

Procter & Gamble

More dirty secrets

Media briefing on Greenpeace International's investigation of how P&G's palm oil supply is linked to destruction of tiger habitat in Riau and clearance of primary forest in Papua

March 2014

Procter & Gamble buys palm oil from some of the world's largest palm oil processors. As a result of rainforest destruction by Procter & Gamble's suppliers, household brands containing palm oil, such as Head & Shoulders shampoo and Gillette shaving gel, are contributing to climate change, key tropical biodiversity loss and social deprivation.

Greenpeace International investigations show how – through the trade in palm oil – Procter & Gamble and a host of other companies are aiding and abetting the clearance of the Bornean orang-utan's rainforest habitat and that of the even scarcer, critically endangered Sumatran tiger. They have also been complicit in peatland destruction and depriving communities of their land and livelihoods.

Procter & Gamble and other household brands must recognise the true costs of irresponsible palm oil production. They need to ensure that their palm oil supply makes a genuine contribution to Indonesia's development, rather than destroying the future for its people, its wildlife and the global climate on which we all depend.

Procter & Gamble should join other leading industry players in making an immediate commitment to implement a No Deforestation Policy.

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PALM OIL SECTOR OVERVIEW



A remote camera captures a Sumatran tiger hunting. ©Winter/National Geographic/Getty Images

PROFILE: Indonesia's palm oil sector and international trade

Palm oil: a key global commodity

Palm oil is the world's most important vegetable oil, accounting for almost 40% of global vegetable oil production in 2012–13.¹ As well as being important as a cooking oil, palm oil is a key ingredient in many processed foods. Chemicals derived from palm oil and palm kernel oil (derived from the kernel of the same fruit) are used extensively in cosmetics and products such as soap, shampoo and laundry detergents. Increasingly, palm oil is also being refined into biodiesel, accounting for about 10% of global use 2013.² Indonesia is the world's largest producer of crude palm oil, accounting for almost half of global output in 2012.³

Palm oil: a driver of deforestation in Indonesia

Palm oil has many uses and many benefits, and Greenpeace recognises this; but palm oil production can also have unjustifiable costs.

The palm oil sector is currently the greatest single driver of deforestation in Indonesia, accounting for about a quarter of all forest loss – some 150,000ha every year.⁴ The costs of this irresponsible, unregulated palm oil production include the destruction of the rainforests and carbon-rich peatlands that are the lifeblood of endangered species such as the Sumatran tiger and Bornean and Sumatran orang-utan.

Today, Sumatran tigers are classed as 'critically endangered' by the IUCN.⁵ As few as 400 tigers are thought to remain in the rainforests of Sumatra,⁶ which are vanishing at a staggering rate – a quarter of a million hectares every year.⁷ Expansion of oil palm and pulpwood plantations was responsible for nearly two-thirds of the destruction of tiger habitat between mid-2009 and mid-2011.⁸

Both species of orang-utan are endangered.⁹ Five years ago there were estimated to be only around 6,500 Sumatran orang-utans and 55,000 Bornean orang-utans in the wild, 40,000 of them in Kalimantan, the Indonesian portion of the island of Borneo.¹⁰ The International Union for Conservation of Nature (IUCN) recognises habitat loss and fragmentation, of which oil palm plantation expansion is a key cause, as a major threat to their survival.¹¹ In Kalimantan, 141,000ha of forested orang-utan habitat were cleared between mid-2009 and mid-2011, the most recent period for which official Indonesian government data are available; over a third of this clearance was for oil palm plantations.¹²

A sector on the brink of transformation: responsible production, trade and use

Industry leaders in the palm oil sector are realising the need to move beyond Roundtable on Sustainable Palm Oil (RSPO) standards to remove deforestation, peatland destruction and social conflict from their supply chains.

Following commitments by Golden Agri-Resources (GAR) in 2011, the launch of the Palm Oil Innovation Group (POIG)¹³ in November 2013 and the success of the Dosan smallholder community scheme in Riau,¹⁴ momentum for transformation really started to build in December 2013 when international agribusiness group Wilmar, accounting for more than one-third of global palm oil trade, made a public commitment to implement a No Deforestation Policy. Responsible consumer companies have been keen to support this shift, with No Deforestation commitments coming from L'Oréal, Unilever,¹⁵ Ferrero¹⁶ and Nestlé¹⁷ and recent announcements being made by US-based food manufacturer Kellogg and Belgian-based Delhaize. These and other responsible users support responsible producers and are putting in place mechanisms to trace the origins of the oil that goes into their products.

