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RESPONSIBLE BUSINESS

Changing the conversation around palm oil

BY LAILI ISMAIL

The fact that humans and orangutans share 97% of their DNA sequence is perhaps one of the reasons the 'Rang-tan' advertisement by UK-based supermarket chain Iceland Foods Ltd punched above its weight class last year.

The advertisement featured a baby orangutan narrating to a young girl how oil palm cultivation was destroying his home, the rainforest. It resonated with audiences worldwide, made the headlines and generated millions of internet views.

This was followed by the supermarket chain's announcement that it would ban palm oil in its own brand of products because of its perceived impact on animals and the environment. Such media campaigns do a powerful job of blackening the reputation of palm oil, making it synonymous with deforestation and the loss of habitat for wildlife in the public's mind.

As the second largest palm oil producer in the world, with six million hectares of plantations and 650,000 smallholders (who have 3.2 million dependants), Malaysia has no choice but to take issue with such anti-palm oil campaigns.

Some 80% of the palm oil produced in the country is for export. So, there was no little consternation when the EU announced that it would be phasing out palm biofuel from its energy mix by 2030. The European Commission, an EU institution, concluded that the use of palm oil in transport fuel should be phased out as the cultivation of this crop resulted in excessive deforestation.

However, last month, the French Ambassador to Malaysia Frederic Laplanche came out to clarify that there is no ban on palm oil going into the EU. Instead, the EU would gradually withdraw the incentives for palm oil to be added to the diesel mix.

"The reason [for the withdrawal of the incentives] is because the calculation showed that there was a problem between balance and carbon impact. Of course, I must be clear that although there is no ban, these measures will probably result in a reduction in the use of palm oil as a biofuel in Europe, depending on the prices of fossil fuel," Laplanche told national news agency Bernama.

The Ministry of International Trade and Industry's deputy secretary-general (Trade) Datuk Seri Norazman Ayob was quoted by the media as saying that the move was jeopardising the Asean-EU Free Trade Agreement negotiations. This sentiment was shared by the leaders of other palm oil-producing countries, who warned that the move may lead to a trade dispute as it appeared to be more like a protectionist trade barrier than an act of conscience.

In fact, Franky Widjaja, head of Singapore-based Golden Agri-Resources Ltd, one of the world's biggest oil palm plantation companies, said the move was the opposite of an act of conscience as it would hurt growers and jeopardise future supplies of vegetable oil, when the supply of alternative oilseeds was just not enough to meet the rising demand for food and fuel. "I believe in karma, and I think they will get their karma," he told Bloomberg rather cryptically.

Sime Darby Plantation Bhd (SDP) chief sustainability officer Dr Simon Lord tells *Enterprise* that while Iceland's move to ban palm oil in its own brand of products may be viewed as admirable and praiseworthy because the UK retailer was motivated by social and environmental objectives, he believes that it has "gone about it the wrong way." "I think it would have been more constructive to work [with palm oil producers] towards a resolution," he adds.

"Some of our customers in the West, who are perhaps more sensitive, will respond [to the demonisation of palm oil] by trying to get out of palm oil in the same way Iceland did. But if you believe in protecting

the forests, then opting out of the situation stops you from having a dialogue or some form of affirmative action. It is one thing to talk about it and another to actually start doing something about it on the ground."

Contrary to popular belief, palm oil is not the biggest culprit of mass deforestation, says Lord. "The big five are cattle, soy, paper and fibre, maize and palm oil — in that order. Cattle ranching causes 10 to 15 times more deforestation than palm oil cultivation," he points out.

He adds that in addition to being unhelpful in addressing the problem of deforestation, the negative campaign against palm oil drowns out the news of any good attempts by palm oil producers to address the very issues that are getting protesters and special interest groups all hot and bothered in the first place.

Maybe the palm oil producers are partly to blame for this as they are reluctant to talk to the media. Lord attributes this to the fact that most of the articles out there have put them in a bad light. Also, they may not be media savvy enough to present their side of the story. Because of this, stories about conservation, re-plantation and forest rehabilitation efforts often get buried under an avalanche of negative press.

"There are companies doing fantastic things behind the scenes, but they do not want to get the word out in case people start criticising them for other things. [The media] is always after what is negative because that is their job and it is important to ferret out the ones who are doing 'greenwashing'," says Lord.

Greenwashing refers to the practice of some unscrupulous companies that make unsubstantiated or misleading claims about the environmental benefits of a product or service to make them appear more environmentally friendly.

However, by lumping them all together, the focus on greenwashing does tend to ruin or perhaps overshadow the efforts of those who are actually doing good work in this area, he says. Unlike companies that carry out sustainability projects merely to fulfil their corporate social responsibility, SDP is close to fully embedding sustainability, he adds.

"We are deeply involved in all these projects, working very closely with experts and non-governmental organisations (NGOs). When we talk about replanting, for example, we do our research. When we talk about species conservation, we provide scientific data to prove that there are palm oil companies working towards this.

"We cannot just say we support orangutan-friendly plantations. We need to show the results with scientific data. That is our approach," he explains.

