

# When Palm Oil Sustainability Pays

## The Better Palm Oil Index



# Main Research Question

How do RSPO companies perform financially compared to non-RSPO companies?





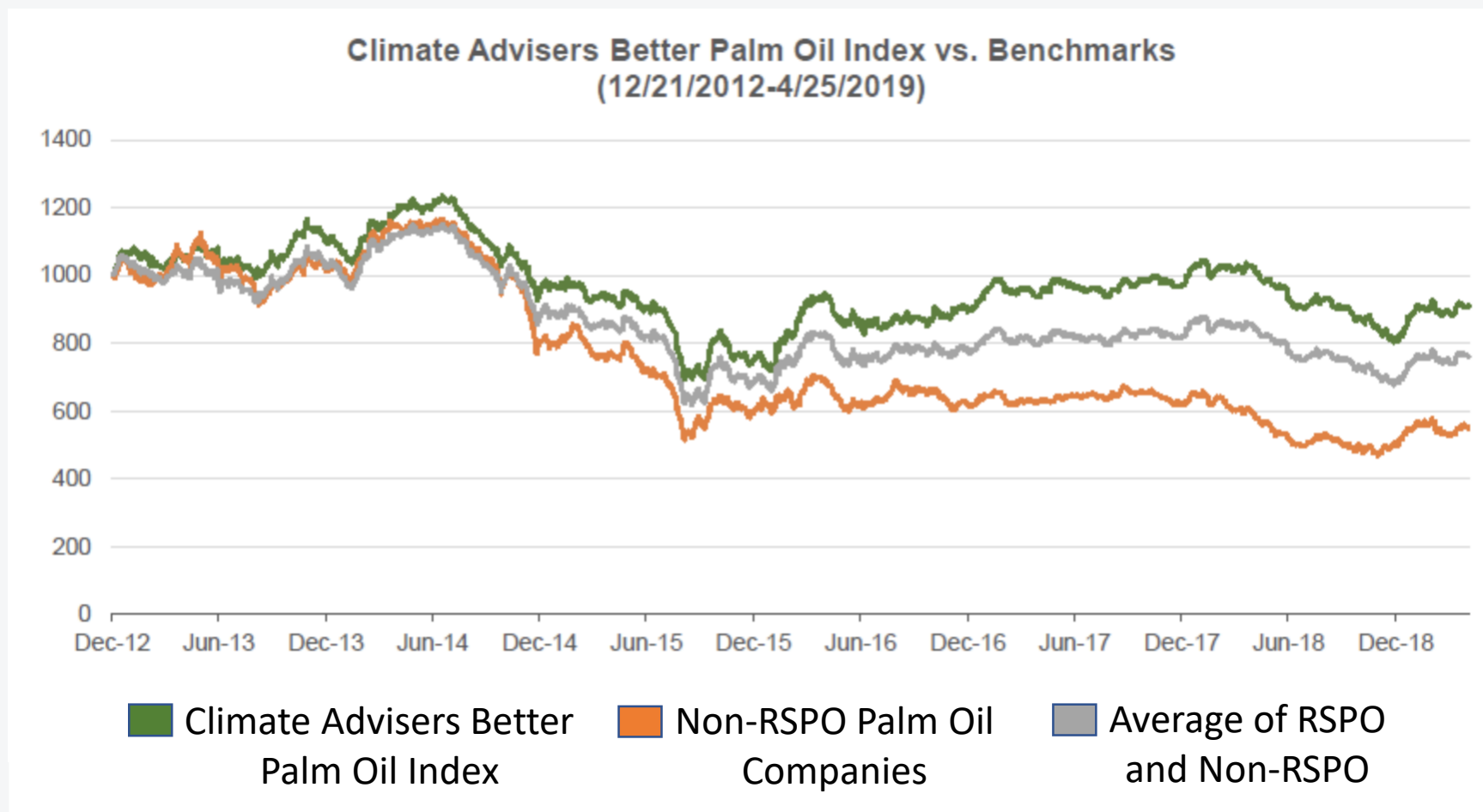
## Methods

- Background research on 93 companies to create robust backtest of how these companies performed
- Created an index to compare equity returns of RSPO companies with non-certified companies
- Index contains 18 globally-traded RSPO companies

