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

Climate Advisers Better Palm Oil Index vs. Benchmarks
(12/21/2012-4/25/2019)

- Climate Advisers Better Palm Oil Index
- Non-RSPO Palm Oil Companies
- Average of RSPO and Non-RSPO
Key Findings

- **First company commitments**
- **Major RSPO suspension**
- **Revised P&C**

**Climate Advisers Better Palm Oil Index vs. Benchmarks**

(12/21/2012-4/25/2019)

- **Climate Advisers Better Palm Oil Index**
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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

Data sources: Bloomberg, Greenpeace, Mighty Earth
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

Data sources: Bloomberg, Greenpeace, Mighty Earth
Links to RSPO

Data sources: Bloomberg, Greenpeace, Mighty Earth
Links to Western Finance

Data source: Bloomberg
Links to Western Finance

Data source: Bloomberg
Thank You

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