 tonnes of CSPO between them. To find out more about the RSPO and smallholders see: www.rspo.org/smallholders

To play their part in supporting these independent smallholders, brands are able to buy independent smallholder book and claim certificates from the GreenPalm website.

Unfortunately, very few do: only 23 of the brands we scored told us they did so in 2015. They told us that between them they bought certificates to cover 209,122 tonnes of smallholder CSPO. However this volume is greater than the total volume produced – so many brands don’t seem to really understand how they could be using this tool to help the most hard-to-reach smallholders. In fact, WWF asked GreenPalm to confirm who had bought independent smallholder certificates in 2015 – and they told us that they only have records of Unilever and Johnson & Johnson having actually done so. Other companies may have made their own deals with suppliers and may think they are buying from smallholders, but it’s difficult to know what they are really getting.

Several companies told us that they were also involved in their own smallholder support projects. We welcome this work but also realize that not every brand has the resources to get involved directly in on-the-ground projects.

WWF believes buying smallholder certificates is the easiest way for any company of any size to do something positive to help independent smallholders.

When the RSPO revised its standard in 2013, WWF and others were disappointed that the changes had not gone further. We felt that many leading growers were already doing better and that the new standard should have reflected best practice in the industry. At the time we identified areas where we felt the new RSPO standard fell short – on GHG reporting, emissions reductions, banning the most harmful chemicals like paraquat and ensuring that only legal palm oil was entering mills. Many others including several leading growers agreed – and that is partly why we have seen so many individual brands and growers making their own “no deforestation” commitments since then.

While WWF welcomes these initiatives, it has become increasingly difficult to really understand how effective the variety of commitments have been. Some rely on reporting by the companies themselves, while others rely on paid consultants. Some require CSPO and other criteria while others seem to be trying to establish entirely new “standards”. It’s important that consumers are able to trust what brands are promising and are able to compare one company directly with another. That is why, when it comes to initiatives that build on RSPO, we believe brands should stick to independently verified and reported standards like the POIG Charter and RSPO NEXT.
Of the 137 companies scored only 11 reported that they met all of the additional sourcing requirements that WWF identify as crucial – either by specifying POIG or RSPO NEXT or listing all of the most crucial individual requirements.

It is early days for POIG and RSPO NEXT and neither is yet available in substantial volumes in the market – so it is unsurprising that not many brands have yet set either as a sourcing requirement. Only two companies, Danone and Ferrero, are POIG members. However, it is clear that this is the direction leading palm oil users are moving in.

A further 26 companies did not specify POIG or RSPO NEXT but did tell us that they require action from their suppliers on one or more of the individual issues.

Between them, the 37 brands with additional sourcing requirements use more than 4.6 million tonnes of palm oil a year – a clear signal to growers that there is a large market for palm oil produced to the highest standard.

Notably, 29 brands specify that their suppliers should be ensuring that only legal FFB enter into their supplies. The case of Tesso Nilo (see page 56) clearly shows that even the most progressive growers are failing to control their independent FFB sourcing. The efforts to date by the industry to introduce due diligence seem not to be up to the task of assuring their customers of legality, never mind sustainability.
RECOMMENDATIONS

What can companies do?

All companies that use palm products of any type have a responsibility and a role to play in helping to reduce the negative environmental and social impacts of their production.

All palm users should follow a few basic steps to play their part in transforming a complex and hidden industry:

- Join the RSPO, get involved in its work and report on your progress and actions each year.
- Work out how much palm oil you use and where you get it from – be transparent and tell the world how much you use.
- Talk to your suppliers and make it clear that you expect CSPO.
- Commit to sourcing only RSPO-certified sustainable palm oil – and to go further with credible independently-verified standards such as the POIG Charter or RSPO NEXT.
- Buy CSPO now, sourcing as much CSPO as possible from physical supply chains and covering your remaining use of palm oil by book and claim certificates.
- Move as quickly as possible to sourcing only segregated CSPO.
- Lobby governments in producer countries to create and enforce legislation requiring legal and sustainable palm oil production.

There is no excuse at all for any brand using palm oil not to be already at 100 per cent CSPO today – companies that have fallen short of that target should be called to account by their competitors and their customers.