Lord notes that "green warrior" NGOs provide checks and balances for the palm oil industry, but argues that some of them "go about it in outrageous ways that are not helpful". However, there is a handful of them that are constructive in their criticism and help point out the areas in which palm oil planters could improve, he says.

"For example, the World Wildlife Fund for Nature Malaysia, Conservation International and Palm Oil NGO (PONGO) Alliance recognise that you have to be engaged to solve these problems. On the other hand, there are those in remote areas who tell you what the problem is but are not willing to help solve it."

PONGO Alliance is a network that encourages collaboration in the pursuit of effective and sustainable solutions for protecting orangutans and their habitat in an oil-palm landscape.

KNOCK-ON EFFECTS OF CONSERVATION

SDP prides itself on being the world's largest producer of certified sustainable palm oil and projects such as the recently completed Jentar Plant-A-Tree — a biodiversity conservation initiative that has the largest collection of endangered, rare and threatened (ERT) tree species in a single-soil oil palm plantation area

in the country — seals this reputation. The company has set aside 160ha of land on its Jentar estate in Temerloh, Pahang, for the project and now up to 60 threatened species that were previously difficult to grow are flourishing in what is called a conservation set-aside (CSA) area.

CSA areas are those within plantation operations that are required to be conserved, according to the principles and criteria of the Roundtable on Sustainable Palm Oil. Riparian zones (the interface between land and a river or stream), steep slopes and forest boundary reserves are examples of such areas.

Some 1.5 million trees have already been planted under the Jentar project, which is not SDP's first effort in reforestation. So far, it has carried out reforestation and the rehabilitation of orangutan habitats in Northern Ulu Segama with the Sabah Forestry Department, the Kinabatangan RiLeaf Project with Nestlé Malaysia, and the peat swamp protection and rehabilitation project in the Raja Musa Forest Reserve with the Global Environment Centre.



Iceland Foods Ltd's 'Rang-tan' advertisement successfully equated palm oil with the destruction of wildlife habitats.

These projects focus on planting trees on slopes as the soil is more fragile and prone to erosion, according to Lord. By enhancing areas that cannot be used to cultivate oil palm trees, it creates small patches of ecosystem that will be connected to wildlife corridors.

"They may connect to a waterway, which will be a main artery. Or, they may join two bits of forest, thus giving wildlife a corridor. Where that cannot happen, they create stepping stones for birds or particular species to pass through," says Lord.

"Research has demonstrated that orangutans can move through large areas of oil palm [causing minimal damage], which indicates that management plans that enhance mosaic landscapes can provide solutions for the survival of the orangutan and other biodiversity, in harmony with developmental needs," SDP says on its website.

"We have discovered that, through our work with conservationists, the ficus [tree] family supports the movement of orangutans from one patch to another. The reason we want orangutans to move is not to translocate them, but simply to give them access to a greater range of food so they are more resilient, as well as to widen their gene pool," says Lord.

On top of that, the tree-planting projects provide a food source for wildlife. There is a variety of animals that need fruiting trees, particularly birds and small mammals, he says. "Grand mammals need the habitat. The trees become the understorey, which becomes the habitat for small creatures to move around. This increases the diversity of the forests."

In the longer term, the company's conservation efforts are aimed at increasing biodiversity value as well as creating a heterogeneous gene pool for ERT species, says Lord. "We want to support the national policy as we move forward. As a government-linked

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company, it is our role to be part of the backbone of a policy, particularly in agriculture."

For SDP, conservation work is not only about landscapes but also livelihoods. "You cannot separate conserving wildlife habitats from creating livelihoods because the biggest threat to [the survival] of orangutans is poaching. Just putting a fence around the forests is not going to stop poaching. You have to work with the indigenous people as well as those who have settled in those areas to educate them. They need alternative sources of income so they do not make a living out of poaching," says Lord.

He cites SDP's collaboration with Nestlé as an example. Project RiLeaf is an initiative to reforest critical riparian reserves along the Kinabatangan River in Sabah to provide a natural buffer that will filter pollutants from the river so as to give it a chance to repair itself over time. The project also engages local communities and smallholders through awareness programmes to get them to adopt sustainable practices.

"We have found that women in the local indigenous communities were empowered to make nurseries, from which we buy seedlings. They collect seeds from the forest and we plant them," says Lord, adding that the seeds will grow into pioneer trees that provide shade for the ERT species that will be planted later.

As every site has different characteristics, SDP collaborates with the Forest Research Institute Malaysia to conduct a fauna assessment. Apart from that, in areas like Jentar, the company collaborates with the Pahang Forestry Department to observe the health of the forests in their plantations.

"It is about sampling and surveys, then looking at the timeline for particular species that have returned [to the forests]. We started to see dramatic effects within two years, seriously significant effects after about four years, and then they [replantation sites] become more mature. Then, we will get pioneering animals and plants. So, it is not just about the fauna but the flora as well," says Lord.

A BALANCE BETWEEN PRODUCTION AND PROTECTION

Human development has always gone hand in hand with the destruction of forests and Lord acknowledges this. He points out the fact that Kuala Lumpur is a city built on a forest, just like many other cities in the world, but the development could have been done in a more sustainable way.

