

Conservationists decry palm oil giants' exit from HCSA forest protection group

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An oil palm plantation and natural forest in Jambi, Indonesia. Photo credit: Rhett A. Butler

- *Palm oil giants Golden Agri-Resources (GAR) and IOI Corporation Berhad have withdrawn from the High Carbon Stock Approach (HCSA), a mechanism that helps companies reach zero deforestation targets by distinguishing forest lands that should be protected from degraded lands that can be developed.*
- *The companies' exit brings the total number of firms quitting the HCSA to four, with Wilmar International and Sime Darby Plantation stepping away from the committee in 2020.*
- *Environmentalists say this points to a startling industry trend in which industry giants are shirking responsibility for their harmful business practices.*
- *Both GAR and IOI say they remain committed to using the HCSA toolkit.*

JAKARTA — Two major palm oil companies recently exited a committee that helps identify forest areas for protection, bringing the total number of firms quitting the framework since 2000 to four.

The committee, called the [High Carbon Stock Approach](#) (HCSA), is a widely supported mechanism to distinguish forest areas that should be protected from degraded areas that can be developed.

This, environmentalists say, points to a startling industry trend in which industry giants are shirking responsibility for their harmful business practices.

The two companies that recently withdrew from HCSA are Singapore-based [Golden Agri-Resources](#) (GAR), the main palm oil arm of the vast Sinar Mas conglomerate, which is owned by the billionaire Widjaja family; and [IOI Corporation Berhad](#) (IOI), one of Malaysia's biggest conglomerates.

GAR played a major role in developing the HCSA No Deforestation methodology and was a [founding](#) HCSA member.

GAR chief sustainability and communications officer Anita Neville said that being a member of the HCSA is no longer necessary for the company.

This is because the HCSA toolkit has been embedded into industry standards including the Roundtable on Sustainable Palm Oil (RSPO) certification, which is the world's largest association for ethical palm oil production, she said.

The HCSA toolkit is a guidebook that provides standardized, scientifically robust and cost-effective methods for distinguishing and protecting viable forest areas.

“The decision not to renew our membership was not taken lightly,” Neville told Mongabay. “However, as the HCSA evolved beyond creation and rollout of its toolkit, we saw increasing overlap with other industry bodies including the RSPO, which informed our decision to resign.”

GAR is a member of the RSPO, with nearly 250,000 hectares (617,700 acres) of its plantations being [certified](#) by the body, and it committed to no longer deforesting in 2011 and to cleaning up its third-party suppliers in 2014.

“To truly tackle deforestation, we're focused on doubling down on what works,” Neville said. “Reviewing the purpose and impact of associations and memberships is part of this process.”

IOI, meanwhile, cited limited capacity as the reason why it withdrew from the HCSA.

The company said it had pivoted its focus toward climate change action, with a target to become net zero by 2040. This, it added, takes considerable human capacity and resources.

“Moving forward, we need to devote our time and resources toward climate change action and aiming to achieve our net zero target by 2040,” IOI corporate communications head Karen Liew told Mongabay.

That’s why IOI said it is unable to continue to devote time and resources toward HCSA membership. “As we have completed all our new land developments, we don’t see the benefit to be in the HCSA,” Liew said.

Like GAR, IOI is also a member of the RSPO and also adopted NDPE policy in all of its operations and supply chains in 2016.

But in 2016, IOI [was suspended](#) from the RSPO for developing peatlands in Kalimantan, Indonesia’s part of Borneo Island. In the same year, the RSPO [lifted](#) the suspension after IOI took necessary actions.

In 2020, two other companies also announced their exits from the HCSA — Wilmar International, the world’s biggest palm oil firm, and Malaysian palm oil giant Sime Darby Plantation.

Wilmar [cited](#) governance issues as the reason behind its exit, whereas Sime Darby [said](#) it left the HCSA due to budgetary constraints brought on by the COVID-19 pandemic.

HCSA executive director Adrian Choo said the body regretted the recent exit of multiple companies.

