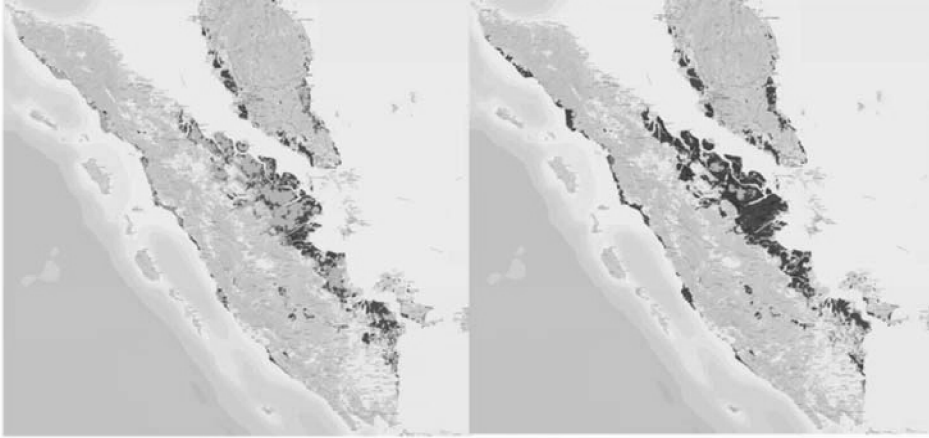


## Peat degradation continues apace

Peat cover 1990

Peat cover 2007



**Pristine peat** **Degraded peat** **Plantation**

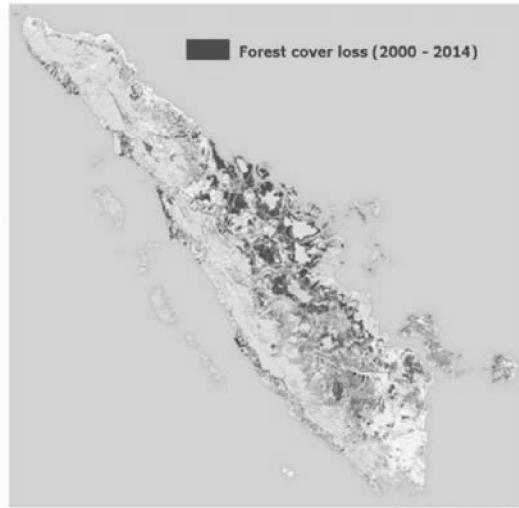
Source: Centre for Remote Imaging, Sensing and Processing, NUS

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**CLSA**

## Deforestation is dramatic - Sumatra


**>18% of  
Sumatra's forest  
cover was lost over  
2000-2014**



Source: University of Maryland, Global Forest Change, Hansen et al

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**CLSA**

 **NZSUPERFUND**  
*Te Kaitiaki Takekaiwhiriwhiri  
Kaitiaki Takekaiwhiriwhiri*

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## Is it an investment issue?

Risks are significant

- Like climate change, risks are not necessarily priced
- Likelihood of further governance reform
- Public perceptions are impacting sales
- Potential for transition – pledges for zero deforestation, zero peatland development and zero exploitation

**579** companies have now committed to ending tropical deforestation in their supply chains

IOI: RSPO certification suspended in March 2016: **27** companies suspended their relationship

Statistics from Chain Reaction Research

2011: Moratorium on the granting of new concessions for the exploitation of primary natural forests and peat

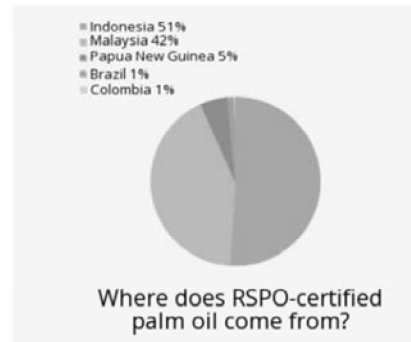
2013: Above moratorium continued

2016: Moratorium on new licenses to establish palm oil plantations

Transition – also about seeds, improving yields and farming practices

## Can palm oil be sourced sustainably?

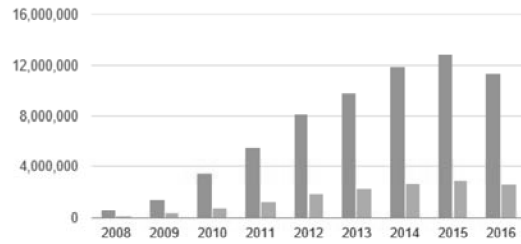
RSPO: Roundtable on Sustainable Palm Oil



Source: RSPO website (accessed 22 September 2016)

## Can PKE be sourced sustainably?

Certified Sustainable Palm Oil and  
Certified Sustainable Palm Kernel Volume (tonnes)