## Companies in the index:

- Boustead Plantations
- Eagle High Plantations
- FGV Holdings
- First Resources Limited
- Golden Agri Resources
- Genting Plantations
- IOI
- Kuala Lumpur Kepong
- MP Evans Group
- R.E.A. Holdings
- Sipef
- Sime Darby Plantation
- Sawit Sumbermas Sarana
- Tunas Baru Lampung
- Tdm
- Wilmar
- Kwantas Corp

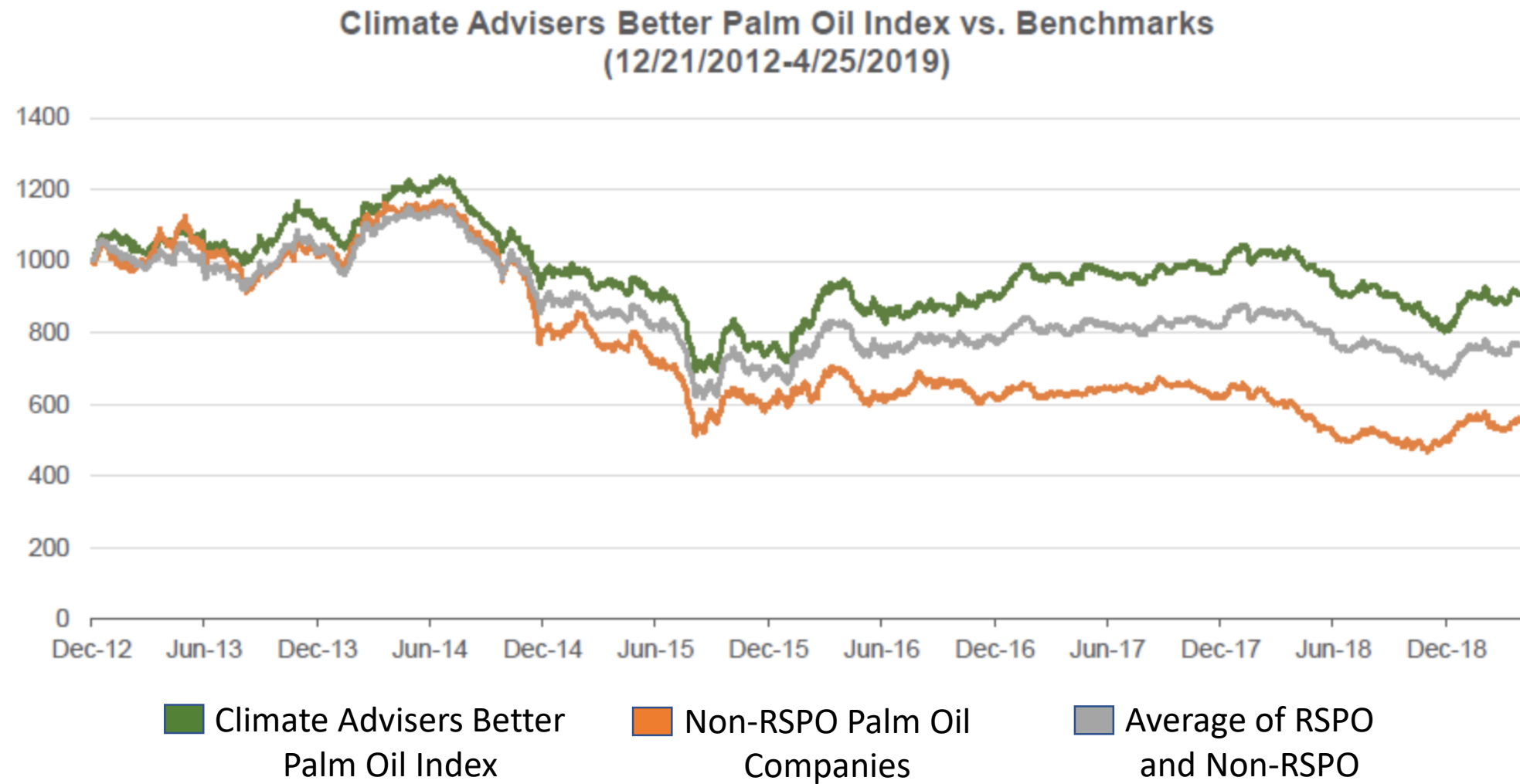
## Key Findings



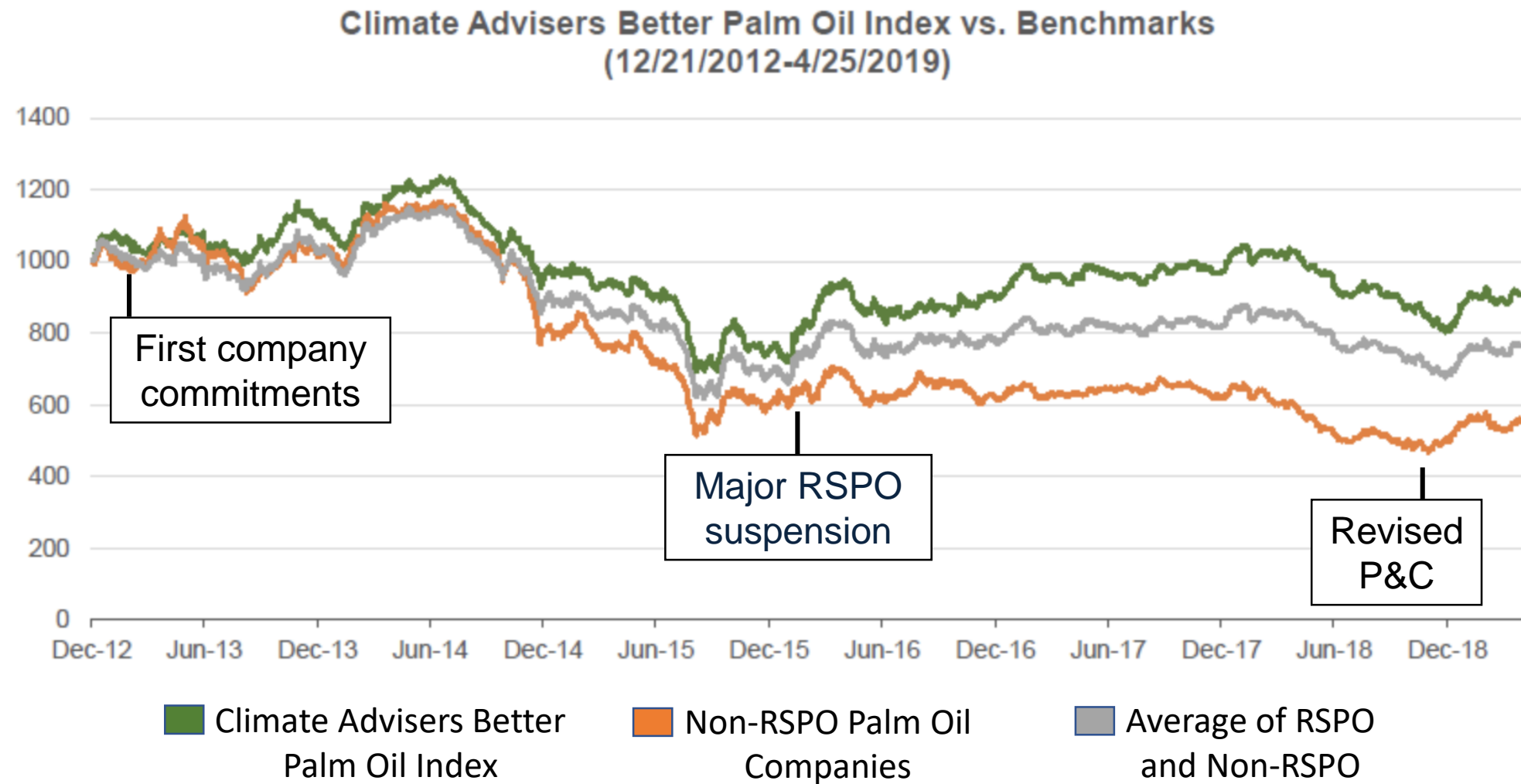
### RSPO vs. Non-RSPO Performance

- RSPO companies outperform non-RSPO companies by 24.7%
- RSPO companies outperform the average of all palm oil companies examined by 4.6%

## Key Findings



# Key Findings



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## Examples of Material Losses

- \$5 million restoration liability in 2017 after RSPO violation
- Negative \$14.8 million earnings after RSPO violations and suspension
- Loss of 8% of revenue, shares down 15%, after buyer cease relationship