These are all strong indicators that something is changing in the palm oil industry, and that finally the industry can move away from a bad reputation fuelled by decades of forest destruction.

However, the reaction from the rest of the industry to those instigating change is a cause for concern. Indonesian producers have met the progress shown by GAR and Wilmar with stony silence. By contrast, the Malaysian industry is actively pushing back in the press. It claims that Wilmar's new commitment will undermine the industry. Leading palm oil producers like Sime Darby, Musim Mas and IOI need to nail their colours to the mast and make public commitments to implement No Deforestation Policies.

TIME TO TRANSFORM THE PALM OIL SECTOR

Rather than destroying the future for Indonesia's people, its wildlife and the climate on which we all depend, Procter & Gamble, other consumer companies and their suppliers must use their positions as leading global corporations and significant palm oil users or traders to make a genuine contribution to Indonesia's development. The first step is an immediate commitment to sourcing only traceable, responsibly produced palm oil that is free from deforestation.

Specifically, Greenpeace demands that global corporations including Procter & Gamble free their brands from dirty palm oil from companies implicated in the unfolding disaster befalling Indonesia's tigers and orang-utans. We challenge producers and traders alike to follow the lead that Wilmar has taken and end the trade of dirty palm oil into global markets.

DEMANDS

All stakeholders in the Indonesian palm oil industry need to take action now to stop the industry destroying vital rainforest, jeopardising the future of critically endangered wildlife, dispossessing local communities and fuelling climate change. Greenpeace's investigations provide numerous case studies of impacts that the industry must put behind it. Other stakeholders, from governments to end users, must show that they will no longer tolerate such destruction. As the world's leading producer, Indonesia must seize the opportunity to play a leading role in turning the sector around.

Greenpeace calls upon stakeholders in the global palm oil, pulp and other commodity industries to take the following urgent steps to end deforestation and improve governance and transparency:

1. Plantation sectors: stop destroying Indonesian rainforest, including wildlife habitat.

- Implement an immediate moratorium on plantation development in all concessions in which you have interests until forests and peatlands are identified and protected through a Forest Conservation Policy, which includes respect for the rights of local communities.¹⁸
- Support landscape-level measures to protect and enhance ecologically important sites, including habitat for tigers, orang-utans and other endangered species.

2. Traders: don't deal with dirty producers; support progressive companies and responsible production by smallholders.

- Suspend trade with any producer involved in deforestation, peatland clearance or human rights violations.
- Support producers with clear no-deforestation policies like those adopted by the members of the Palm Oil Innovation Group (POIG).¹⁹

3. Corporate consumers: make sure your supply chains are tiger and orang-utan friendly.

- Commit to ensuring that your supply of commodities including palm oil, paper and packaging are deforestation-free.
- Start by ensuring full traceability in your supply chains and supporting companies that commit to clear no-deforestation policies such as those adopted by the members of POIG.