Beyond taking action on their own, brands can take other roles to help change the industry:

- If you operate globally, act globally. Partial promises to do better in the US or Europe while continuing to ignore important markets like Asia will not deliver the change we need at the pace or scale required to save the remaining forests and wildlife.
- Make sure that all of the palm oil you use and sell is sustainable – whether it’s in your own brands or in the private labels you make or stock. If you value your customers, you should be honest with them about what your promises really mean.
- Join national and regional groups and initiatives, sharing information and ideas and cooperating with each other to speed up progress for all. Some of these, like the New York Declaration on Forests or the Consumer Goods Forum resolution on zero-net deforestation, are good ways to show your global commitment to change.
● Take a more active role in shaping government policies toward supporting sustainable palm oil – from better planning, regulation and enforcement in producing regions, to trade and tariff systems that prevent consuming regions from importing unsustainable palm oil.

What can consumers do?

Brands like to create loyalty and confidence among their customers. That means you can have an influence over them. It’s vital that consumers voice their concerns and push brands to act on sourcing credibly-certified sustainable palm oil. Your actions can help save some of the world’s most vital forests as well as the wildlife and communities that depend on them.

Consumers should:

● Use this Scorecard and the accompanying website (palmoilscorecard.panda.org) to see how well the supermarkets, manufacturing brands and food companies you buy from are doing on palm oil. Look at how much of their palm oil use is already covered by CSPO and what sorts of promises they are making – do they cover all of the palm oil they use in all of the countries where they operate?
● Use the options available on the website to contact the brands – thank the best for having started to make a difference and demand that those that are failing do more.
● Look for the RSPO logo on products you buy – choose products containing CSPO where you can.

What can governments do?

Governments have an important role to play in halting deforestation, both in producer countries and in consumer countries.

What should governments in producer countries do?

● Set a strong legislative and policy framework that halts deforestation before 2020, while ensuring the proper implementation of existing and future laws.
● Support public-private partnerships aiming to end deforestation.
● Sign and implement the New York Declaration on Forests within its given timeframe.
● Adhere to the OECD agriculture guidance.
● Be an active advocate globally for deforestation-free and conversion-free commodities, as one element to implement the Paris Agreement on Climate Change and the Sustainable Development Goals.

What should governments in consumer countries do?

● Develop and implement effective legislative and policy frameworks ensuring that only independently-verified sustainable palm oil is entering your markets by 2020 at the latest.
GOVERNMENTS HAVE AN IMPORTANT ROLE TO PLAY IN HALTING DEFORESTATION, BOTH IN PRODUCER COUNTRIES AND IN CONSUMER COUNTRIES

- Review policies, subsidies and overseas development aid to promote sustainable palm oil and remove harmful incentives that may promote irresponsible or even illegal palm oil.
- Establish public procurement policies that specify the need to source only sustainable palm oil and set ambitious national targets for doing so.
- Sign and implement the New York Declaration on Forests within its given timeframe.
- Advocate globally and in international fora for deforestation-free and conversion-free commodities and responsible markets, as elements to implement the Paris Agreement on Climate Change and the Sustainable Development Goals.

EU COUNTRIES SPECIFICALLY SHOULD:

- Support the development of measures to halt deforestation and forest degradation, such as the EU Action Plan on Deforestation and Forest Degradation, and to address the EU’s impact beyond its borders.
- Sign and implement the Amsterdam Declaration Towards Eliminating Deforestation from Agricultural Commodity Chains with European Countries.
The role of good governance in the palm oil industry – just significant challenges remain.

In the last 10 years, in the face of mounting transparency, changes in policy and political and consumer sentiment, the palm oil industry has started to change. Since 2011 this progress has been charted by the WWF Palm Oil Buyers Scorecard. And the results of the 2016 Scorecard confirm that leading parts of the industry have made genuine steps toward the transformation of their own practices.

More than 3,700 companies are members of the RSPO. Close to 30% of the world’s palm oil is produced to the RSPO standard, with the remaining 70% being bought and claimed as CSPO by the world’s palm oil producers. Close to a fifth of the world’s palm oil is produced to the members of the RSPO. Confirm that leading parts of the industry have started to change. Since 2011 this progress has been charted by the WWF Palm Oil Buyers Scorecard. In the last 10 years, in the face of mounting transparency, changes in policy and political and consumer sentiment, the palm oil industry has started to change. Since 2011 this progress has been charted by the WWF Palm Oil Buyers Scorecard. And the results of the 2016 Scorecard confirm that leading parts of the industry have made genuine steps toward the transformation of their own practices.