## What About Non-Members?

### 5 Large Non-RSPO Companies

Anglo  
Eastern  
Plantations

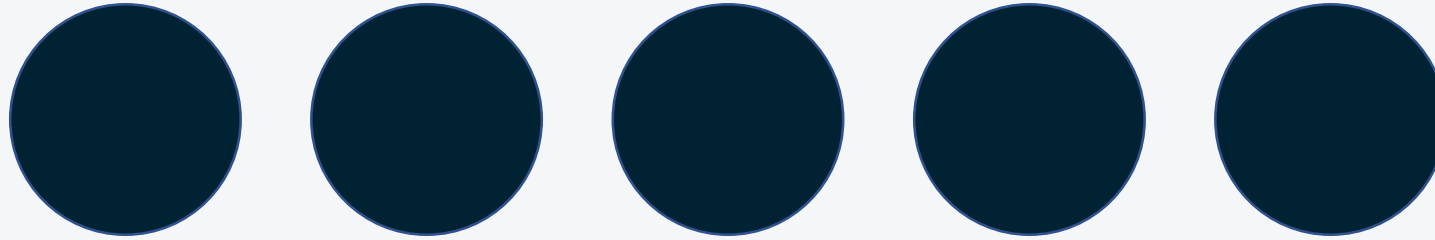
Astra Agro  
Lestari

Batu Kawan  
Berhad

IJM  
Plantations

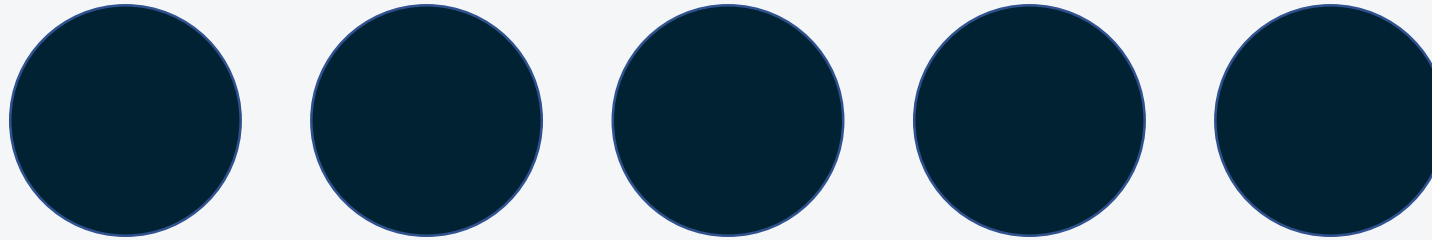
Indofood  