4. Financial sector: don't bankroll deforestation.

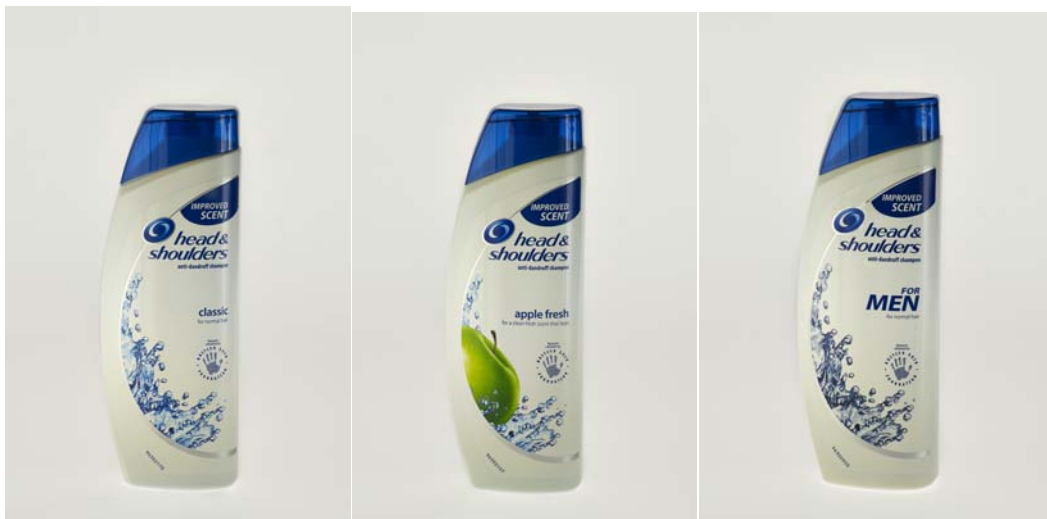
- Refuse to provide financial support or services to palm oil and other commodity companies with links to deforestation.

5. Indonesian government: give habitat protection some teeth.

Ensure strong governance, prioritising forest protection and rewarding industry leadership.

- Enforce the moratorium and ensure that new oil palm, pulp and other plantations are developed on low-carbon land.
- Enact additional laws and policies to guarantee the full protection of all forests and peatlands, including those within concession boundaries.
- Review existing concession permits. Crack down on illegality, including failure to follow due process in licensing and failure to respect peatland regulations or prohibition of burning. Revoke the concessions of persistent offenders as well as those obtained in violation of legislation.
- Develop and implement a government plan for protection and rehabilitation of forest and peatland landscapes and wildlife corridors.
- Create a national public register of all concession types – including palm oil, pulp and coal – and publish the One Map.²⁰ Develop an independent national deforestation monitoring system to bring greater transparency to the process, ensure effective monitoring and enforcement, and empower local communities and other stakeholders. This would enable stakeholders to monitor the impact of operations, expose and make accountable those responsible for environmental destruction such as fires, and improve governance by enhancing enforcement efforts against those responsible for violations.
- Develop a database of degraded lands²¹ to allow for an effective land swap process, enabling legal concessions in forest and peatland areas to be exchanged for concessions in low carbon value areas unencumbered with social, environmental or economic concerns.
- Reward industry leadership. Incentivise improved productivity on existing plantations (for example, through tax incentives).

PROCTER & GAMBLE OVERVIEW



PROFILE CORPORATE CONSUMER: Procter & Gamble

Base: USA

Membership: CGF, RSPO

Summary

Greenpeace investigations link Procter & Gamble (P&G) to companies involved in deforestation, including clearance of tiger and orang-utan habitat, peatland destruction, fires and social conflict. Its suppliers have bases in high-risk regions of Indonesia including Riau, West and Central Kalimantan, and Papua, as well as Sarawak in Malaysia. Increasingly, their operations are expanding to other high-risk regions, including Papua New Guinea (PNG) and Africa.

Overview

Procter & Gamble is one of the world's biggest producers of cosmetics, personal care products and household detergents. Procter & Gamble products are available in more than 180 countries, and the company claims to serve 4.8 billion customers worldwide.²²

India and China are increasingly important markets for P&G. In 2012 it was reported to be building its largest manufacturing plant in India at Mahbubnagar, Hyderabad, due to come on line in 2014 to produce laundry, personal and baby care products.²³

According to a company response to a 2010 BBC questionnaire, 'derivatives and by-products of palm oil are found in a variety of our beauty and household care products such as detergents, shampoos, hand and body cleansers, bar soaps and colour cosmetic products'.²⁴

Palm oil use

Palm oil consumption: Procter & Gamble used a total of 462,000t of palm oil products in 2012–13 (352,000t of palm kernel oil [PKO], 20,000t of crude palm oil [CPO] and 90,000t of other palm oil derivatives), of which less than 10% (38,000t) was sourced via Mass Balance or Book and Claim (GreenPalm).²⁵

Products using palm oil: Procter & Gamble products known to contain palm oil derivatives in Europe and North America include Pampers products; detergents such as Ariel, Dash, Lenor, Ace, Tide, Dawn and Gain; Wella and Head & Shoulders hair products; and Gillette and Mach 3 shaving gels.

