

STATEMENT BY THE
ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)
On the Norwegian Government Pension Fund Global's (GPFG)
announcement in its 2012 Annual Report
March 14, 2013

The Norwegian Government Pension Fund Global (GPFG) through the release of its 2012 Annual Report¹ announced that:

"In the first quarter of 2012 we sold our stakes in 23 companies that by our reckoning produced palm oil unsustainably. Before reaching this decision, we reviewed a number of companies contributing to tropical deforestation through their involvement in the palm oil industry in Malaysia and Indonesia. We contacted several of the companies to obtain information on how they managed deforestation and we placed weight on whether the companies had committed to the Roundtable on Sustainable Palm Oil, which provides an international certification scheme for sustainable palm oil production."

It is noted that the Fund continues to hold US\$450 million in the sector and has increased its holdings in companies that it believes have progressive environmental practices, some of whom are RSPO members.

As a global multi stakeholder organization and international certification scheme for sustainable palm oil, with membership representation from seven key sectors in the palm oil supply chain, including Banks and Investors, the RSPO welcomes GPFG's decision to consider deforestation in its overall investment policy while making reference to the RSPO standard and its membership as a consideration when shaping its investment portfolio.

The list of companies GPFG has dissociated its interests in includes amongst others, RSPO members from the Growers Sector, some of which have begun certification of their mills and supply base while some have yet to.

For those companies involved in oil palm cultivation that are yet to be certified, this decision by the Norwegian Government is as an affirmative action in encouraging these companies to urgently make a shift to sustainable practices.

On the other hand, the companies the GPFG has divested from include also RSPO member organizations that have begun certification and continue to make commitments to fully certify all their mills over a stipulated time frame, which is a requirement by the RSPO. The RSPO would be interested to understand the other considerations which were used by GPFG in this decision.

Industries in many countries in Europe, as well as a few governments, have been very supportive in their commitment towards certified sustainable palm oil. The constructive support of investors is essential for companies in their pursuit towards sustainable practices and certification. The RSPO would welcome discussions with GPFG in working together to further transform markets to make sustainable palm oil the norm.

¹ <http://www.nbim.no/Global/Reports/2012/Annual%20report/Annual%20report%2012.pdf>

-- More -- In 2012 WWF released a report on the role of investors in supporting the development of a sustainable palm oil industry². The review highlighted the crucial role which investors can play in developing a sustainable palm oil industry given their ability to influence their investee companies through engagement, and also to direct capital toward sustainable producers.

There is a general association in the media of palm oil with deforestation when concerns surrounding environmental destruction are prevalent with the cultivation of any type of monoculture crop. Supporting the eradication of palm oil altogether is not going to impact the global demand for vegetable oil which is escalating due to population increase and growing affluence (particularly in India and China). The demand would merely shift to other vegetable oils, which will most likely increase the adverse environmental impact of vegetable oil production, since the alternative crops require 4 to 10 times more land for the same amount of output compared to palm oil.

Implemented in 2008, the RSPO standard has been globally accepted in major palm oil producing countries around the world, including Indonesia, Malaysia, Thailand, Papua New Guinea, Solomon Islands, Latin America, West Africa and Cambodia. To date, approximately 15% of crude palm oil produced globally is RSPO certified covering an area of 2.2 million hectares of certified area.

The RSPO also has its own Trademark for consumer goods products. Within close to 2 years 105 licensees have been granted across over 20 countries, now offering a well-informed and ethical choice for consumers.

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² <http://www.rspo.org/file/Palm%20oil%20Investor%20Review%20Web%20Version.pdf>