

PUBLIC LECTURE

MPOB-UKM ENDOWMENT CHAIR VISITING PROFESSOR

BRIDGING NARRATIVES AND BUILDING TRUST:
Sustainability Reporting for a Transparent
Palm Oil Future



TUESDAY
28 OCTOBER 2025



9AM - 12PM



MELUR BALLROOM,
BANGI RESORT HOTEL,
BANGI



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Kursi Endowmen MPOB-UKM

Bridging Narratives and Building Trust

Sustainability Reporting for a Transparent Palm Oil Future

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Aalborg University Business School

Visiting Professor at the MPOB endowment chair
Faculty of Economics and Management,
UKM, The National University of Malaysia



Presentation Overview

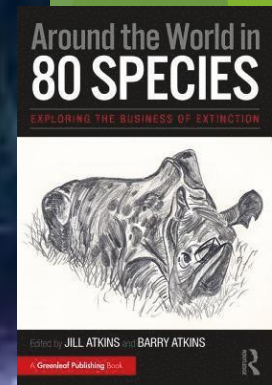
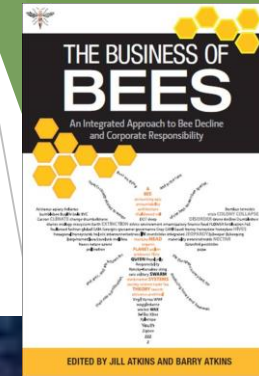
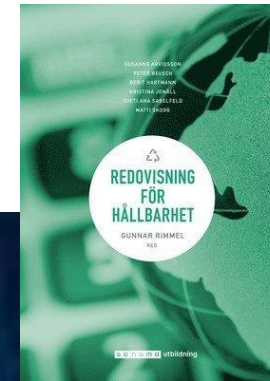
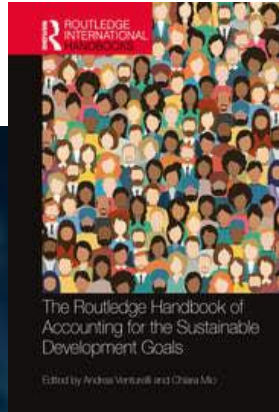
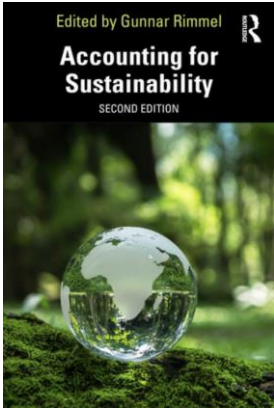
- 1 Introduction
- 2 Connecting Palm Oil & Perception
- 3 Sustainability Reporting Landscape
- 4 Research, Cases and Perspectives
- 5 Thoughts on Policy, Practice & Smallholders

Who I am

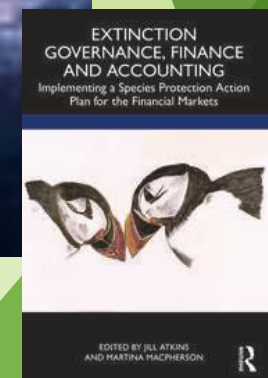


My research

development throughout the years



- 19 Articles (in peer reviewed journals)
- 50 book chapters
- 15 books and reports
- 86 conference papers



Previous academic positions

2023 - **Chair in Accounting and Sustainability Reporting,**
Head of Accounting Research Group,
Aalborg University Business School, Denmark




2017 -2023 **Chair in Accounting and Corporate Reporting, Director**
of the Henley Centre of Accounting Research & Practice,
Henley Business School, University of Reading, UK



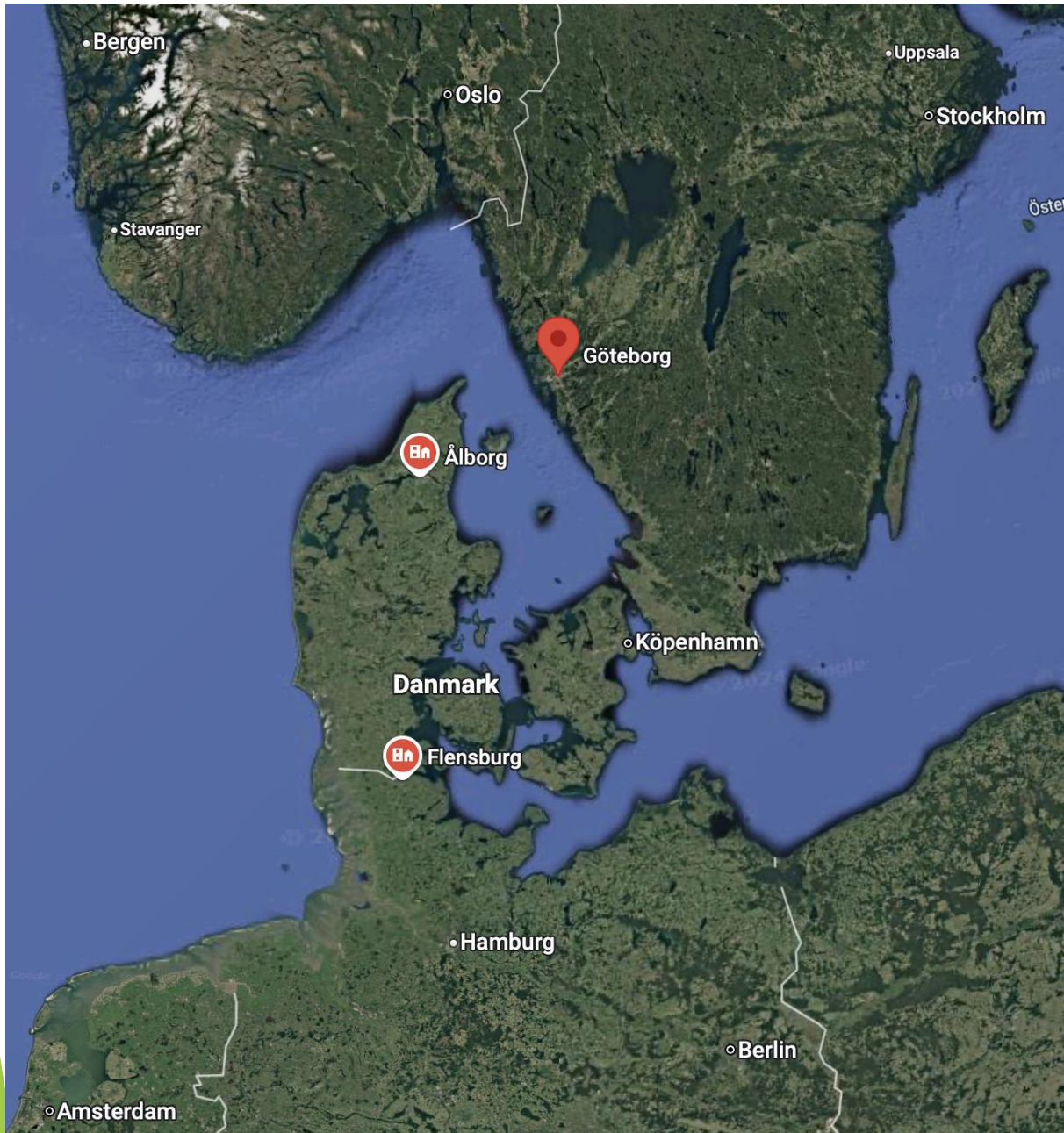
2012 - 2017 **Full professor of Accounting,** Head of the Accounting
Group, Jönköping International Business School,
Jönköping University



2006 - 2011 **Head of the Financial Accounting Group,** Department of
Business Administration, School of Business, Economics
and Law at Gothenburg University



2004 - 2006 **Deputy Head of the Financial Accounting Group,**
Department of Business Administration, School of
Business, Economics and Law at Gothenburg University



WHERE IS AALBORG ?



Bridging Narratives and Building Trust



Alternative Title:

From Nutella to Rainforest to Sustainable Palm Oil Reporting

United Nations
SUSTAINABLE DEVELOPMENT GOALS

Our World Today?

Poverty	Hunger	Poor health	Poor education	Gender inequality	Lack of water & sanitation
Expensive dirty energy	Exploit labour	Under investing	Increasing inequality	Unsustainable Cities & communities	Irresponsible production & consumption
Climate chaos	Damage life below water	Damage life on land	Conflict Injustice & war	Lack of Cooperative institutions	UN SUSTAINABLE DEVELOPMENT GOALS

United Nations
SUSTAINABLE DEVELOPMENT GOALS

Our World in 2030?

1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION 	14 LIFE BELOW WATER 	15 LIFE ON LAND 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 	

United Nations
SUSTAINABLE DEVELOPMENT GOALS





INTRODUCTION: CONNECTING PALM OIL AND PERCEPTION

Bridging Narratives and Building Trust

- What do these two pictures symbolise?