Environmental position (strengths and weaknesses)

According to its 2012 sustainability report, Procter & Gamble has committed to the Consumer Goods Forum's pledge to achieve zero net deforestation within its business by 2020. To help achieve this, it has a 2015 target to source all palm oil 'from responsible and sustainable sources' (as recommended by the RSPO).²⁶ The document does not specify what sources of supply are deemed to fulfil these criteria.

The company's submissions to the RSPO – including its 2012 RSPO Annual Communication of Progress (ACOP) report – are minimally informative and add little specific to understanding of its commitments and targets, save that the ACOP report mentions an interim target 'to source 60Kt of certified palm derivatives by June 2013' and an intention to continue pressing its suppliers for certified oleochemicals and to buy more Book and Claim (GreenPalm) certificates in 2012–13.²⁷ The company failed to reach this objective, buying no certified CPO and only 38,000t of certified PKO – less than 10% of its overall consumption – in the 2012–13 reporting period.²⁸

Problematic supply chain

Issues to which company is linked

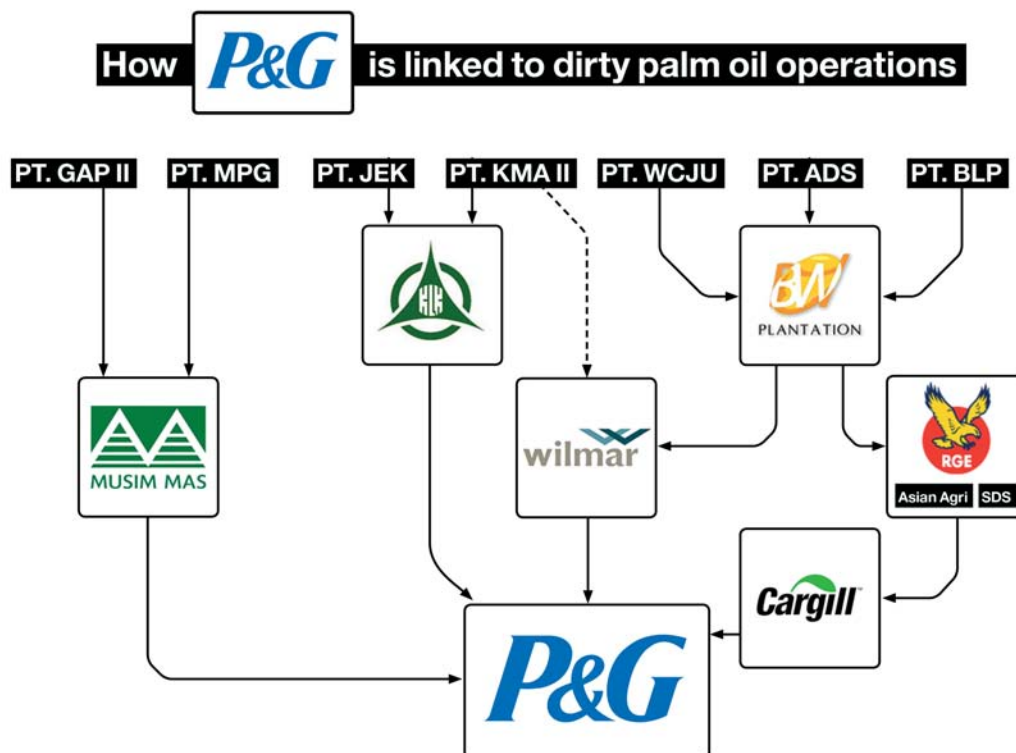
Procter & Gamble is known to source palm oil and palm oil products from a number of major suppliers linked directly or through third-party suppliers to forest clearance, tiger or orang-utan habitat destruction, development on peatland or use of fire to clear land, and social conflict.

Links to high-risk regions

Procter & Gamble's suppliers have bases in high-risk regions of Indonesia including Riau, West and Central Kalimantan, and Papua. Increasingly their operations are expanding to other high-risk regions, including PNG and Africa.