Agri

## NDPE Violations



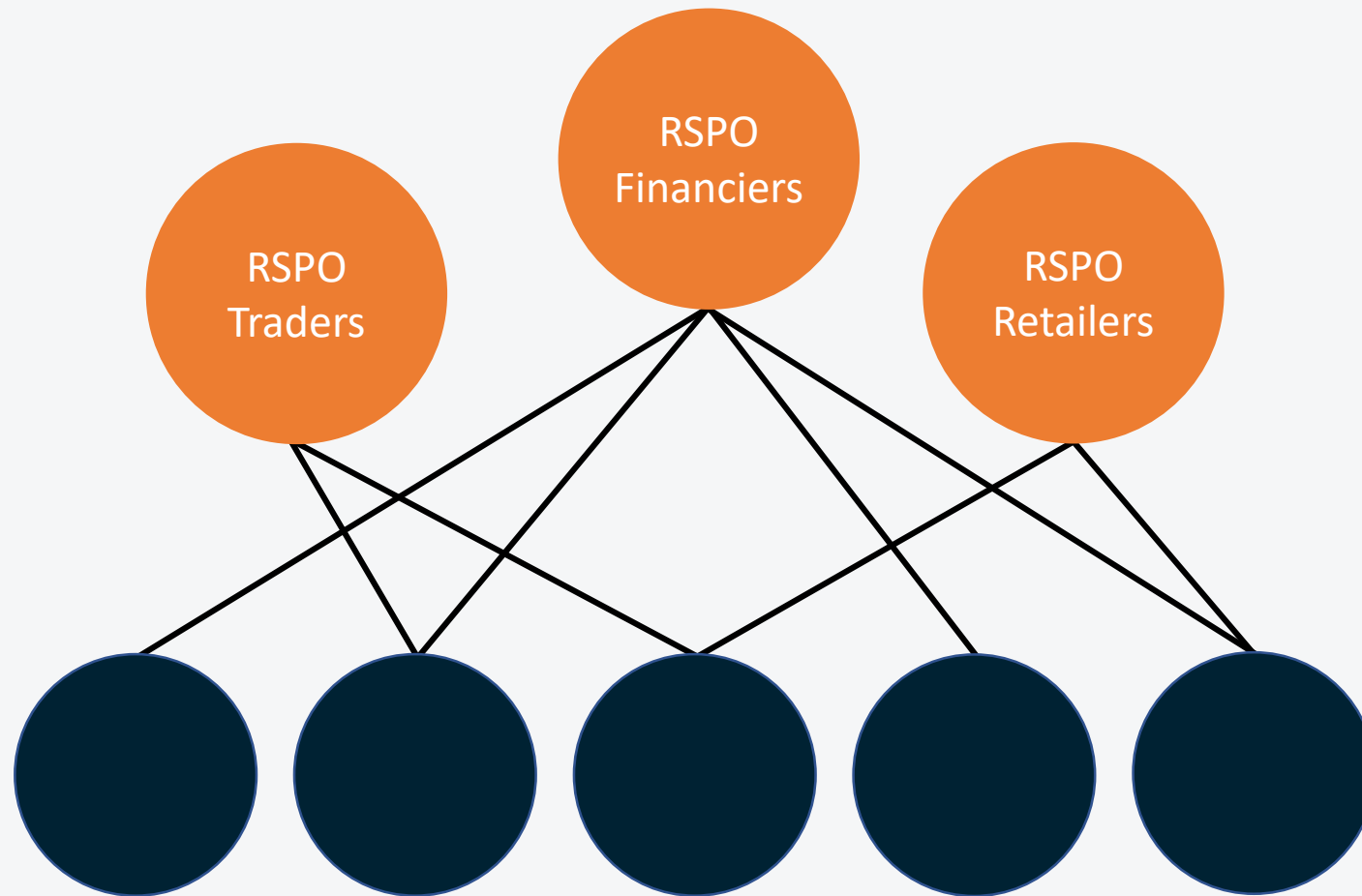
- Planting on peatland
- Clearance of primary forests
- Clearance in elephant habitats
- Land rights abuses
- Labor law violations
- Gender discrimination
- Child labor