“But we are a voluntary organisation and HCSA membership fluctuates between 25-30 as members leave and join,” he told Mongabay. “The goal of HCSA is to end commodity-driven deforestation, which has never been more crucial or time-critical and we warmly encourage new members to join the initiative so we can meet this goal as quickly as possible.”



Drone image collected in April by Greenpeace documents extensive forest loss as a result of fires in and around an IOI concession in Ketapang, Indonesia. Image courtesy of Greenpeace.

Activists say they are concerned that the exits of these big companies from the HCSA means weaker corporate sustainability commitments.

“GAR’s exit from HCSA signals clearly the further weakening of its commitment to NDPE — No Deforestation, No Peatland and No Exploitation,” said Grant Rosoman, senior campaign adviser to Greenpeace International, an HCSA member.

He said being a member of the HCSA is important as it means committing to the HCSA toolkit that defines the methodology for putting NDPE into practice on the ground.

The HCSA toolkit has been cited by the United Nations Sustainable Development Program as a “no deforestation tool” and “nature-based solution” to climate change through halting deforestation.

Companies who become HCSA members also have to collaborate with other organizations to maintain the toolkit, and to be transparent by reporting their implementation of NDPE in their concessions and within their suppliers, Rosoman added.

Withdrawing from the HCSA means that companies like GAR will no longer be bound to the requirements to use the HCSA toolkit and to be transparent, he said.

“GAR does not want to be held accountable to the HCSA membership requirement of being transparent and reporting on progress,” Rosoman said. “It needs to provide maps of forest areas in or associated with its concessions to prove these areas are actually being protected as it claims.”

All this could result in less room for other parties to confirm the implementation of these companies’ sustainability policies and file grievance if there’s indication of violations, according to Irfan Bakhtiar, the climate and market transformation program director at WWF Indonesia, another HCSA member.

“So we see this as efforts by big corporates to avoid the monitoring of other parties in a system that they agreed to in the past,” he told Mongabay.

Both GAR and IOI said they remained committed to protecting forests by using the HCSA toolkit.

“As a founding member of the HCSA secretariat and a champion for the HCSA toolkit that the organization has developed, it’s important to be clear on this point: GAR has ended its membership of the organization. It has not ended its support for the methodology,” Neville said.

She pointed out that GAR had conserved 79,000 hectares (195,200 acres) of High Conservation Value (HCV) and HCS areas, as well as supporting its suppliers to conserve 117,000 hectares (289,000 acres) of HCV and HCS areas.

“There’s absolutely no basis on which to question our seriousness in implementing our No Deforestation commitments,” Neville said.

She said GAR also remained fully committed to transparency and open communication with its stakeholders.

The company is using the [NDPE Implementation Reporting Framework](#) (NDPE IRF) to report on NDPE compliance within its supply chain, Neville said.

“This reporting is carried out annually and can be seen on our [website](#) and in our sustainability report,” she said. “The NDPE IRF data is externally verified by control union. These efforts are in addition to complying with the RSPO’s annual reporting requirements.”

Likewise, IOI’s Liew said the company is also committed to transparency.

“As a certified member of the RSPO, our concession maps have been shared with and [are] being audited by them yearly,” she said.

While GAR said there was an overlap between the RSPO and the HCSA, the latter contained some requirements that don’t exist in the former, according to Gemma Tillack, forest policy director for the Rainforest Action Network, a founding member of the HCSA.

For one, the RSPO doesn’t require its members to make sure their third-party suppliers adhere to the HCSA, she said.

“The HCSA does have this requirement for members,” Tillack told Mongabay.

Furthermore, the HCSA requires its members to apply social requirements, such as retroactively obtaining the Free, Prior and Informed Consent (FPIC) of local communities, she said.

But the RSPO only requires FPIC for new development, Tillack added.

Exiting the HCSA also means that companies like GAR can no longer help revise the HCSA toolkit during the upcoming review process, Choo said.

They also lost the ability to shape emerging HCSA methodologies for smallholders and application at a landscape and jurisdictional level, he added.