Consumers choice



**European Perceptions of
Palm Oil
- *Cognitive Bias and
Media Framing***

European Perceptions of Palm Oil - *Cognitive Bias and Media Framing*

Palm Oil = Deforestation = Climate change



=



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Deforestation and monoculture





Slash and burn practices

Environmental consequences of Palm Oil Industry

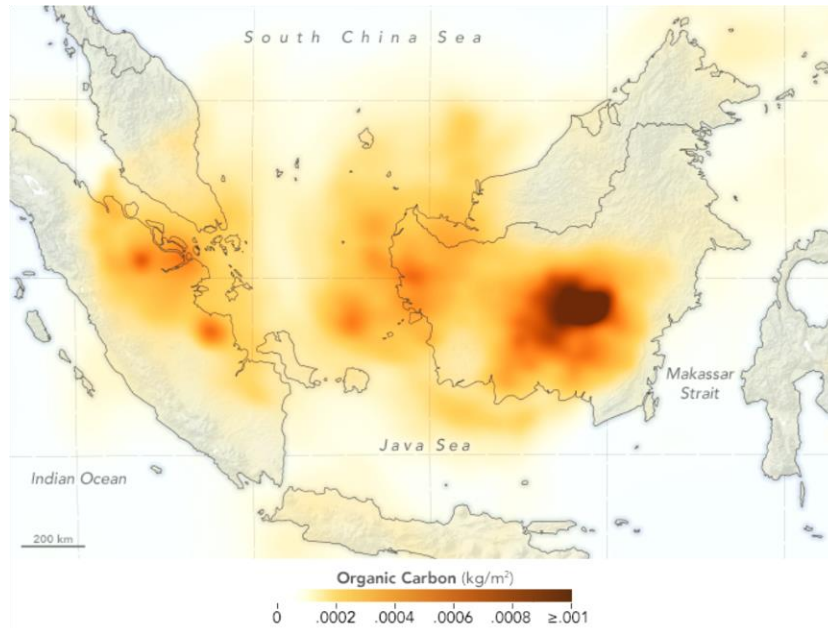


Farmers use the slash-and-burn practices to clear the land for oil palms in Indonesia (Karthik et al., 2017; Purnomo et al., 2018).

The Southeast Asian haze: The quality of environmental disclosures and firm performance

Maizatulkma Abdullah ^a  , Noradiva Hamzah ^a, Mohd Helmi Ali ^a, Ming-Lang Tseng ^{b,c},
Matthew Brander ^d

Contributing to climate change



The map shows organic carbon data on September 17, 2019, Image: NASA



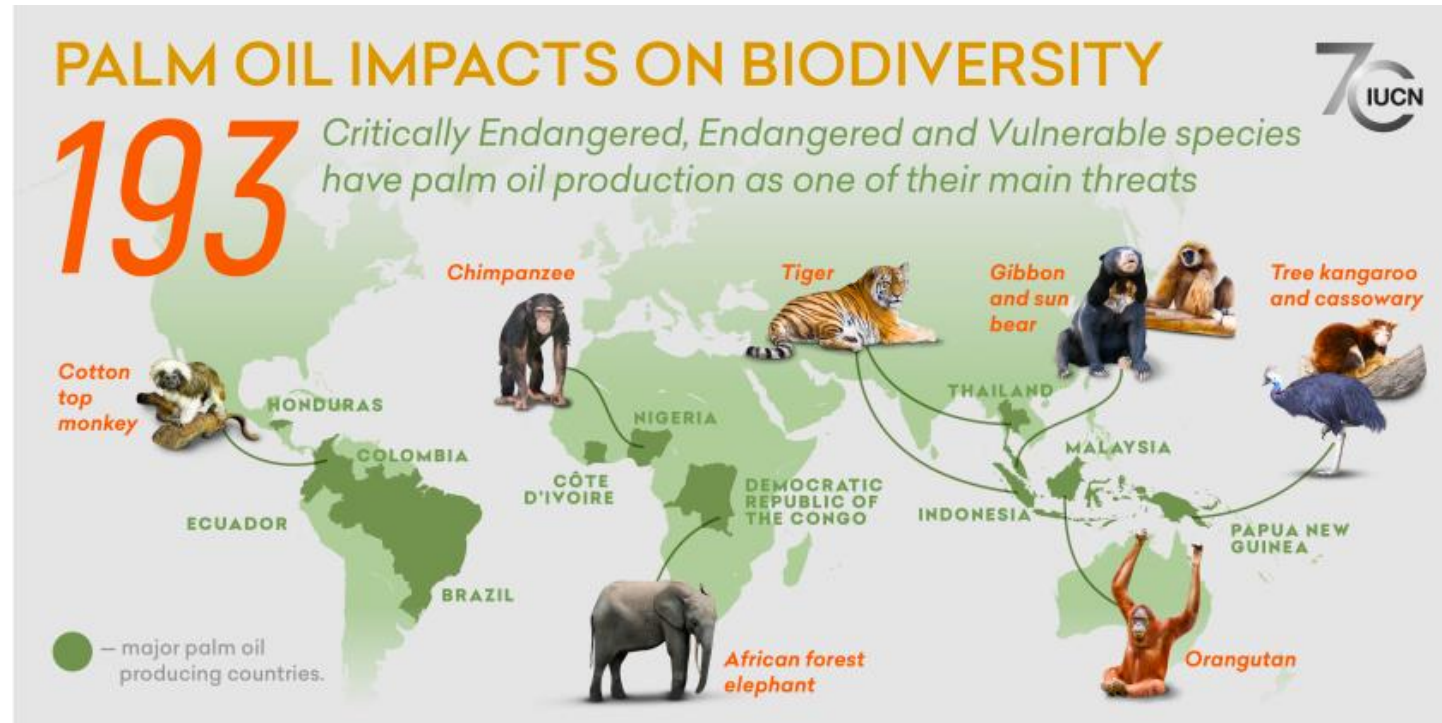
Endangering species



European Perceptions of Palm Oil

- Cognitive Bias and Media Framing

- ▶ Palm oil expansion is a major driver of deforestation and degradation of natural habitats in parts of tropical Asia and Central and South America.
- ▶ Palm oil expansion could affect 54% of threatened mammals and 64% of threatened birds globally.



To reduce its impacts on biodiversity, palm oil needs to be produced more sustainably by avoiding deforestation and cutting non-food palm oil use. This will save certain species from threat of becoming extinct.

Meijaard, E. et al. (eds.) (2018). Oil palm and biodiversity. A situation analysis by the IUCN Oil Palm Task Force.



The demand for sustainability reporting

- The Parliament of the European Union (EU) decided to impose restrictions on palm oil imports from Indonesia and Malaysia.
- Intense media coverage about the ban has increased the demand from stakeholders for greater accountability and transparency (Purnomo et al., 2018).

SAY NO TO
PALM OIL

it harms animals, people & our p

European Perceptions of Palm Oil

- A Few of the Thousands of Products with Palm Oil



European Consumer Perceptions of Palm Oil

- 1. *Dominant Associations*

European consumers overwhelmingly link *palm oil* with **negative environmental imagery**:

- ▶ **Deforestation and habitat loss** - especially for orangutans and tropical biodiversity.
- ▶ **Climate change and forest fires** - seen as a major driver of emissions.
- ▶ **Unsustainable agriculture** - perceived as large-scale monoculture, corporate-driven, and exploitative of local communities.

Surveys show over **70% of EU consumers** associate palm oil with *deforestation* and *species extinction* (WWF, 2022; EU Commission Eurobarometer, 2023).

European Consumer Perceptions of Palm Oil

- 2. *Emotional & Moral Framing*

- ▶ Consumers approach palm oil as a **moral issue**, not just an environmental one.
- ▶ “Palm-free” labels and NGO campaigns (WWF, Greenpeace, Rainforest Action Network) have reinforced a **binary narrative**:

palm oil = bad **palm-free = ethical**


- ▶ This has led to “**moral licensing**” in consumption – e.g., preferring “palm-free” chocolate or cosmetics as a symbolic act of responsibility.

European Consumer Perceptions of Palm Oil

- 3. Knowledge Gaps and Cognitive Bias

- ▶ Most consumers **lack nuanced understanding** of supply chains or certification systems like **RSPO** and **MSPO**.
- ▶ Studies (e.g., Vázquez-Burguete , Lanero-Carrizo & Sahelices-Pinto, *Responsibility and Sustainability*, 2023) show that consumers are **unaware that palm oil can be produced sustainably**, or that alternative oils (soy, rapeseed, sunflower) often have **higher land-use and GHG footprints**.
- ▶ **Media framing** plays a major role: coverage often simplifies complex realities into visual symbols (orangutan, burning forest), shaping a **confirmation bias** toward negative beliefs.