What at stake are some of the world’s most valuable forests, and the species and people that depend on them as well as the long-term viability of the palm oil business?
Companies can buy palm oil and its derivatives certified by the RSPO through three main supply chain systems: segregated and identity preserved; mass balance; and book and claim.

All three options have the same starting point – a plantation is successfully audited against the RSPO principles and criteria and the total volume of CSPO that it can produce a year is established. Each option has strengths and weaknesses – but each also has a particular role to play in transforming the global industry.

**Segregated and identity preserved CSPO**

**What is it?** As the name suggests, segregated CSPO is certified palm oil that is physically separated from non-certified palm oil all the way from the palm oil mill to the end user. Identity preserved CSPO, a sub-category of segregated CSPO, can be traced back to a single certified estate and mill. Segregated CSPO may include a mixture from different certified mills, but is not mixed with conventional palm oil. All the fresh fruit bunches (FFBs) entering a segregated or identity preserved mill are verified as having come from plantations that have met the RSPO standard.

**Benefits:** This option guarantees that the end product contains 100 per cent CSPO unmixed with oil from other sources, meaning the oil used is not contributing to illegal or unsustainable practices. It also requires companies along the whole supply chain to understand where they are sourcing from and to make sure that both suppliers and customers are using sustainable palm oil. This builds a relationship and trust between the different companies and fosters collaboration between supply chain actors. Ultimately, it will be much easier for the entire global industry to achieve sustainability when palm oil is traded transparently, rather than anonymously as a bulk commodity.

**Disadvantages:** Segregated and identity preserved CSPO can be expensive because the two streams of certified and non-certified oil or derivatives need to be kept physically separated throughout the entire supply chain.

**Mass balance CSPO**

**What is it?** This option allows companies along the supply chain, such as traders or refiners, to mix CSPO with non-certified palm oil. Companies at each stage of the supply chain must clearly record what proportion of the total palm oil they are selling is CSPO. A strict administrative tracing system prevents more palm oil being sold at the end of a mass balance CSPO supply chain than the total volume of CSPO bought at the start.

**Benefits:** Mass balance is cheaper than segregated CSPO, as it avoids the costs of keeping certified and non-certified palm oil entirely separate. It requires the middle
Companies must move toward physical supplies

Each of the options to source CSPO has a role to play in transforming the industry. The book and claim system is valuable to kickstart transformation by making it easy and cheap for brands to support growers that are RSPO-certified. And it’s currently difficult or even impossible to source physical supplies of some types of palm oil, such as complex derivatives or palm oil from independent smallholders.

However, shifting supply chains to physical supplies of CSPO is important because it brings greater transparency to that supply chain and gives consumers the confidence that the oil in their certified products came from certified plantations. It requires companies along the supply chain to ask questions about their suppliers and to build a relationship with those suppliers based on their ability to deliver sustainable palm oil.

Disadvantages: The end product doesn’t contain 100 per cent CSPO, so users can’t be sure it doesn’t include oil from unacceptable sources.

Book and claim CSPO

What is it? It’s a certificate trading system separate from the physical trade in certified palm oil. The retailer or manufacturer buys physical palm oil from an established supplier. Via an online trading platform, the same user also purchases a certificate from a CSPO producer for each tonne of “real” palm oil that they buy. For each certificate purchased the CSPO producer is rewarded with a direct payment.

This option is also known as GreenPalm, after the name of the company that manages the certificate trading system for the RSPO (until January 2017).

Benefits: It’s a much cheaper option because no paper trail or physical separation of oil along the supply chain is needed. Because it’s so easy, all brands using palm oil should be using it as a first step to support sustainable production, even if they don’t yet understand their own supply chains. Also, companies using derivatives and fractions of palm oil that may not yet be available as physical CSPO can still buy certificates to support sustainable production. It may also be the only option for certified smallholders who cannot easily access global markets and fully segregated supply chains.

Disadvantages: A company using book and claim may still be using oil from unacceptable sources, and is effectively supporting irresponsible producers by allowing the supply chain to continue to do business with them. Book and claim allows the trade in palm oil to continue without any relationship or link between the different parties, meaning unsustainable (rather than simply uncertified) palm oil can still find a market.
Oil. Segregated and identity preserved CSPO also allow brands to show that the palm oil they use in their products is from sustainable sources – and that unsustainable and illegal palm oil is being kept out of those supply chains.

