

Palm Oil Giant IOI and the Destruction of Forests in Indonesia

Has Lost Customers for Destroying Forests, but Will It Change?

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IOI – one of the largest palm oil companies in the world – is having a difficult time right now.

Not only has it recently [lost its sustainability certification](#), but as a result its customers are leaving in droves. And with good reason: [a new report from Greenpeace International](#) shows how IOI's operations have led to the destruction of forests and peatlands in Borneo, despite repeated promises to protect these areas.

Since the Roundtable on Sustainable Palm Oil (RSPO) withdrew IOI's sustainability certification in March, its share price has tanked and its [credit rating has been placed under review](#). Most damning of all, every one of the major brands featured in our [recent palm oil scorecard](#) that was buying palm oil from IOI is in the process of cancelling their contracts.

The most recent of these is General Mills which, after receiving tens of thousands of emails from Greenpeace supporters, announced last week it will be [phasing out its purchases from IOI](#). General Mills also stated that it won't consider renewing its custom until the palm oil giant demonstrates real progress in protecting and restoring the areas it has damaged.



A Greenpeace investigator documents the devastation of a company-identified 'No Go' area of peatland in the PT Bumi Sawit Sejahtera (IOI) oil palm concession in Ketapang, West Kalimantan. This area of the concession suffered extensive fires in 2015.

This aspect is key because IOI has made many commitments to good environmental management but has failed to carry them out on the ground.

[The new report](#) lists a string of broken promises, most notably a commitment in January 2014 to refrain from draining all areas of peat on its land. But there is clear evidence that since then canals have been dug to drain peat in PT Bumi Sawit Sejahtera (PT BSS), one of IOI's concessions in West Kalimantan, part of Indonesian Borneo. Dry peat is extremely flammable, and it's no surprise that large parts of this concession went up in smoke in both 2014 and 2015.



Drone footage documents a primary drainage canal cutting through an identified 'No Go' area of buffer forest in the PT Bumi Sawit Sejahtera (IOI) oil palm concession in Ketapang, West Kalimantan.

The impacts of this drainage extend far beyond the boundaries of the PT BSS concession. Surrounding areas also drain and dry out, making them more vulnerable to fire and subsidence as the peat collapses in upon itself. Yet IOI fails to recognise the damage being inflicted on the whole landscape.

IOI has also ignored efforts by the Indonesian government to prevent a repeat of last year's devastating fires, including ministerial instructions to block drainage canals and refrain from planting oil palms in burnt areas. Field investigations in April revealed that in PT BSS, canals still flow freely and the green fronds of newly-planted palms wave above the scorched earth.



An oil palm sapling brushes against the charred remains of a tree in the PT Bumi Sawit Sejahtera (IOI) oil palm concession.

IOI is clearly concerned about loss of its RSPO certification and the customers it's losing hemorrhaging as a result. It has even resorted to legal threats, [launching a case against the RSPO itself](#), despite being a founding member with a seat on the board.

Earlier this week, [it dropped the case](#) raising the distinct possibility that it hopes to use today's RSPO European Roundtable in Milan as an opportunity to lobby for its suspension to be lifted so it can woo back its customers.

IOI has produced a new action plan which it claims addresses the RSPO complaints. Yet it's little different from existing policies and plans. It's lacking on many levels, including: weak proposals for mapping peat and forest areas; no measurable goals or timelines; no plans for ending peat drainage and restoring drained areas; and no plans to publish maps of all its concessions.



Young Orangutan hanging on a liana at Nyaru Menteng Orangutan reintroduction project near Palanga Raya, Central Kalimantan.

Many of the customers IOI has lost are also insisting that if it wants their business again, IOI has to go beyond the comparatively weak standards of the RSPO. Given its track record, many are deeply suspicious of any new commitments or policies produced by IOI, so it needs to demonstrate it can put words into practice and make changes on the ground – blocking canals, restoring drained peatlands, and producing public maps of the forests and peatlands in its concessions.

Until that happens, the RSPO should keep IOI's suspension in place and buyers should definitely beware of any claims IOI makes about its commitments to protect Indonesia's forests.

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