"If we were starting the palm oil industry today, we would probably do it in a very different way. Land-use planning would help. In some of the more frontier markets such as Gabon and Equatorial Guinea, [they would set aside] so much for forest and conservation and so much for agricultural development," says Lord.



There are companies doing fantastic things behind the scenes, but they do not want to get the word out in case people start criticising them for other things. [The media] is always after what is negative because that is their job and it is important to ferret out the ones who are doing 'greenwashing' > Lord

"These are poor countries and Malaysia was one too. So, it needed agricultural development. It needed the tin, rubber and palm oil to lift itself economically. The historical truth cannot be denied.

"But I think the modern-day planter is acutely aware of all of these things and does not want to be the one who thrashes the forest or murders orangutans. In fact, it is the opposite. You will often find enlightened companies such as Sime Darby that are actually helping [the cause]."

What should planters focus on when it comes to sustainability? Lord believes that they should emphasise removing permanent forest destruction from the supply chain. "Abolish deforestation the same way we abolished slavery," he says.

He adds that SDP cannot afford to lose forests because climate change is a reality and the effects are tangible. "There are no climate sceptics in Sime Darby because we are all farmers and we are witnessing [climate change] happening through inclement weather — the increased frequency of heavy rains followed by periods of drought. So, preserving what we have is absolutely vital."

When it comes to protecting wildlife, Lord believes that more should be done on single-species rehabilitation such as the orangutan and the Malayan tiger. He highlights the fact that the orangutan population was indeed dwindling in recent times. "It seems to be stable now, but we need it to grow and there is a huge amount of work to be done," he says.

Lord says the company has the largest running fragmented-landscape ecosystem experiment in the world. It involves independent scientific academy Royal Society (also known as The President, Council and Fellows of the Royal Society of London for Improving Natural Knowledge), the Imperial College and several Malaysian universities.

"There are postgraduate and postdoctoral students and researchers involved in the experiment and what has come out of it is an enormous wealth of infor-

mation on the future of agriculture and how it could co-exist in these landscapes," he adds.

Oil palm trees were grown on peatlands in this region since the 1980s, but such cultivation had taken a toll on the earth. Lord projects that it will no longer be acceptable to do so in the future. He believes that climate change will give rise to dry areas, where oil palm would just not be profitable.

"There is a saying, 'A forest that pays is a forest that stays'. At the moment, due to initiatives such as the UN's REDD [Reducing emissions from deforestation and forest degradation in developing countries] programme, the market just completely fell out of it. So, until we put a dollar value on forests, they will always be slightly at risk. We enjoy everything about a forest. But it really needs to be embodied in some kind of true cost and financial incentives," says Lord.

He says the claim that oil palm cultivation impoverishes the soil, making it impossible to plant anything else, is simply a misconception. "It is like saying apple orchards cannot be older than 25 years."

He adds that soil impoverishment only happens if planters do not put cover crops that prevent soil erosion due to rain.

Lord is certain that in the future, sustainable plantations will be a combination of production and protection to achieve "ecosystem services". These services are defined as the ecosystem's contribution to human well-being and can be grouped into four categories: provisioning (of products such as food and water), regulating (benefits from regulation and management of ecosystem processes), habitat (for migratory species and maintaining the viability of gene pools) and cultural (non-material benefits such as spiritual enrichment and intellectual development).

In the meantime, oil palm planters are using technology to ensure sustainability. On top of using satellite images to monitor land-use changes as well as fire and haze hotspots, SDP is using artificial intelligence to measure the health of the forests through the sounds the wildlife make, says Lord.

"There is a machine that can pick up sounds the human ear cannot, and it analyses whether there are, for example, gibbons in a certain area. From there, we can determine the health of the forests through the population of wildlife species."

SDP is also using technology such as light detection and ranging (Lidar), a remote sensing method, to measure the carbon content of forests. From above, a canopy may make a forest appear green and lush. But a better indication of its health is measuring the carbon content, which gives a more accurate picture, says Lord.

"What you want is the quality of the forests and measuring carbon is one way to determine that because it gives you the girth of trees. There are also algorithms to detect patches where things are not growing well," he adds.

Another role that technology is playing in some of the work SDP has done in developing high-yield planting material, such as the Super Family Dami seeds. Lord assures that these materials are not the result of genetic modification as conventional breeding methods are used.

"We apply the CRISPR genome editing technology to determine the code of life [genotype] of the plant species, not to change it but to identify the bits that actually give us the genetic expression [also known as phenotypes] that would provide more fresh fruit bunches. Once identified, we put it in the breeding system," he says, adding that increasing yield helps mitigate deforestation risks.

In the longer term, the aim is to make the production as closed loop as possible, says Lord. He points out that many do not realise that 97% of an oil palm tree is recycled. The only thing that comes out of the field is the oil while everything else goes back in one form or another.

"The oil contains carbohydrates, hydrogen and oxygen. No nitrogen and phosphates — which impoverish the soil — is released, unlike in temperate farming."

This is about using better technology in what we call precision agriculture, where we map not just the plantations but also the individual fields to better manage them. Organic palm oil is not off-the-books in that sense, and that is a truly closed-loop production," Lord says. ■