These are all valuable attributes of the physical CSPO supply chain option, which is why WWF asks brands to move toward using them and away from relying on book and claim.

The low cost and ease of using the book and claim option and the global availability of CSPO means that today there is no reason why a responsible retailer, food service company or manufacturer should not already be 100 per cent certified.

And in markets where mass balance, segregated and even identity preserved CSPO is increasingly available (like Europe and North America) brands must also increase their use of these options.

Bakri is an oil palm farmer who belongs to a smallholder collective currently working toward RSPO certification.
APPENDIX 2: WHAT IS WWF DOING ON PALM OIL?

WWF is working on several strategies to transform the market for palm oil, and make it more sustainable and deforestation-free.

Because palm oil continues to be one of the major threats to forests and biodiversity in some of the world’s most important ecoregions, WWF works to transform the market to one that is sustainable and deforestation-free.

WWF is a founding member of the RSPO and is active in strengthening the RSPO standards and systems. We have published this and other Scorecards to drive more transparency and consistency in RSPO reporting so we can judge whether users of palm oil are sourcing CSPO and to encourage producers to adopt more ambitious targets for certification.

WWF has been active in pushing initiatives that build on the RSPO, such as RSPO NEXT and POIG, to help show the way for innovation and best practice in the industry. We also work across the global palm oil supply chain with producers, buyers, investors, consumers and other NGOs to promote sustainable palm oil and deforestation-free supply chains.

WWF employs a broad range of strategies, including:

- one-on-one corporate engagement with companies
- engagement in industry-wide bodies such as the Consumer Goods Forum and the Banking and Environment Initiative
- promoting better management practices and sustainable land use planning to producers
- encouraging palm oil buyers to use only sustainable palm oil
- developing and promoting sustainable investment with the finance sector
- raising awareness with consumers.

WWF also lobbies governments in both producing and consuming regions to introduce policies that support the sustainable production and use of palm oil.

We regularly publish research reports to highlight issues on the ground (see information about Tesso Nilo on page 56), plus practical tools and guidance for producers, buyers, consumers and the finance sector on how to be responsible growers, buyers and investors.

In many countries WWF supports national initiatives on sustainable palm oil. Such initiatives are active in France, the UK, Germany, the Netherlands, Belgium, Sweden, Denmark and Singapore.
Tesso Nilo National Park, in the heart of Sumatra, is home to critically endangered Sumatran elephants and tigers as well as some of the most diverse plant life in the world. The forest complex originally covered 1.6 million hectares, but by 2012, due to deforestation for oil palm and pulpwood plantations, just 170,000 hectares remained.

At the time we called for the government and the palm oil industry to work toward constructive solutions to stop any further expansion, stop buying illegally produced fresh fruit bunches (FFB) and support smallholders already illegally in the area to relocate.

Despite promises that things would change, a follow-up study in 2015 with the Indonesian NGO coalition Eyes on the Forest showed that the buying of illegal FFB and palm oil was continuing unabated. It found subsidiaries of even more companies including Royal Golden Eagle, Golden Agri-Resources, Wilmar, Musim Mas and many other smaller companies receiving illegal FFB or crude palm oil (CPO) tainted with illegal FFB. The issue appears to be systemic, meaning most of the world's palm oil supplies may contain traces of FFB illegally grown in some of the last remaining habitats of critically endangered species like tigers, elephants, and orang-utans.

That is a strong argument for the need to source only 100 per cent segregated CSPO – as one of the only ways for brands to eliminate the worst irresponsible palm oil from their supply chains.

Tesso Nilo is also an unfortunate example of how even those parts of the industry trying to tackle the problem seem to be going about it in a wholly inadequate way. Companies and their consultants claim to offer traceability – but only as far as the mill. This will not prevent FFB from unsustainable and illegal plantations from entering the supply chain.

Companies need to put in place controls at the mill level to make sure they only buy FFB from known and identified plantations – and, eventually, only certified ones. Only when each and every mill practises this due diligence will the industry be able to claim that all its palm oil is deforestation-free.

The dire state of Tesso Nilo also illustrates why the palm oil industry will not be able to become fully sustainable until governments play their part in regulating and eliminating the worst performers and supporting the rest to become sustainable. The authorities in the region have allocated licences for mills adjacent to the national park even when there is no more land that could be legally used to grow oil palm. It has also turned a blind eye to illegal encroachment, and to the role of companies in driving and profiting from it.