Upstream and downstream trade links to other dirty suppliers

Problematic producers and traders in Procter & Gamble's supply chain include, among others, BW Plantations,²⁹ Kuala Lumpur Kepong Berhad (KLK)³⁰ and Musim Mas.³¹ Greenpeace investigations identify deforestation or other problematic issues linked to these suppliers either directly or through third-party suppliers.



OVERVIEW

DIRTY PALM OIL PRODUCER ASIAN AGRI/ RGE GROUP



June 2013 0°19'7"N 101°37'35"E

Smoke rising from smouldering peatland in PT Raja Garuda Mas Sejati. ©Ifansasti/Greenpeace

PROFILE COMPANY: Asian Agri/RGE group

Company: Asian Agri and related companies within the palm oil division of the Royal Golden Eagle Group

Group: Royal Golden Eagle (RGE)³²

Base: Singapore

RSPO member:

Asian Agri is not itself an RSPO member, but the related company PT Inti Indosawit Subur (PT IIS) is. PT IIS reports in its RSPO ACOP 2013 Progress Report that it is active in Sumatra only (Jambi, Riau, North Sumatra) and to have 27 management units.³³

Summary

Founded by head of the Royal Golden Eagle Group Sukanto Tanoto in 1979, Asian Agri claims to be one of Indonesia's largest palm oil producers. Its operations and those of its sister companies in the RGE group are linked to deforestation, illegal development of deep peat, fire and expansion into primary forest areas in Papua. The company is also embroiled in a high-profile tax avoidance scandal.³⁴

Sectors/ PO output

The structure of RGE's palm oil division is not immediately transparent. Asian Agri, in conjunction with PT IIS, seems to cover plantation business and CPO production in Sumatra, while the Agrindo Group would appear to cover operations in Kalimantan and Papua. However, the companies are closely linked: for example, Agrindo's web domain is registered under the name of an Asian Agri company.³⁵ The Apical Group, with its subsidiary AAA Oils & Fats Pte Ltd, manages all downstream and trading activities of the RGE palm oil division. In its RSPO ACOP 2013 Progress Report, PT IIS gives its total licensed landbank as 104,641ha, of which 93,363ha is for oil palm cultivation (all of it planted), and 77,759ha mature, with an additional 60,315ha of Plasma scheme plantations.³⁶ PT IIS did not declare a total CPO output in either its 2012 or its 2013 ACOP Progress Report, though Asian Agri's annual production capacity is stated on its own website and the RGE website to be 1 million tonnes. The same website states plasma schemes to account for an additional 60,000ha of plantation area.³⁷

The Agrindo Group is not a member of the RSPO, nor does it have its own website. Greenpeace International has identified three concessions in Kalimantan and one in Papua linked to Agrindo.³⁸

The Apical Group Ltd, describes itself as a palm oil refiner, processor and trader with four refineries in Indonesia and China, one biodiesel plant and one crushing plant.³⁹ Products include refined oils, fats, glycerine, fatty acids and glycerol.⁴⁰ Apical's strengths are said to include 'a reliable and broad CPO sourcing network in Indonesia'⁴¹, presumably furnished by Asian Agri and the Agrindo Group. Apical is an RSPO member through its trading company AAA Oils & Fats Pte Ltd. The group claims to trade 1.7 million tonnes of palm oil products a year.⁴²

RGE's other interests include pulp and paper (APRIL, Asia Symbol), dissolving wood pulp and viscose staple fibre (Sateri) and petrochemicals (Pacific Oil & Gas). Of the group's companies, only Sateri is publicly traded.⁴³

Environmental position (strengths and weaknesses)

Asian Agri claims to be 'a strong advocate of the no-burn policy, integrated pest control management, soil moisture preservation and other environmental best practices',⁴⁴ and to take steps to identify 'lands in need of conservation' and to avoid pollution of waterways.⁴⁵ It states on its website that it has 'set aside certain areas that are not planted', including wildlife habitats, and that it takes 'steps to maintain wildlife such as migratory birds, snakes, lizards and various insects in our estates',⁴⁶ but makes no specific commitment not to develop HCV forest, though the RGE website does refer to the adoption of 'sound forestry management practices to preserve High Conservation Value Forests'.⁴⁷

