

ROUNDTABLE MEETING ON SUSTAINABLE PALM OIL

RSPO
Roundtable on Sustainable Palm Oil



SUSTAINABILITY
WHAT'S NEXT?



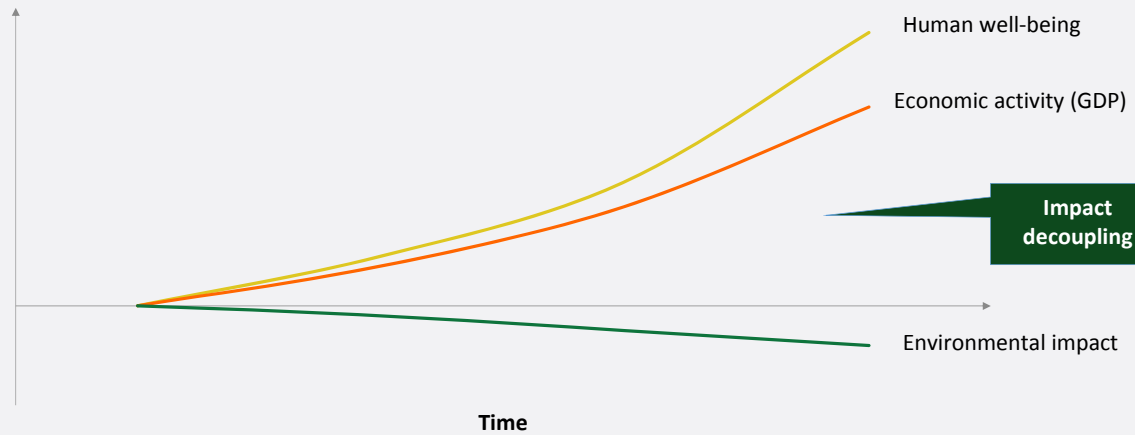
Valuing the economic and
natural capital benefits of
sustainable palm oil practices



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Sustainable growth: decoupling growth from impact



2011 UNEP study



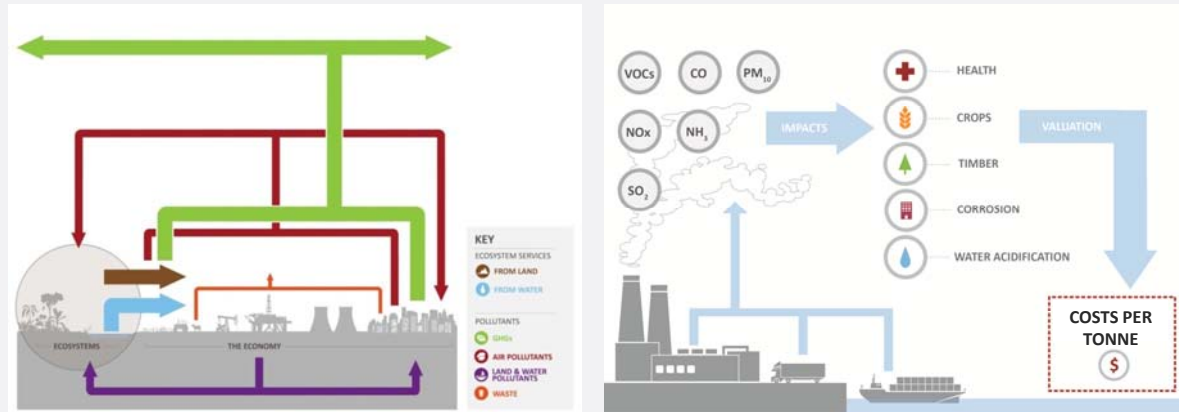
\$2.2tn

Environmental damage caused by world's largest 3,000 companies

>50%

Proportion of company earnings that could be at risk from environmental costs

What is natural capital accounting?



Application of natural capital accounting

- Understand level of control over environmental impact reduction
- Determine impact materiality
- Assess environmental trade-offs
- Understand regional risk differences (e.g. Water availability)
- Integrate the results with business metrics
- Communicate the results to a general audience

Communication & reporting

Strategic decision making

Reputational risk

The collage features several news articles related to palm oil:

- The Independent:** "Carex producer pledges to clean up palm oil supply chain" and "The guilty secrets of palm oil: Are you unwittingly contributing to the devastation of the rain forests?".
- Nature:** "Palm-oil boom raises conservation concerns" and "Industry urged towards sustainable farming practices as rising demand drivesorestation".
- The Guardian:** "Orangutans fight for survival as the palm oil industry devastates rainforests".
- The Economist:** "The other oil spill" and "The campaign against palm oil".
- Burger King:** "Burger King urged to use Tim Hortons acquisition to correct 'appalling' palm oil policies".

How can natural capital accounting help?

Natural capital accounting can help to evaluate the environmental and economic sustainability of palm oil production scenarios. This enables companies to understand the economic and environmental consequences of palm oil production practices, making informed choices that protect profitability and reputations.

Natural capital accounting can help companies to answer questions such as:

- Can sustainable agricultural practices improve yield and financial returns?
- Which countries and regions should we be procuring palm oil from in three/five years?
- What intensification practices have a positive impact on the environment?
- What are the economic and environmental impacts of different expansion practices?