Sustainability Reporting Landscape



EUROPEAN UNION

Palm oil industry in the context of Malaysia

Source of employment - Social impact

Year	Area (ha)	People Employed
1980	1,203,306	92,352
1990	2,029,464	115,285
2000	3,376,664	251,039
2007	4,304,913	426,000
2008	4,487,957	438,000
2009	4,691,160	451,000
2010	4,853,766	603,786
2015	5,640,000	860,000
2025	5,640,000	437,088

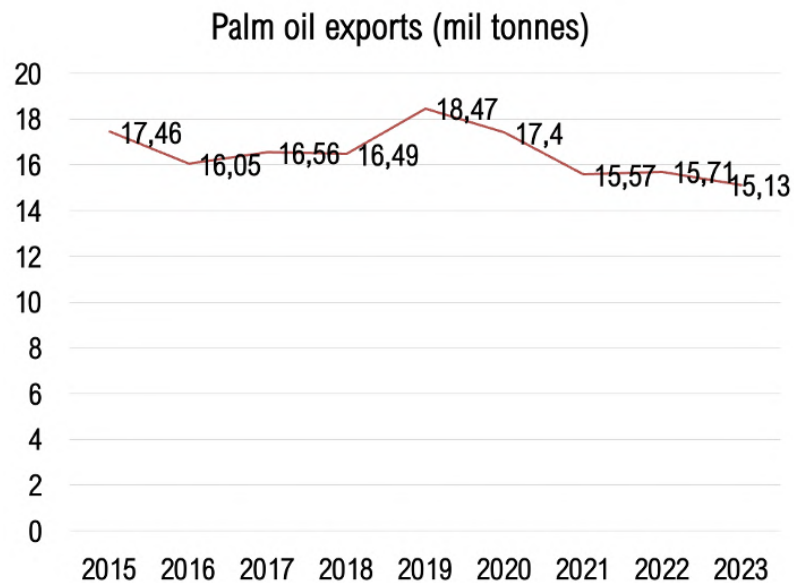
Table 1 People employed in oil palm industry
Source: Malaysian Palm Oil Council
High-level roundtable, Brussels 2025



“Overall, the industry contributed 2.3% to the national gross domestic product (GDP), underpinned by a smallholder network that cultivates 26.4% of planted oil palm land and supports nearly 450,000 families,”

Plantation and Commodities Deputy Minister Datuk Chan Foong (September 2025)

Palm Oil and Export Performance



Source: Malaysian Palm Oil Board (2015 – 2023)

- ▶ Palm oil makes a significant contribution to Malaysia's GDP and provides employment opportunities
- ▶ The industry faces increasing international scrutiny due to environmental sustainability and climate change concerns.
- ▶ This scrutiny has led to a noticeable decline in palm oil exports in recent years.
- ▶ **Palm oil export trend (2015-2023):** Palm oil exports have declined from a peak of 18.47 million tonnes in 2019 to 15.13 million tonnes in 2023.

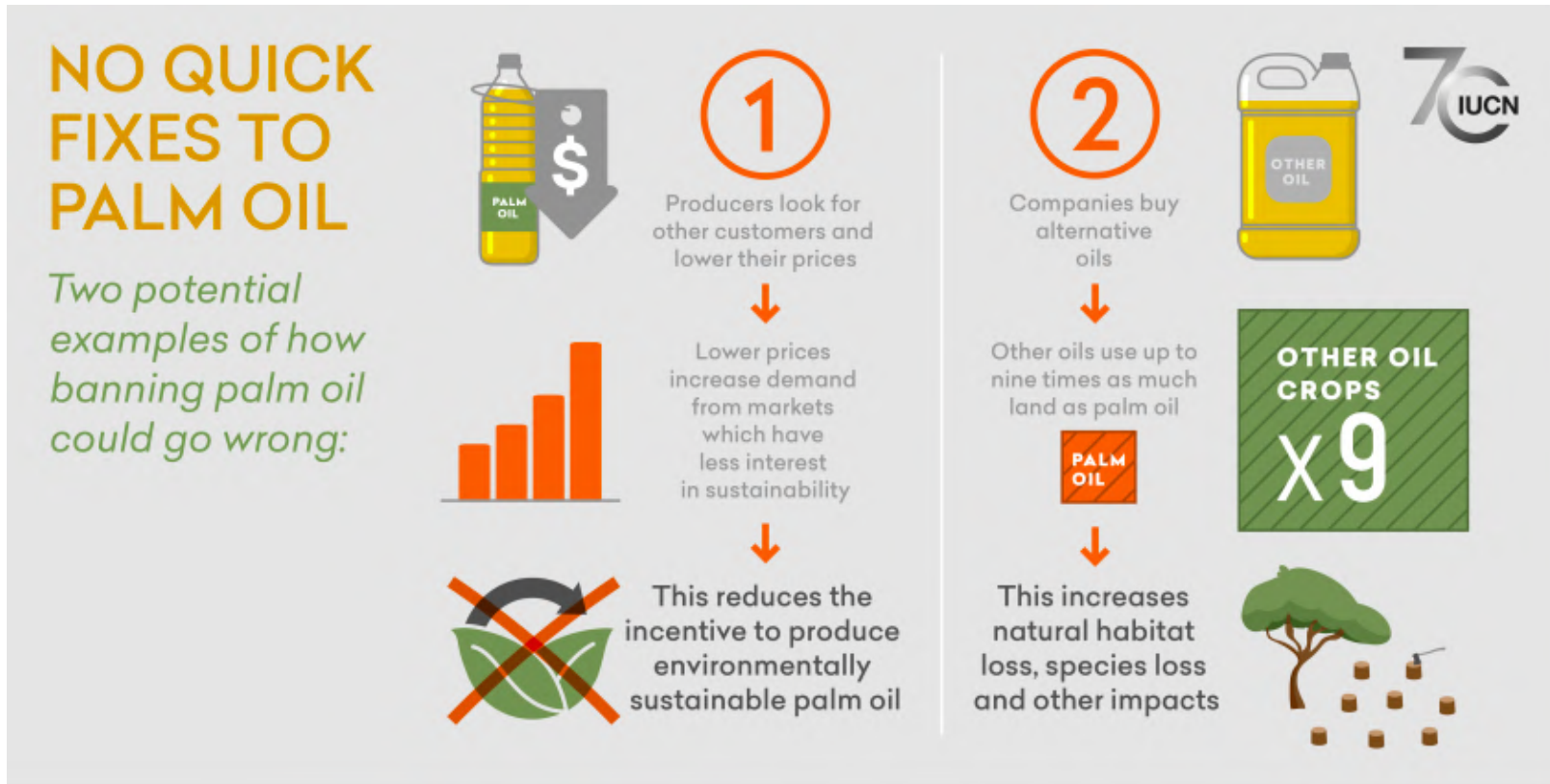
Practical issue:

How can palm oil producers maintain and enhance export performance amid growing global environmental concerns?

WHAT IS SUSTAINABLE PALM OIL?