Therefore, an RSPO membership is not the equivalent of an HCSA membership, Irfan of WWF Indonesia said.

“For us environmentalists, sustainability guarantee can’t be imposed on the RSPO alone,” he said. “So far, the HCSA has served as a tool to guarantee sustainability that we believe can strengthen the RSPO.”



Forest clearance on land belonging to the Blogbo people, Sinoe County Liberia, who never consented to Golden Veroleum Liberia's operations there. Photo courtesy of Friends of the Earth.

Liberia

Environmentalists are particularly concerned at GAR's commitment to protect and restore forests in Liberia's Upper Guinea Forest and redress human rights grievances.

Over the years, multiple civil society organizations have documented GAR subsidiary Golden Veroleum Liberia (GVL)'s operation in Liberia, with reports of land-grabbing, human rights violations and environmental degradation.

According to a [2018 report](#) by three Friends of the Earth groups, GVL has destroyed around 1,000 hectares (2,470 acres) of high-carbon forests that were vital habitat for chimpanzees and other endemic species and the primary source of livelihoods for communities in rural Sinoe county, Liberia.

The report identified these cleared forests as High Carbon Stock (HCS) forests and High Conservation Value (HCV) areas.

The report also alleged GVL to be violating the rights of communities in its concession as it failed to obtain their FPIC and ignored local territorial demarcations.

The groups then filed a grievance against GVL at HCSA.

It was confirmed by GVL and GAR in 2018 that HCS forests were cleared and an immediate moratorium on development had been imposed for Sinoe county.

The HCSA, therefore, ordered GVL to implement a timebound plan that outlined the steps to be taken to remedy the breaches of the HCSA toolkit.

The timebound plan doesn't only require GVL to remedy the confirmed HCSA breaches in areas that have been investigated, but also to identify and remedy any further breaches in other areas and to prevent any future breaches.

The plan was finalized in June 2022.

Since GVL hasn't fully implemented the plan, the grievance is still active, the HCSA [said](#).

GAR's Neville said GVL had begun implementing HCSA's remediation measures, which are in line with industry accepted standards, and publishing quarterly progress reports that have been verified by a third party.

But GAR's withdrawal from the HCSA has raised concerns that the company will not follow through with the agreed timebound plan.

"GAR's withdrawal is an outrageous step and an affront to affected communities in Liberia," said James Otto, program leader at Sustainable Development Institute Liberia. "Liberians lost their forest, their rights were trampled and all of that was confirmed by the HCSA complaints procedure. If GAR's sustainability commitments are worth anything, the company needs to fulfill all recommendations from the HCSA, including organizing forest restoration of over 1,000 hectares by and for communities."

In its resignation letter, GAR said it would continue to require GVL to execute the timebound action plan, which includes engaging with affected communities.

"As regrettable as the 2018 clearance was, we're assured that GVL are committed to an outcome that will deliver a net benefit from a social and environmental perspective," Neville said.

The fact that GAR could step away from the HCSA while still having an active grievance means that voluntary market mechanisms like the HCSA alone are not enough to hold companies accountable, according to Danielle van Oijen, an international forest campaigner at Milieudefensie, which co-filed the HCSA complaint in 2018.

"Over and over again we see companies use voluntary mechanisms to greenwash their image and use that to get access to finance and sensitive markets, but when it gets too hot under their feet, they just step away with no consequences," she said.

Therefore, binding regulations that hold deforesting companies to account are needed, Oijen said.

“Companies like GAR should not have access to finance or bring their produce on the market unless they repair the damage done and prevent further adverse impacts,” she said.

Citation:

Sustainable Development Institute, Milieudefensie, & Friends of the Earth United States. (2018). *High Risk in the Rainforest: Golden Agri-Resources and Golden Veroleum’s Palm Oil Project in Liberia*. Retrieved from https://foe.org/wp-content/uploads/2018/07/GVL_Report_FINAL.compressed-07-25-18.pdf

Banner image: *An oil palm plantation and natural forest in Jambi, Indonesia. Image by Rhett A. Butler/Mongabay.*

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