Asian Agri also states that it is a programme patron of the Tesso Nilo National Park in Riau, and that it has signed an MoU with WWF to participate in efforts to mitigate conflicts between humans and elephants in its plantations bordering the park⁴⁸ – the very same park where WWF previously found the company to be funding illegal and destructive smallholdings and purchasing FFB from them (see below). However, as a result of Indonesian Ministry of Forestry pressure in the wake of WWF's investigation, Asian Agri announced to its suppliers that it would no longer purchase illegal FFB.⁴⁹

Asian Agri appears to have made no commitments to protect peatlands and other HCS areas.

No information is readily available on Agrindo Group policy.

Progress toward ensuring palm oil is tiger and forest friendly (indicators)

Forest protection

The only tangible sign of progress is Asian Agri's agreement, under duress, not to purchase FFB from illegal smallholders (see above).

Traceable supply

According to PT IIS's ACOP 2013 Progress Report, 21,924ha of its 93,363ha planted area is certified, and five of 27 management units, along with a creditable 42,222ha out of 60,315ha of Plasma scheme plantations and six out of 19 mills. RSPO-certified CPO output for the calendar year 2012 (the reporting period for this report) was 323,970 tonnes, along with 79,683 tonnes of certified palm kernel. However, PT IIP used only the Book and Claim and Mass Balance supply chain options, so none of its output was traceable.⁵⁰

Timelines

According to its ACOP report, PT IIS aims to achieve 100% RSPO certification of its estates by 2018, and of associated smallholders and outgrowers by 2016. However, it does not anticipate achieving 100% certification of independently sourced FFB (ie not from Plasma smallholders/outgrowers) until 2053.⁵¹

Transparency

Although PT IIS's ACOP report implies (see Timelines above) that it does obtain FFB from third-party sources other than Plasma scheme smallholders or contracted outgrowers, it declares no figures for third-party FFB sourcing (question 7 in the 2013 ACOP form).

Problematic supply chain

Issues to which company linked

Deforestation and illegal plantations

Tigers

Fires

The RGE group was exposed by Greenpeace in 2008 for deforesting orang-utan habitat in Central Kalimantan and for peatland deforestation and fires in its PT Karya Dewi Putra concession.⁵²

Links to high-risk regions

Papua: Agrindo Group is implicated in clearance in North Papua (PT RML).

Tesso Nilo forest complex: three Asian Agri mills bought FFB grown illegally inside the forest complex in 2011-2012.⁵³ Asian Agri has been involved in funding producer groups setting up illegal plantations in the area.⁵⁴

Up and downstream trade links to dirty suppliers

PT Asianagro Agung Jaya, an APICAL refinery, is the second largest customer of BW Plantation.⁵⁵

Sari Dumai Sejati, another APICAL refinery, supplies Cargill,⁵⁶ among other international traders.

Bank/shareholder/JV links

In 2012 Norway's sovereign wealth fund disinvested from 23 palm oil producers, including Asian Agri, citing concerns about deforestation.⁵⁷

In June 2012, APICAL announced that it had raised a \$350 million loan with the German WestLB and the Dutch ABN AMRO as lead arrangers. The loan was provided by a number of international banks, including Deutsche Zentral-Genossenschaftsbank (Volksbanken Raiffeisenbanken Group), Fubon Bank (Hong Kong) Ltd, First Gulf Bank PJSC, Bank Sinopac Company Ltd, The Bank of Tokyo-Mitsubishi UFJ Ltd, Krung Thai Bank Public Company Ltd, Taishin International Bank, Industrial Bank of Taiwan, Land Bank of Taiwan Co. Ltd, Ta Chong Bank and the Taiwan Business Bank.⁵⁸

Tax evasion

Tackling tax evasion has become a priority for the Indonesian government. One of many companies and individuals recently exposed in high profile cases is Asian Agri. Asian Agri is currently embroiled in what the Jakarta Post describes as 'the biggest and most controversial [tax evasion case] in the nation's history.'⁵⁹ In January 2013, the Supreme Court ordered Asian Agri to pay Rp 2.5 trillion (~\$215 million) in fines after finding it guilty of tax evasion from 2002 to 2005.⁶⁰ Only when the attorney general threatened to seize all its oil palm estates and refineries, in January 2014⁶¹, did Asian Agri finally agree to pay the fines.⁶²