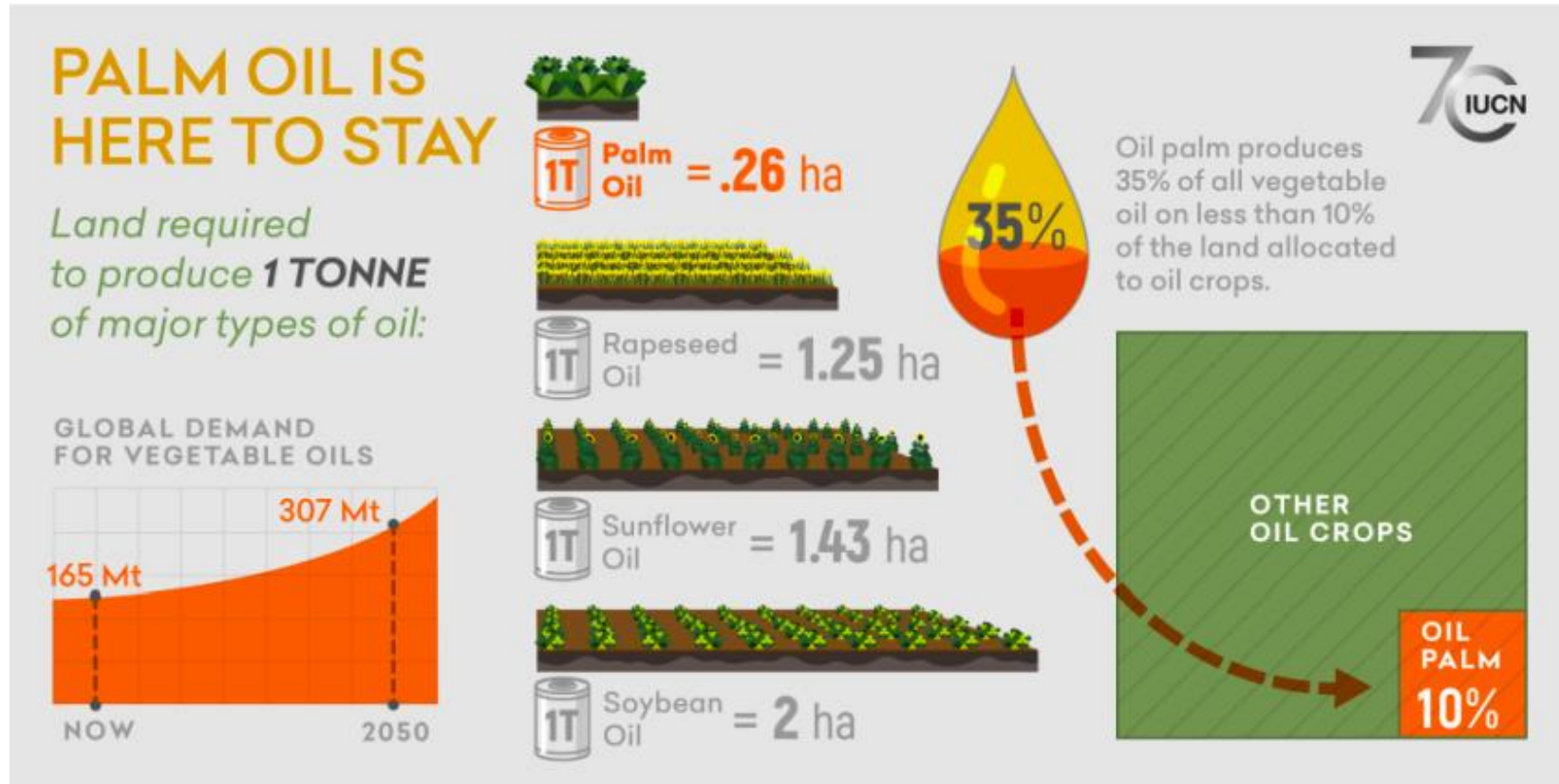
- ▶ **Sustainable palm oil is produced following social and environmental best practices.** This includes protection of tropical forests, peatlands, High Conservation Value (HCV) areas, High Carbon Stock (HCS) forests, and other **significant landscapes and habitats**. Sustainable palm oil development respects legal and customary land rights and the rights of indigenous and local communities and is produced in accordance with international norms on human and workers' rights.
- ▶ **Palm oil certified under the *Roundtable on Sustainable Palm Oil (RSPO)* 2018 Principles and Criteria (P&C) and/or verified by the Palm Oil Innovation Group (POIG) aligns with this definition.** However, companies can also produce/procure uncertified palm oil to meet their sustainable sourcing commitments, if it aligns with or exceeds criteria within these certification standards and provides credible assurances to back these claims.
- ▶ **The *SPOTT* palm oil indicator framework also details the key Environmental, Social and Governance (ESG) criteria that companies should consider to ensure the palm oil in their supply chains is produced more sustainably.**

The demand for sustainable palm oil



Meijaard, E. et al. (eds.) (2018). Oil palm and biodiversity. A situation analysis by the IUCN Oil Palm Task Force.

The demand for sustainable palm oil



Meijaard, E. et al. (eds.) (2018). Oil palm and biodiversity. A situation analysis by the IUCN Oil Palm Task Force.

Sustainability Reporting Landscape

Multi-layered sustainability reporting landscape:

Global standards
(e.g., RSPO, ISCC, RSB) provide cross-border frameworks for responsible sourcing.

National certifications
(e.g., ISPO, MSPO) ensure domestic compliance and credibility.

International policy commitments
(e.g., Amsterdam Declaration) drive alignment and collaboration across markets.

1. International Sustainability Initiatives

A number of international frameworks and certification schemes have been developed to ensure responsible production and traceability of palm oil. Key initiatives include:

- ▶ **Roundtable on Sustainable Palm Oil (RSPO):**
The most widely recognized global certification system, promoting sustainable palm oil production through compliance with environmental and social criteria.
- ▶ **International Sustainability and Carbon Certification (ISCC):**
Focuses on greenhouse gas emission reduction, sustainable land use, and social sustainability across various bio-based value chains, including palm oil.
- ▶ **Rainforest Alliance (RA) Sustainable Agriculture Standard (SAN):**
Promotes biodiversity conservation and improved livelihoods for farmers through sustainable agricultural practices.
- ▶ **Roundtable on Sustainable Biomaterials (RSB):**
Covers the broader bio-based economy and ensures the sustainability of feedstocks, including palm oil, across social, environmental, and economic dimensions.
- ▶ **Palm Oil Innovation Group (POIG):**
Formed to strengthen and go beyond RSPO principles, addressing issues like deforestation, peatland protection, and human rights.

2. National Standards

Two main **national certification schemes** play a vital role in ensuring sustainability within palm oil-producing countries:

- ▶ **Indonesian Sustainable Palm Oil (ISPO):**
A mandatory national standard focused on aligning palm oil production with Indonesia's environmental and legal frameworks.
- ▶ **Malaysian Sustainable Palm Oil (MSPO):**
A government-backed certification system aiming to ensure that all Malaysian palm oil production adheres to sustainable and transparent practices, balancing environmental protection with socioeconomic development.

Planting on Peatland

Sustainable cultivation on peatland

Adhere to MPOB guidelines on peatland development & industry best practices

Requires that the water level in the collection drain is maintained in the range of 35 cm to 60 cm & 30 cm to 50 cm in the field

Principle 7, Criterion 2, Indicator 1 of MS 2530-3:2013

MS 2530-3:2013 is the Malaysian Sustainable Palm Oil (MSPO) standard for all palm plantations and organised smallholders



No Deforestation

Deforestation is prohibited

No planting on land with high biodiversity value is allowed unless it is carried out in compliance with national or state biodiversity legislation

Principle 7, Criterion 1, Indicator 1 of MS 2530-3:2013

MS 2530-3:2013 is the Malaysian Sustainable Palm Oil (MSPO) standard for oil palm plantations and organised smallholders



HOW MSPO STANDARDS



TACKLE KEY ISSUES IN THE OIL PALM INDUSTRY

Use of fire for land preparation and waste disposal should be avoided

Zero burning practices and biomass recycling and reuse encouraged

Controlled burning is allowed but shall be carried out as prescribed by the Environment Quality (Declared Activities) (Open Burning) Order 2003

Principle 5, Criterion 7, Indicators 1, 3 and 4 of MS 2530-3:2013

MS 2530-3:2013 is the Malaysian Sustainable Palm Oil (MSPO) standard for all palm plantations and organised smallholders



Zero Burning Practices

Clear and strong requirements on workers' rights and health and safety

Allow employees to form or join trade union and to allow workers representatives to facilitate collective bargaining and negotiate their work conditions

No form of forced or trafficked labour is used

To comply with the Malaysian Immigration Act 670 and Anti Trafficking in Persons and Anti Smuggling of Migrants Act (ATIPSOM) (2007)

Principle 3, Criterion 1, Indicator 1 of MS 2530-3:2013

Principle 7, Criterion 2, Indicator 1 of MS 2530-3:2013

MS 2530-3:2013 is the Malaysian Sustainable Palm Oil (MSPO) standard for oil palm plantations and organised smallholders



Workers' Rights

3. Policy Commitments and International Cooperation

In December 2015, several European countries – Denmark, France, Germany, the Netherlands, Norway, and the UK – signed the Amsterdam Declaration in support of a fully sustainable palm oil supply chain by 2020.

This declaration, later endorsed by Italy, encouraged collaboration among governments, producers, traders, and consumers to advance global standards for sustainable palm oil.



In April 2023, the European Parliament adopted the *EU Deforestation Regulation (EUDR)*, which aims to ensure that products placed on or exported from the EU market do not contribute to global deforestation or forest degradation. It started in 2019 as an EU Consultation & Impact Assessment

It builds upon the EU's Green Deal and Forest Strategy for 2030, shifting from voluntary corporate responsibility to mandatory legal compliance.