## Financial Woes



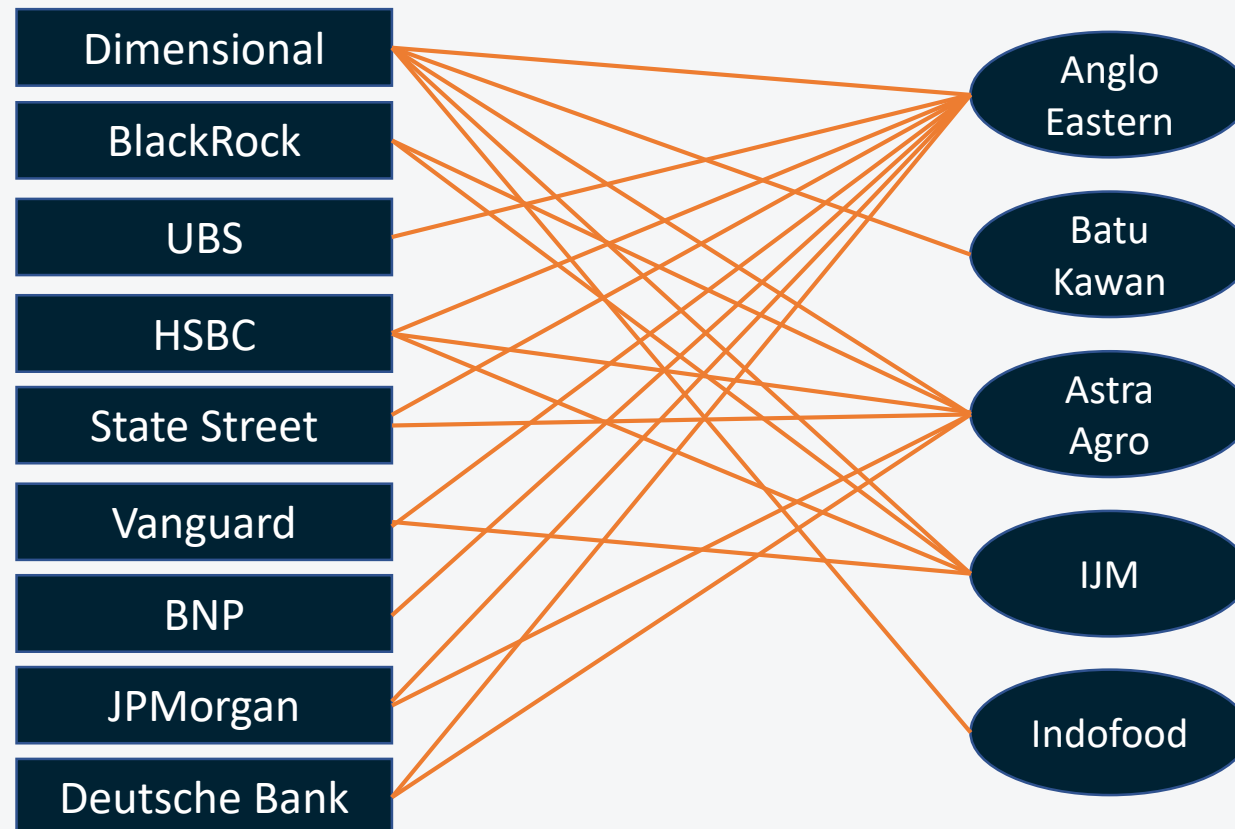
- Record low stock prices, dropping by over 50% in a year
- Reduced revenue, down by over 25%
- Market value down 60% in a single year