Benefits for palm oil producers

Natural capital accounting helps palm oil producers to:

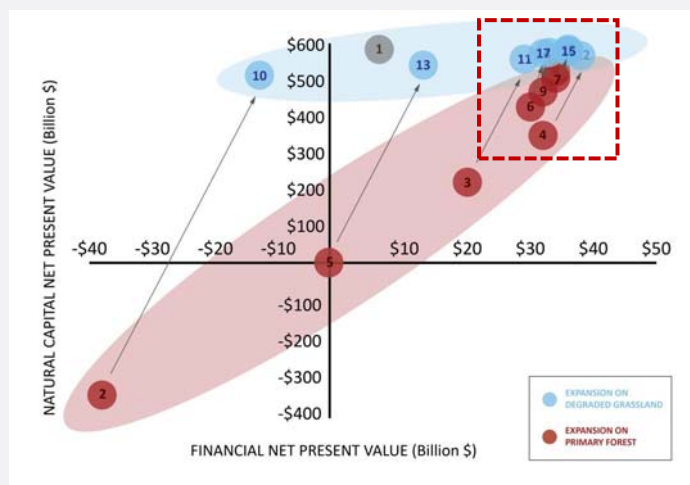
- Conduct responsible plantation practices
- Manage reputational risk
- Make informed production growth
- Communicate with buyers, investors, NGO's and regulatory stakeholders

Benefits for palm oil producers

Increase production output by 100%

- Intensification option
- Expansion option

What are the Natural Capital and Financial Net Present Values of different agricultural scenarios enabling Indonesia to double its production in the future?



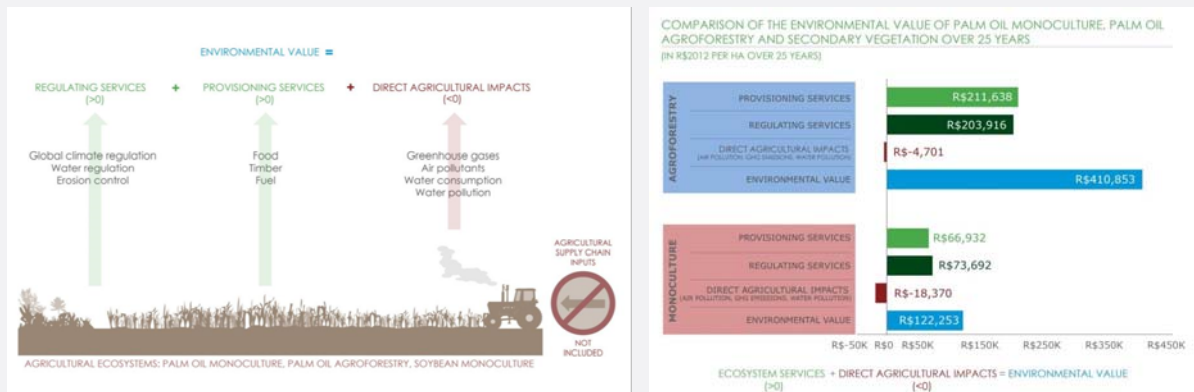
Benefits for palm oil buyers

Natural capital accounting helps palm oil buyers to:

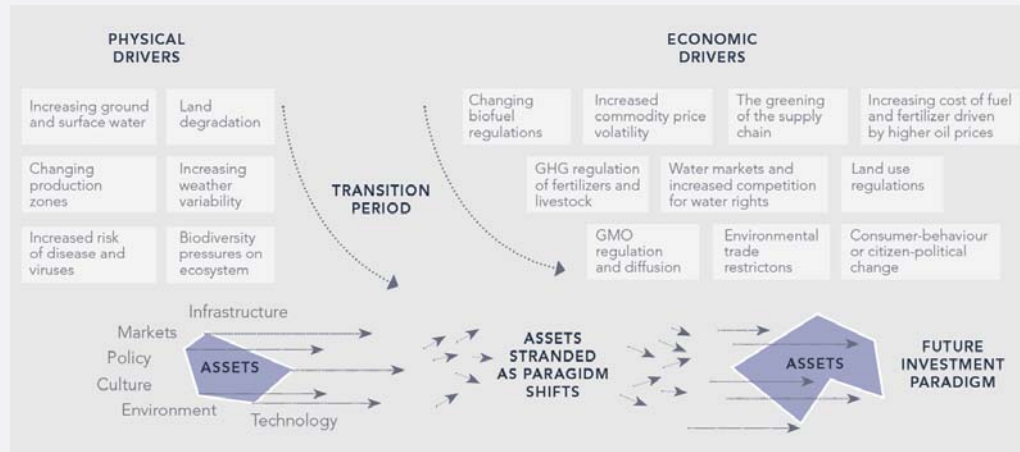
- Secure sustainable supply
- Make strategic sourcing decisions
- Manage reputational risk
- Communicate with growers, consumers and other stakeholders

Benefits for palm oil buyers

For Natura, the environmental value associated with single crop, or 'monocultural' production, of palm oil was compared to agroforestry, where the crop is integrated with trees as green manure, cacao and other crops such as passion fruit.



Environment-related drivers of asset stranding in agriculture



Source: Smith School of Enterprise and the Environment *Stranded Assets in Agriculture: Protecting Value from Environment-Related Risks*