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PROFILE REGION: Papua



March 2014, 3°12'44"s 139°57'29"E

Forest in the Papuan area of Kaureh, Jayapura. The area is rich in primary forest, home to birds of paradise, palm cockatoos and indigenous Papuan communities. ©Siagian/Greenpeace

Summary

Papua is the current front line of palm oil expansion in Indonesia, with hundreds of thousands of hectares of new plantations, mostly on forest, planned for the coming years.

What's at stake

Here, Papua describes the two Indonesian provinces⁶³ forming the western portion of the island of New Guinea, with the state of Papua New Guinea covering the eastern portion. Papua contains over a third of Indonesia's remaining forest.⁶⁴

The island of New Guinea is home to the world's third-largest rainforest and is one of the most biodiverse places on earth, estimated to contain at least 5% of all plant, mammal, reptile, bird and amphibian species found on the planet, around two-thirds of which are found nowhere else.⁶⁵

Natural resources, including copper and fossil fuels as well as forests, are one source of social tension in the province,⁶⁶ bringing with it large-scale operations to exploit the area's natural wealth.

Role of PO sector

For 2013, the Ministry of Agriculture estimated oil palm plantations in Papua to cover almost 60,000ha,⁶⁷ but the sector is planning massive expansion. If it goes ahead, this expansion will mostly be on forested land, much of it still in its primary state. Some concessions are already clearing forest in Papua, including primary forest.

There are several regency-led developments plans currently being realised. The first and most advanced is that of the Merauke Regency, supported by the Indonesian government, called 'Merauke Integrated Food and Energy Estate' and generally known as MIFEE. The project covers plans for 1.2m ha agricultural development.⁶⁸ The initial plan for MIFEE launched in 2010 consisted largely of food crops and livestock, with only two out of ten blocks including oil palm.⁶⁹ However, an analysis by NGO AwasMIFEE! in August 2013 found significantly more palm oil, with four corporate groups: Korindo, Daewoo International, Ganda Group⁷⁰ and Central Cipta Murdaya⁷¹, developing eight oil palm plantations covering around 304,000 hectares in total,⁷² and similar or larger areas allocated to sugar cane and industrial forestry plantations.

According to a document from the plantation agency of the regency of Sarmi,⁷³ companies have been granted or are seeking location permits for oil palm development in the regency covering almost 338,000ha – one-fifth of the regency⁷⁴ and equal to the total area of zones where development is permitted (HPK and APL).⁷⁵ Ministry of Forestry maps show Sarmi was almost entirely forested in 2011, with much of this being primary forest.⁷⁶ Recent Landsat satellite images suggest that clearance for the planned oil palm plantations has not yet started.

