

Investors play a crucial role in sustainable palm oil

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WWF is urging investors to do more to promote sustainable palm oil, backed by findings from a new survey released during a high-level meeting of investors and producers in Singapore.

WWF's first-of-its-kind [Palm Oil](#) Investor Review 2012 surveyed 35 key palm oil sector investors to assess how they are managing the challenges associated with sustainable palm oil and outlines the role they can play in moving the industry toward greater sustainability.

“Investors are uniquely placed to influence investee companies to adopt sustainable practices through active engagement and exercise of proxy voting rights, and through directing their investment capital towards sustainable palm oil [producers](#), ” said WWF’s Jeanne Stampe, co-author of the report.

Key recommendations

The review recommends that investors incorporate environment, social and governance (ESG) issues into ownership policies and engage more actively with investee companies across the supply chain to get them to make commitments to certified sustainable palm oil (CSPO). Investors and the Roundtable on Sustainable Palm Oil (RSPO) should also develop much deeper engagement to realize mutual benefits. In addition, investors should pressure stock exchanges to mandate minimum reporting requirements for high impact sectors like palm oil.

“Understanding the dynamics at play is key to harnessing the power of investors to shape the palm oil industry. Given the strong link between sustainability and investment success, investors need to highlight to investee companies that integrating sustainability into the core strategy and operations allows them to derive business benefits, access a broader pool of capital and deliver better investment performance,” said Stampe.

The review also calls for the RSPO to support investors by educating its financial members about the palm oil sector and the costs and benefits of RSPO certification. This includes helping them develop and share best practice tools as well as publishing uniform data on how palm oil supply chain companies are performing against ESG issues.

The sustainable palm oil challenge

More than 50 million tonnes of palm oil are used worldwide each year in everyday products including food and cosmetics. From 2010 to 2020, this volume is projected to increase by over 65%. The growing demand for palm oil has resulted in rapid and poorly managed expansion of production, causing deforestation, species loss, greenhouse gas emissions and social conflicts with local communities.

Breaking down the barriers

Investors can help mitigate these problems. However, the survey shows there are hurdles to overcome as investors face internal organizational and capacity constraints in addressing ESG risks. [Investors](#) also need more disclosure, transparency and access to ESG research in order to have productive engagement with their investee companies on sustainability issues. The review recommends potential solutions to these hurdles.

Provided by WWF

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