EU Deforestation Regulation (EUDR)

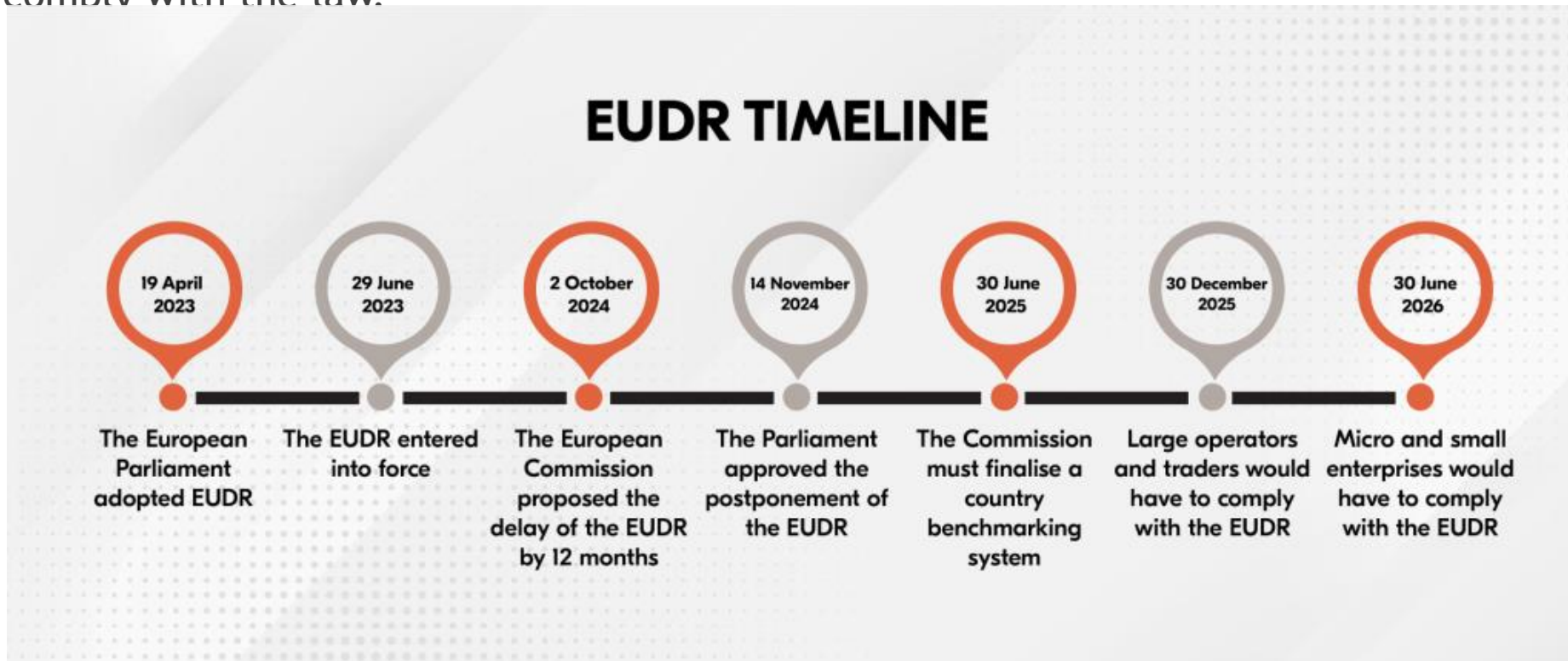
Key Objectives:

- ▶ **Deforestation-Free Supply Chains**
 - All relevant commodities (palm oil, soy, beef, coffee, cocoa, timber, rubber) must originate from land **not deforested after 31 December 2020**.
- ▶ **Legal Production & Traceability**
 - Companies must prove products comply with **local laws** (on land use, labour, environment) and provide **geolocation data** for every production plot.
- ▶ **Corporate Accountability**
 - Firms operating in the EU are required to perform **risk-based due diligence**, including traceability, verification, and public reporting.
- ▶ **Consumer Confidence**
 - Strengthen trust among EU citizens that their consumption choices do not contribute to deforestation or human rights violations.

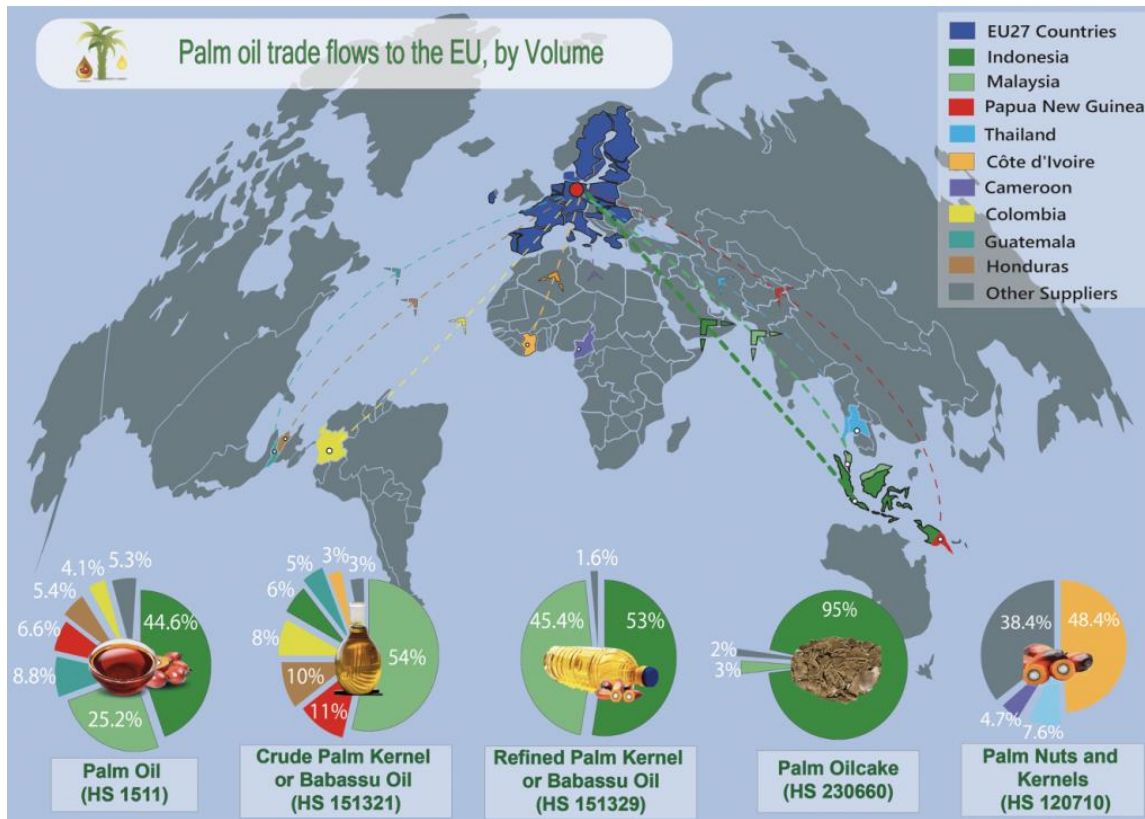
In essence: The EUDR transforms sustainability from *voluntary good practice* into a *legal market requirement* – connecting European consumer ethics with global production responsibility.

EU Deforestation Regulation (EUDR)

- ▶ The EU Parliament agreed to **postpone the EU Deforestation Regulation (EUDR) by one year**. Originally set to apply its provisions at the end of 2024, the law imposes restrictions on products sold in the EU to ensure they do not come from deforested land. This allows companies more time to prepare and fully comply with the law.



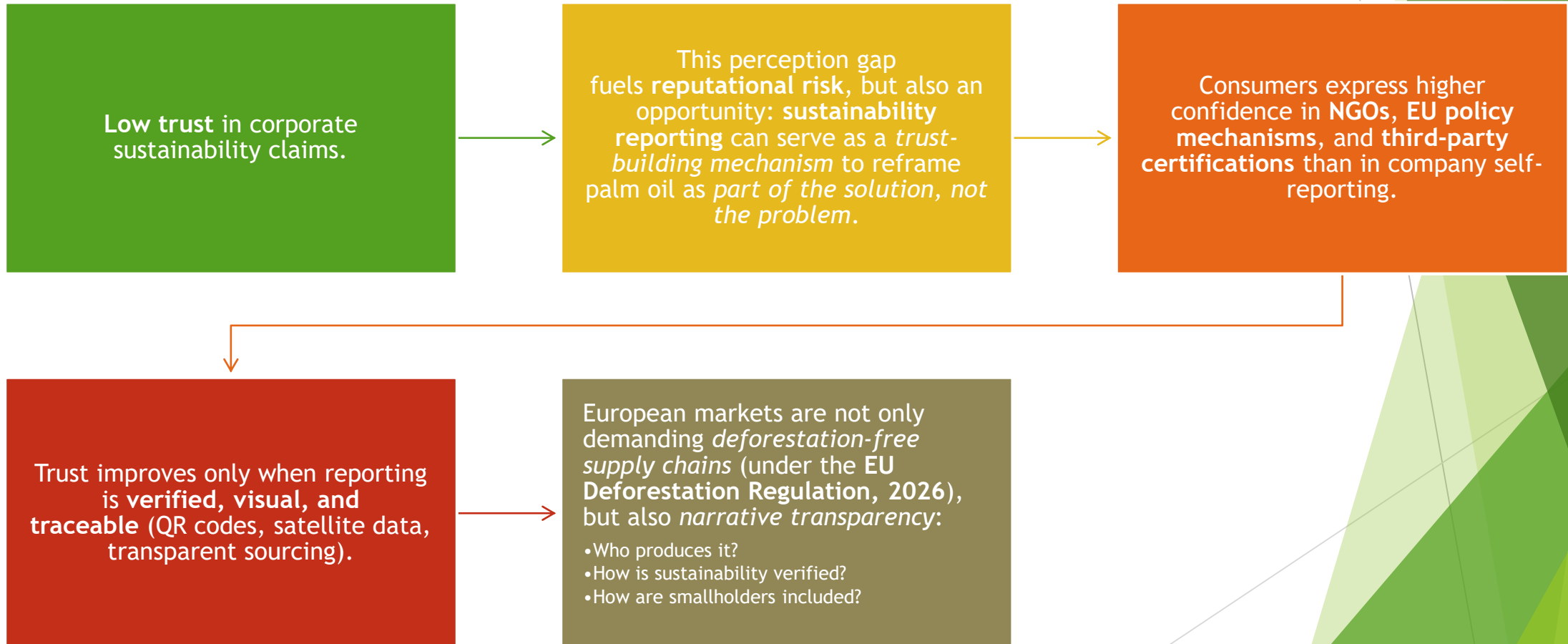
The EU Deforestation Regulation (EUDR): Raising the Bar for Global Supply Chains