• Learn more about Tesso Nilo and illegal palm oil:
  - Palming Off a National Park
  - Tiger in your tank?
  - No one is safe
RECENT YEARS HAVE SEEN A GROWTH IN AWARENESS ABOUT SUSTAINABLE PALM OIL IN CHINA

China

China is the world’s second largest importer of palm oil. The little sustainable palm oil it imports is driven by demand from multinationals for incorporation into the goods they manufacture there. Domestic companies have still to make the same commitments.

However, various efforts are emerging in China, marking small steps toward sustainable palm oil:

- **Awareness is growing.** Recent years have seen a growth in awareness about sustainable palm oil in China. One result has been the development of a *Guide for Overseas Investment and Production of Sustainable Palm Oil* by Chinese Enterprises led by the China Chamber of Commerce of Foodstuffs and Native Produce (CFNA) as part of a China-UK Collaboration on International Forest Investment and Trade. A range of roundtable discussions on sustainable palm oil in China have been facilitated by Solidaridad, WWF and other stakeholders. There are plans to develop these further into a China Sustainable Palm Oil Alliance.

- **Some industry players are taking first steps.** Along with increased awareness, some key domestic palm oil buyers such as COFCO, Julong and Sinograin have joined the RSPO. Since the last Scorecard was published in 2013, Chinese RSPO membership has grown from 17 to 52 companies as of 30 June 2016.

- **The RSPO has established a presence in China.** The RSPO appointed a full-time representative at the end of 2015 and work is underway to engage the industry and other stakeholders.

- **Public awareness is increasing.** Communication efforts around sustainable palm oil have included Sustainable Consumption Week, sponsored by the China Sustainable Retailers Roundtable, and initiated by China Franchise and Chain store (CCFA) and WWF.
Progress on sustainability in India can ultimately be measured by the volume of physical supply of CSPO entering the Indian market. So far, that figure is negligible. Considering the state of the Indian palm oil sector five years ago, however, good progress has been made with regards to advancing the sustainability agenda and there are several positive signs:

- **General awareness**: Awareness about the issues around unsustainable palm oil has increased markedly. All CEOs of major Indian buyers of palm are aware of both the sustainability issues linked to palm oil and the RSPO, and have directly engaged with WWF and other NGOs on the subject. The conversation has shifted, and awareness has been established at the corporate level. But faster, more concerted action is required.

- **RSPO membership and supply chain certification**: Since 2011, membership of Indian companies in the RSPO has increased substantially, going from eight to 46 companies as of May 2016. Another significant development has been the growth in the number of RSPO supply chain certified companies. There are now 10 companies managing 18 different facilities with RSPO supply chain certifications, a rise from zero in 2013. These developments form an important foundation for a sustainable palm oil supply chain to develop in India.

- **Commitments by companies**: Although full commitments to sustainable palm oil by Indian companies are not common, the recent round of RSPO ACOP reporting showed that in addition to the commitments of multinational companies, the likes of Adani Wilmar, VVF Limited and Godrej have all made time-bound commitments to sustainable palm oil.

- **Better production**: Ruchi and Godrej, two of the major producers of palm oil in India, have exhibited interest in expanding domestic supply of palm oil through engagement with local smallholders. In the case of Godrej, certification of these farms under the RSPO’s Principles & Criteria is under consideration.

- **Re-establishment in the Indian market by the RSPO**: 2015 saw the establishment of a permanent RSPO presence in India, through the appointment of a full-time representative. This development will increase the capacity to engage Indian industry on palm oil sustainability.
**BIOPRINT**

It takes 1.5 years for the Earth to regenerate the renewable resources that people use, and absorb the CO₂ waste they produce in that same year.

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**BIOCAPACITY**

Living within ecological boundaries requires a global consumption and production pattern in balance with the Earth’s biocapacity.

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**BIODIVERSITY**

Biodiversity, ecosystems and ecosystem services – our natural capital – must be preserved as the foundation of well-being for all.

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**EQUITABLE SHARING**

Equitable resource governance is essential to shrink and share our resource use.

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**BETTER CHOICES**

To stop the degradation of the planet’s natural environment and to build a future in which humans live in harmony with nature.