## Links to RSPO

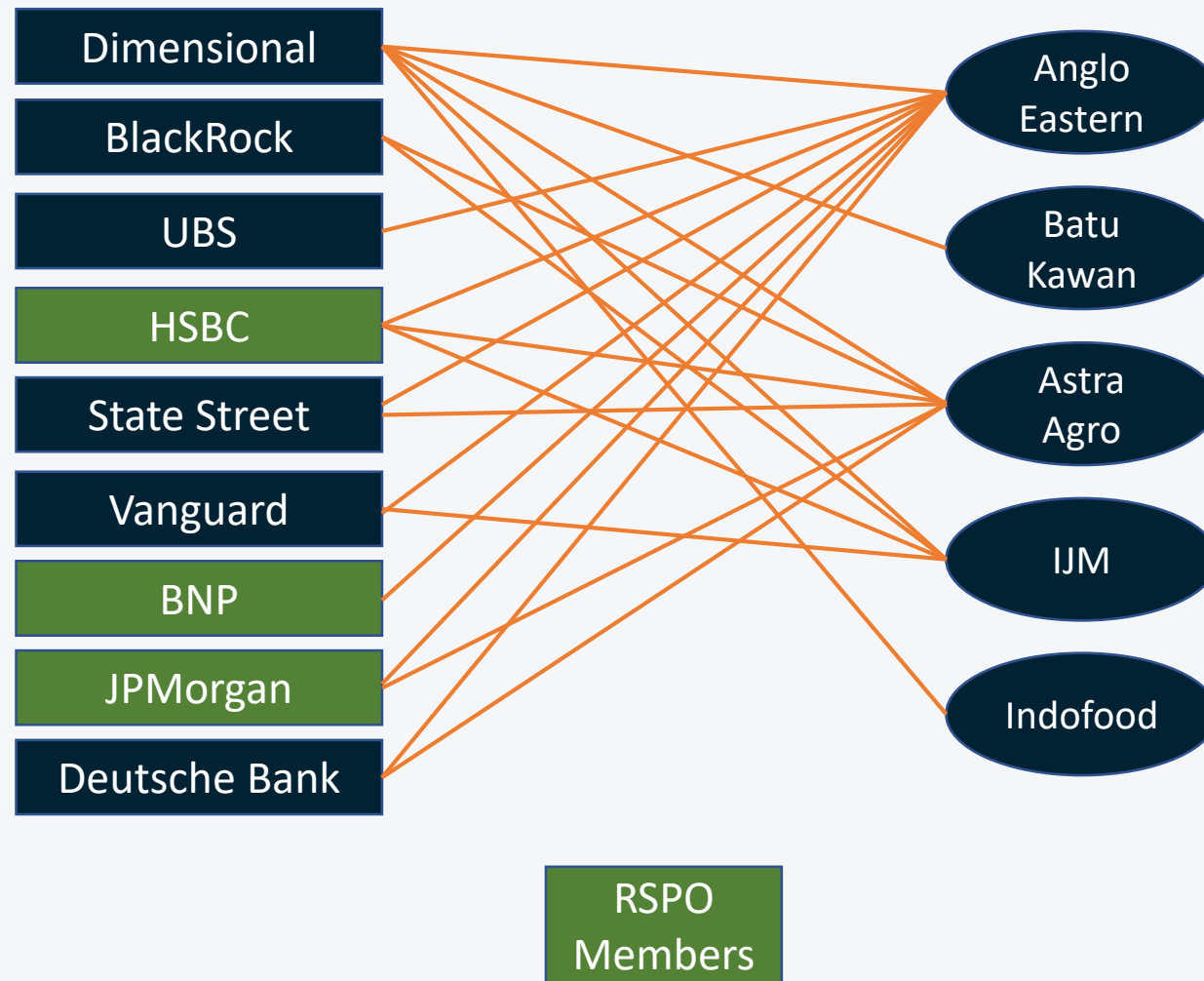


Data sources: Bloomberg, Greenpeace, Mighty Earth

## Links to Western Finance



## Links to Western Finance



Data source: Bloomberg

# Thank You

Sarah Lake

[lake@climateadvisers.com](mailto:lake@climateadvisers.com)