- ▶ **Objective:** Ensure that products placed on the EU market are *deforestation-free* and *legally produced*, including palm oil, cocoa, soy, coffee, timber, and rubber.
- ▶ **Due Diligence Requirements:** Companies must collect *geolocation data* for every plantation, prove *no deforestation after 31 December 2020*, and provide *traceable supply chain documentation*.

EUDR represents a paradigm shift: from voluntary sustainability initiatives to legally binding traceability obligations.

Sustainable Palm Oil - Trust and Transparency



Palm Oil Disclosure Challenges and Developments

Key issue: Scarcity of information disclosure remains a major challenge.

► **EUDR requirements:**

The *European Union Deforestation Regulation (EUDR)* demands enhanced disclosure to prove that palm oil products do not contribute to deforestation or climate change.

► **Industry reality:**

Although the palm oil sector has become more sustainable, reporting often fails to reflect these improvements due to data and compliance tensions among producers.

► **Positive development:**

Bursa Malaysia plans to mandate climate-related risk disclosure (aligned with TCFD) for main market listed companies by the end of 2025. (Bursa Malaysia, 2023)





www.spott.org

ESG transparency assessments ▾

% ▼ 4.6%

Wilmar International Ltd: 81% ▼ 2%

Genting Plantations Bhd: 50.9% ▲ 3.1%

Interholco AG: 9

SPOTT - Sustainability Policy Transparency Toolkit - is a free, online platform supporting sustainable commodity production and trade. By tracking transparency, SPOTT incentivises the implementation of corporate best practice.

SPOTT is an initiative developed by ZSL (Zoological Society of London).

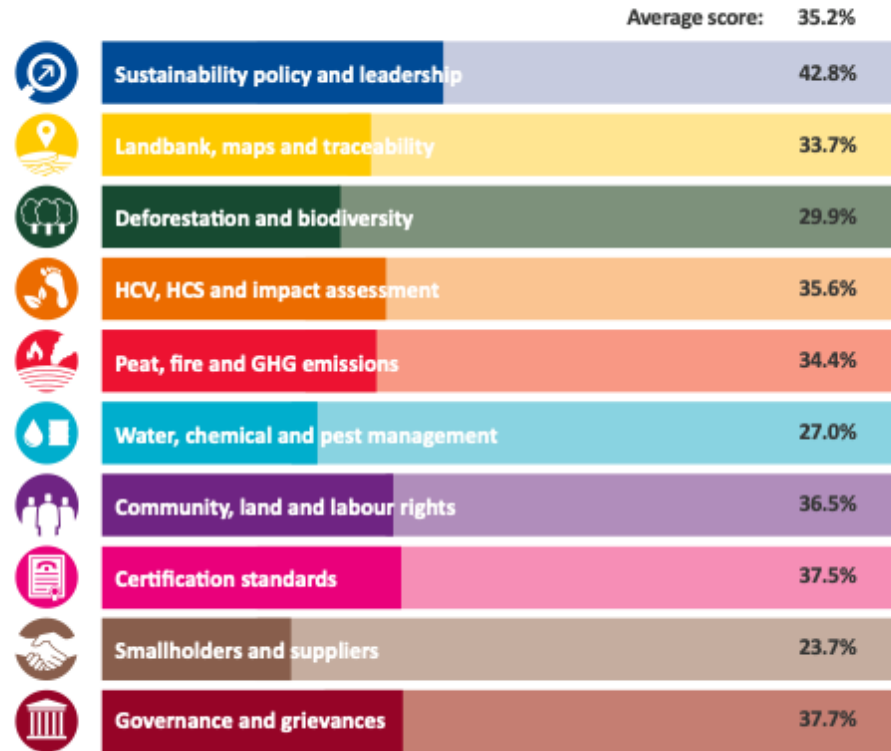
SPOTT assesses commodity producers and traders on their public disclosure regarding their organisation, policies, and practices related to environmental, social and governance (ESG) issues. SPOTT scores tropical forestry, palm oil and natural rubber companies annually against over 100 sector-specific indicators to benchmark their progress over time.

Investors, buyers and other key influencers can use SPOTT assessments to inform stakeholder engagement, manage ESG risk, and increase transparency across multiple industries.

Summary of palm oil assessments – October 2019

Overview

SPOTT assesses 99 palm oil producers, processors and traders on the public disclosure of their policies, operations and commitments to environmental, social and governance (ESG) best practice, to facilitate corporate engagement and increase industry transparency. We encourage stakeholders to engage with companies, as company policies and commitments may not always translate into effective implementation on the ground. SPOTT scores companies across 10 ESG categories:



ZSL recognises that companies are at different stages of their sustainability journey. SPOTT assesses the transparency and content of company disclosure regarding:

Organisation: operations, assets and management structure
Policy: policies, commitments and processes to guide operations on the ground
Practice: activities undertaken to actively progress towards targets and implement policies and commitments on the ground



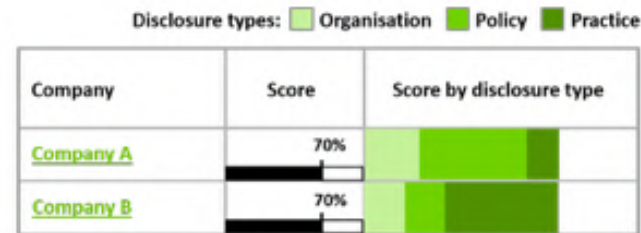
SPOTT reports

Recognising the complexity of ESG issues and the challenges in addressing them, ZSL has also revised the way upcoming company assessments and scores will be presented, to reflect both the type of disclosure and the level of reporting and verification available. Together, this will offer greater nuance to users and therefore support more meaningful engagement between companies and their stakeholders.

Disclosure types

ZSL recognises that companies are at different stages of their sustainability journey. To allow SPOTT users to better understand where companies currently are and how they are progressing, indicators are separated into three categories:

- **Organisation:** The transparency and content of company disclosure regarding its operations, assets and management structure.
 - *Examples include total landbank hectarage, the number of mills owned, reporting of salary by gender, and whether the company publishes a sustainability report.*
- **Policy:** The transparency and content of company disclosure regarding the policies, commitments and processes it has to guide its operations and practices on the ground.
 - *Examples include policies on no deforestation, zero burning, and respecting human rights*
- **Practice:** The transparency and content of company disclosure regarding activities it undertakes, in order to actively progress towards its targets and implement its policies and commitments on the ground.
 - *Examples include reported activities to monitor deforestation and to manage fires in concessions, and the percentage of the company's supply traceable to mill and plantation/concession level.*



The new categorisation of indicators to reflect disclosure type will enable users to compare the score composition of companies which share similar overall scores, and better assess how companies are putting their policies into practice. For example, Company A scores highly in relation to policies but this is not matched by reporting on practices, whereas Company B has a lower policy score but reports greater progress in practice.