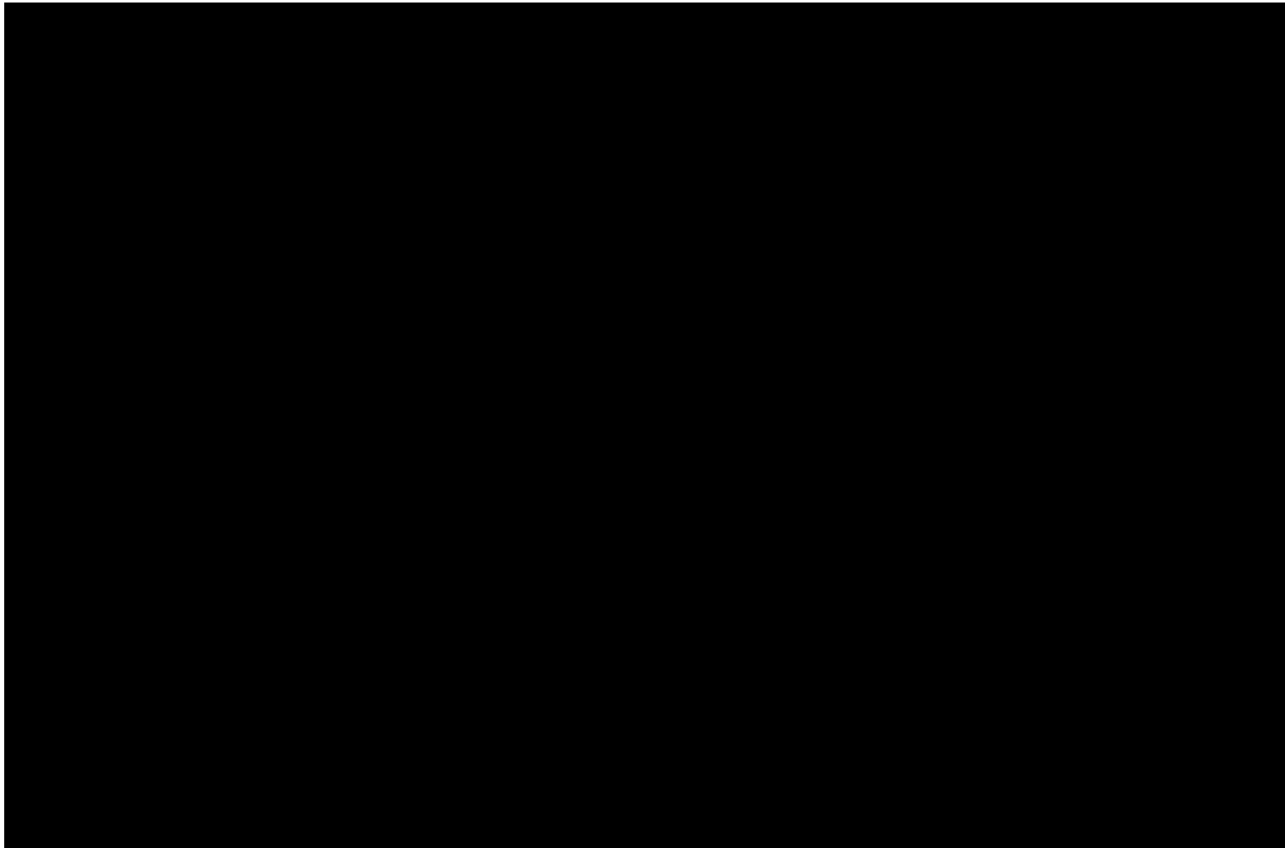


Source: RSPO website (accessed 22 September 2016)

NZ's annual use is 2m tonnes per year (and growing)

## Next steps for GNZS

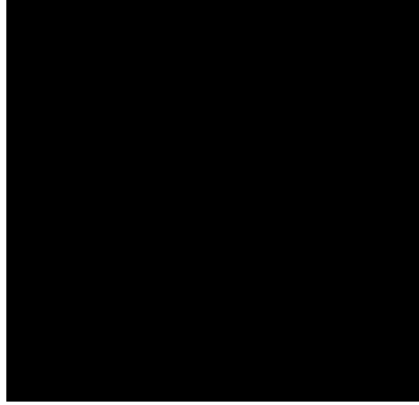
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- BMO continuing engagement with buyers and growers
- Continued involvement with the UNPRI working group which is moving its focus to deforestation (palm oil, soy, dairy and timber)

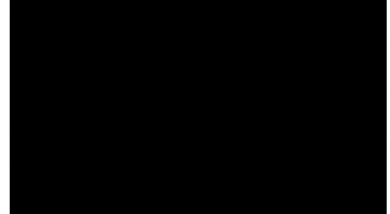


## A few pics



**Jakarta traffic**









## Meetings held

### ■ NGOs

– WWF

– [REDACTED]

### ■ Government Officials

– [REDACTED]

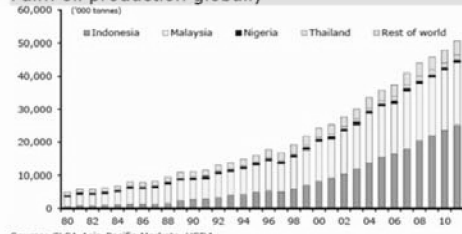
### ■ Companies

– [REDACTED]

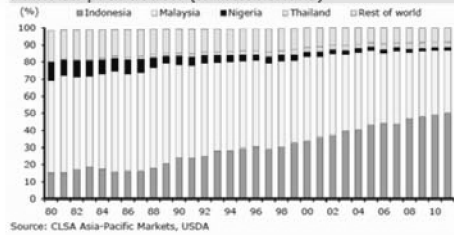
# Palm oil market

Palm oil is a mature and expansive market... But at what cost?

Palm oil production globally



Palm oil production (market share)



## A departing thought....