Palm oil: ESG policy transparency assessments

BLD Plantation Bhd (Bin...	63	19.8%	n/a		Grower, crusher, refiner	Malaysia	51.4 KHa	\$127.7M
Boustead Plantations Bhd	44	37.7%	-0.9%		Grower	Malaysia	93.3 KHa	\$315.6M
Carotino Group	41	44.4%	n/a		Grower, refiner	Malaysia	40.6 KHa	Private co.
FELCRA Bhd	73	9.2%	n/a		Grower	Malaysia	249.6 KHa	Private co.
FGV Holdings Bhd	26	59.1%	-6.5%		Grower, crusher, refiner, trader	Malaysia	390.1 KHa	\$897.3M
Genting Plantations Bhd	33	50.9%	+3.1%		Grower, refiner	Malaysia	247.4 KHa	\$16.6M
Glenealy Plantations Sd...	84	2.3%	+0.5%		Grower, crusher, refiner	Malaysia	68.7 KHa	Private co.
Hap Seng Plantation Hol...	19	65.7%	-8.7%		Grower	Malaysia	40.2 KHa	\$273.1M
IJM Plantations Bhd	35	48.5%	-10.2%		Grower, crusher	Malaysia	76.7 KHa	\$317.5M
IOI Corporation Bhd	13	71.9%	-6.3%		Grower, crusher, refiner, trader	Malaysia	221.9 KHa	\$6,438.0M
Jaya Tiasa Holdings Bhd	61	21.9%	+5.2%		Grower	Malaysia	83.5 KHa	\$113.3M
K Global Ventures Sdn B...	=91	0%	n/a		Grower, crusher, refiner, trader	Malaysia	0.0 KHa	Private co.
Kuala Lumpur Kepong B...	10	72.7%	+1.1%		Grower, crusher, refiner	Malaysia	294.1 KHa	\$5,528.5M
Kulim (Malaysia) Bhd	36	47.7%	-5.8%		Grower, refiner, trader	Malaysia	65.5 KHa	Private co.
QL Resources Bhd	67	14.4%	-0.8%		Grower	Malaysia	16.2 KHa	\$2,758.4M
Sarawak Oil Palms Bhd	51	33.1%	+6.1%		Grower, crusher, refiner, trader	Malaysia	122.0 KHa	\$301.3M
Sazean Holdings	=91	0%	n/a		Grower, crusher, refiner, trader	Malaysia	0.0 KHa	Private co.
Sime Darby Plantation S...	12	72.1%	-10.5%		Grower, crusher, refiner, trader	Malaysia	756.0 KHa	\$7,808.8M
Tradewinds Plantation B...	76	5.8%	-4.4%		Grower, crusher, refiner, trader	Malaysia	160.0 KHa	Private co.
TSH Resources Bhd	50	33.1%	+4.1%		Grower	Malaysia	121.1 KHa	\$296.6M
United Plantations Bhd	3	84.4%	-2.1%		Grower, refiner, trader	Malaysia	59.4 KHa	\$1,225.8M

SPOTT reports



^ Deforestation and biodiversity

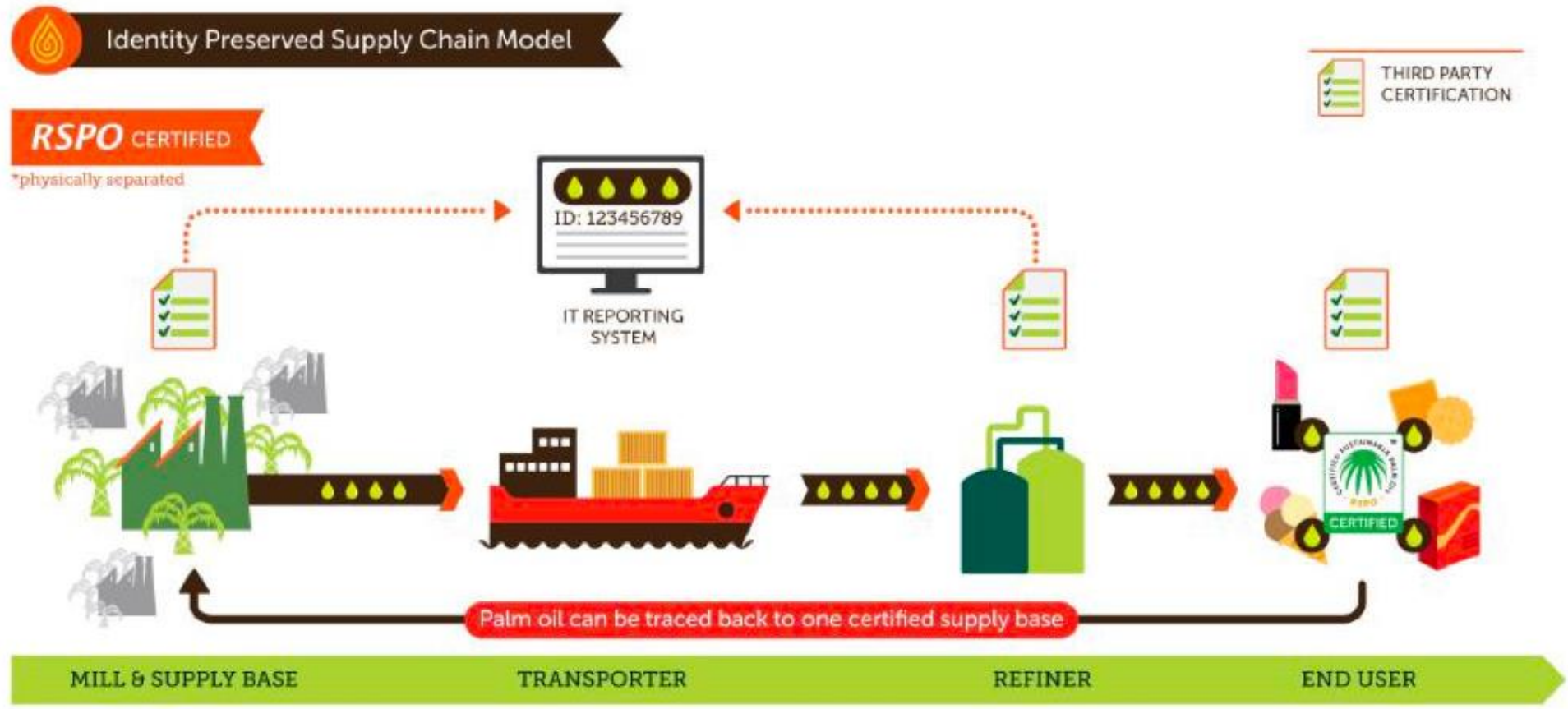
<p>■ 39. Commitment to zero deforestation or zero conversion of natural ecosystems? The company commits to zero deforestation</p>	✓	1 / 1	Source
<p>■ 40. Commitment to zero deforestation or zero conversion of natural ecosystems applies to all sourcing?</p>	✗	0 / 1	No source
<p>■ 41. Criteria for defining deforestation? The company states it will not deforest HCV, HCS, or peat areas, but does not specify a cut-off date beyond which deforestation would not be accepted.</p>	P	0.5 / 1	Source
<p>■ 42. Evidence of monitoring deforestation?</p>	✓	1 / 1	Source
	+	0.6 / 1	Source

Practice indicators assess the company's reporting on implementing its commitments, in this case information about how the company is monitoring deforestation.

The company has scored full points because it specifies how deforestation is being monitored, including the area and/or time-frame covered by monitoring activities. The company's reporting is dated within the last two years, and is externally verified through a certification scheme.

Up to 1 additional point is available based on the percentage area/volume that is certified. In this case, 60% of the company's plantations are certified, so it has received an additional 0.6 points.

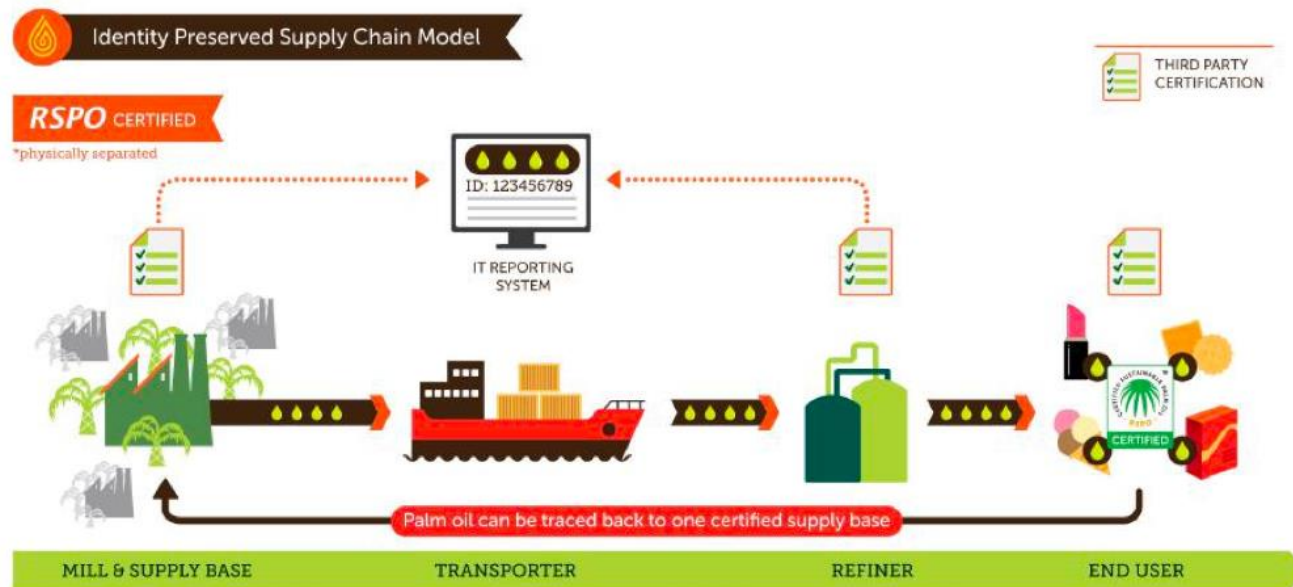
Analysis of Supply Chain Model



Roundtable on Sustainable Palm Oil (RSPO).

Analysis of SPOTT reports

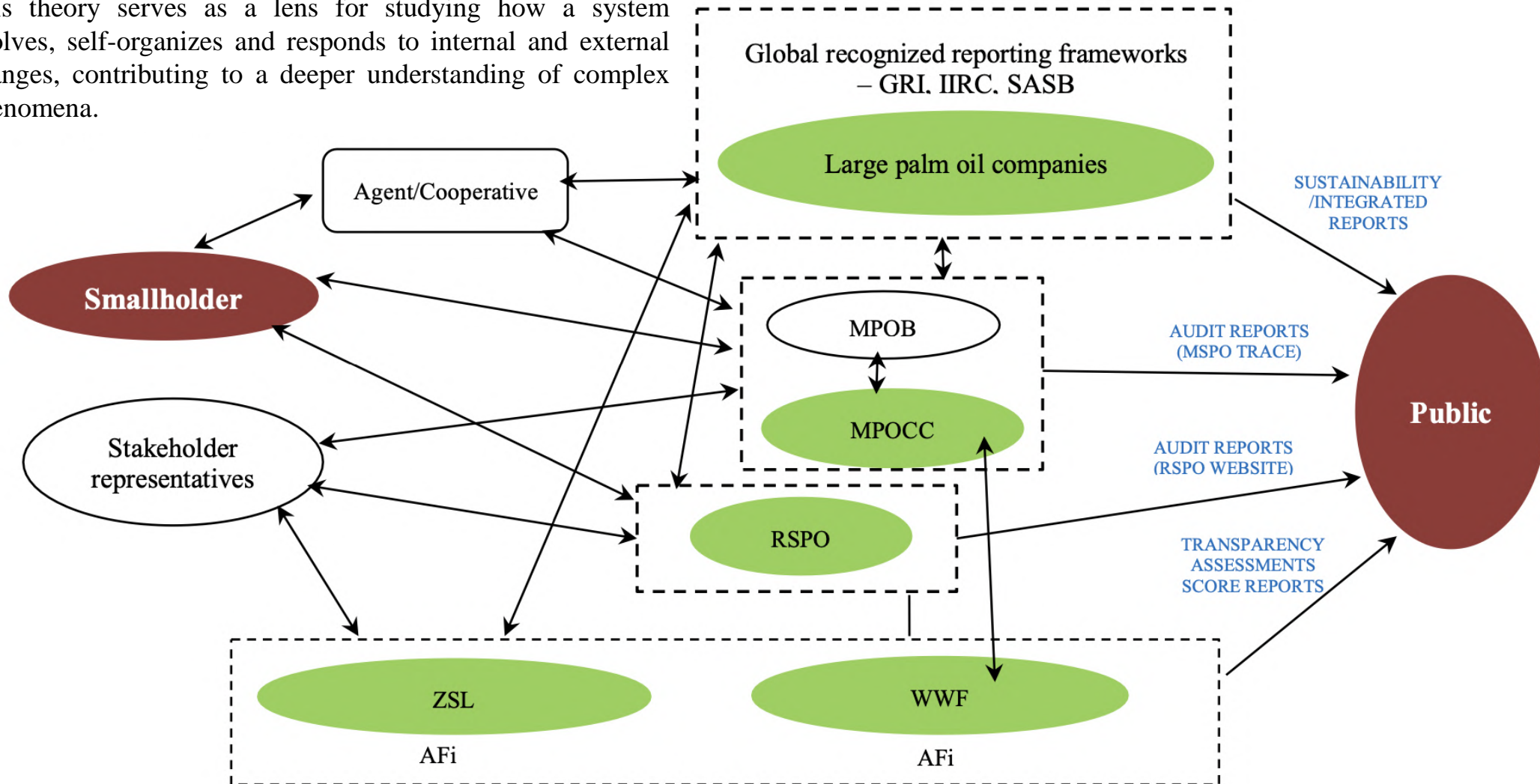
- ▶ 83% of companies provided evidence for monitoring deforestation in their supply chain.
- ▶ 87% of companies had a clear commitment to zero deforestation.
- ▶ 72% of companies could trace 100% of their supply from their own mills back to plantation.
- ▶ 15 companies purchasing palm oil from external suppliers were able to trace 100% of their supply back to the plantation. Without knowing where all the palm oil they source is coming from, companies cannot prove that it is being produced in compliance with their sustainability requirements.



The sustainability reporting model in Malaysian palm oil industry

Complex Adaptive System (CAS) theory

This theory serves as a lens for studying how a system evolves, self-organizes and responds to internal and external changes, contributing to a deeper understanding of complex phenomena.



From Compliance to Cooperation:

How EUDR Impacts Palm Oil Trade and Smallholders

▶ **Trade Impact:**

Malaysian and Indonesian exporters must prove *deforestation-free origin* for all palm oil entering the EU market.

▶ **Challenges for Smallholders:**

Over 40% of production comes from smallholders with *limited access to digital traceability tools and financial resources for compliance*.

▶ **Strategic Response:**

Governments, certification bodies (RSPO, MSPO) and EU partners need to develop *joint traceability systems and capacity-building programs* to avoid market exclusion.

The EUDR compels transparency – but its success depends on inclusive implementation and shared accountability.

Thoughts on Divestments Risk

- ▶ Several companies have terminated their contracts with palm oil producers:

‘Unilever, the world’s largest buyer of palm oil, “blacklisted two major members of the Roundtable on Sustainable Palm Oil (RSPO) for engaging in ‘unsustainable’ practices” (Anon, 2010). Nestle, the world’s biggest food and beverage company, announced it would also withdraw from another key I supplier. Earlier, the World Bank Group also ordered a complete moratorium on investment in palm oil’.

- ▶ Voluntary environmental disclosures are insufficient to compensate for reputational damage to the image of plantation companies.



Thoughts on Divestments Risk (cont.)

► Bridging Narratives and Building Trust



► Positive Recognition for Sustainability Progress in the Palm Oil Sector

- This reversal by U.S. authorities illustrates that transparent reporting, corrective action, and verified compliance can restore international market trust. It highlights how sustainability disclosures and continuous engagement with regulators can function as a mechanism for reputational repair and renewed legitimacy.

Smallholders and Sustainable Palm Oil:

- *Why Support Matters*

- ▶ Smallholders contribute **over 40%** of global palm oil production yet face **limited access to technology, data, and finance**.
- ▶ Many lack the tools to **prove “deforestation-free” production**, as required by the **EU Deforestation Regulation (EUDR)**.
- ▶ Without targeted support, they risk **exclusion from international markets and loss of livelihoods**.

Key Needs for Integration:

- ▶ **Digital Traceability Tools** - GPS mapping, mobile reporting apps, and data-sharing platforms.
- ▶ **Capacity Building & Training** - sustainability standards, legal literacy, and cooperative management.
- ▶ **Access to Finance** - microcredit for compliance investments (e.g., certification, audits).
- ▶ **Institutional Partnerships** - linking smallholders with processors, certification bodies, and EU buyers.

Sustainability must be inclusive. It needs to be ensured that smallholders are not left behind in the transition to deforestation-free value chains.

Reframing the Narrative: - From Controversy to Connection

- ▶ For years, palm oil has faced **negative media framing** in Europe – linked to deforestation, biodiversity loss, and unethical practices.
- ▶ To restore trust, producers and brands are adopting **storytelling-based communication strategies** to humanize sustainable palm oil.
- ▶ **QR-traceable labels and transparent supply chain stories** show how palm oil can be responsibly produced and socially beneficial.
- ▶ Certification schemes like MSPO needs strict rules that are transparently enforced to ensure that deforestation does no occur in the supply chain.

Effective sustainability communication, with traceable and transparent supply chain information can transform palm oil from a problem narrative into a trust-building story of shared responsibility.

Little is known among European consumers about sustainable palm oil and the efforts and achievement that have been made during the past years.



Bridging Narratives and Building Trust



Alternative Title:

From Nutella to Rainforest to Sustainable Palm Oil Reporting

Bridging Narratives and Building Trust



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Questions ?