Mapping analysis

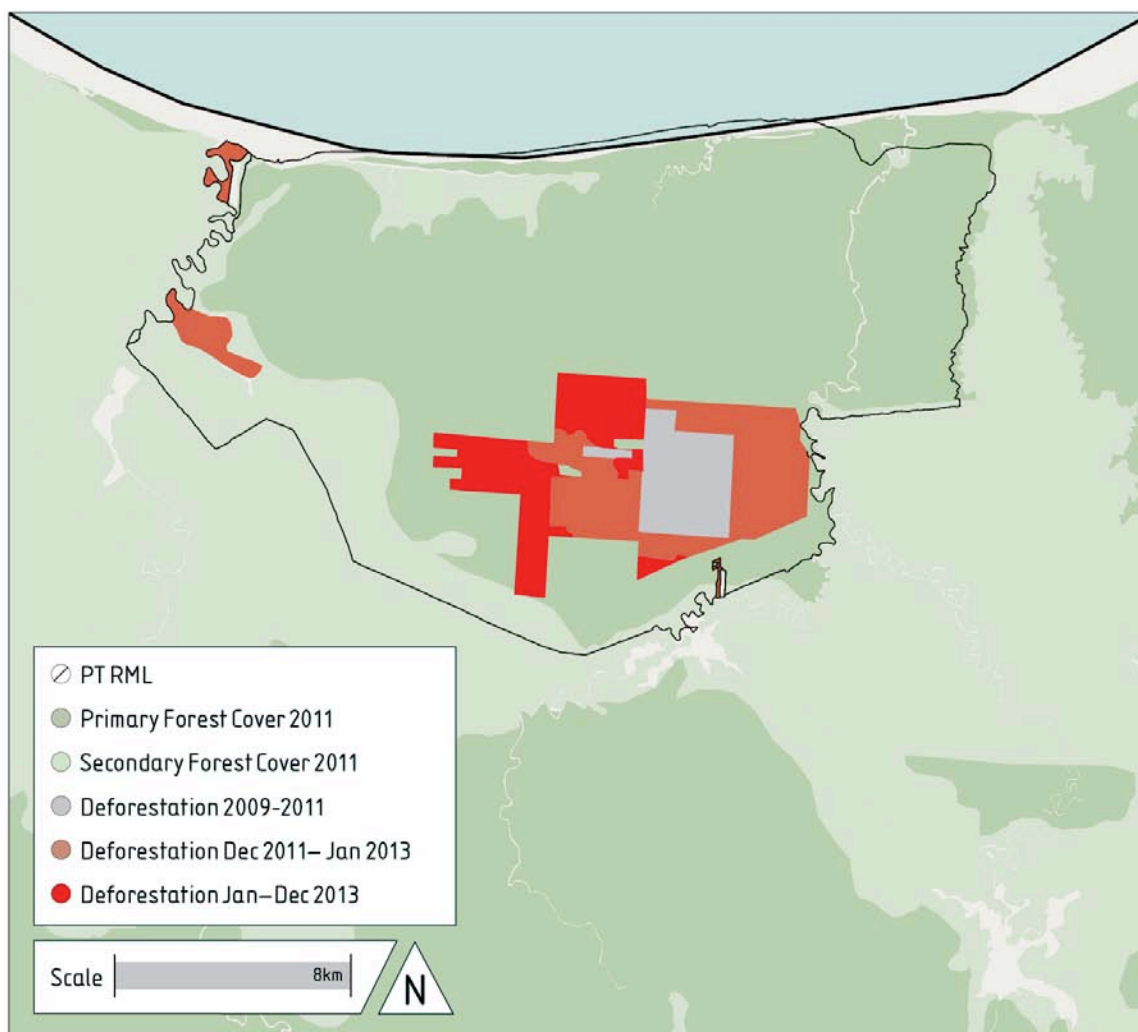
Even before any of the new projects started, Papua saw from mid-2009 to mid-2011, over 2,500ha of forest loss in oil palm concessions;⁷⁷ 8% of forest loss in the province.⁷⁸

Aerial surveys show ongoing deforestation including use of fire for land clearing in palm oil concessions in the province.

Palm oil suppliers linked to operations in the region

<i>Asian Agri/ RGE Group</i>	<i>Austindo</i>
<i>Carson Cumberbatch</i>	<i>Ganda</i>
<i>Korindo</i>	<i>Musim Mas</i>
<i>Medco</i>	<i>Noble Group</i>
<i>Perkebunan Nusantara (Indonesian State-owned)</i>	

PT Rimba Matoa Lestari



CASE STUDY: PT Rimba Matoa Lestari

Group: Agrindo Group (oil palm wing of Royal Golden Eagle Group)

Concession location: Papua

Concession area: 29,588ha⁷⁹

RSPO membership: no

Summary

PT Rimba Matoa Lestari (PT RML) in Papua is linked to the palm oil division of the RGE group. It is engaged in extensive deforestation including destruction of primary forest.



March 2014, 2°26'38"S 139°56'27"E A Greenpeace investigator inspects the stump of a large tree, bearing witness to the recent clearance of primary forest inside the PT RML oil palm concession.
©Siagian/Greenpeace

Impact assessment:

HCV assessment:

none available

Mapping analysis: deforestation including primary forest

PT Rimba Matoa Lestari (PT RML) is a 29,588ha oil palm concession, located in the districts of Sarmi and Jayapura, Papua Province. Its forest release permit dates back to June 2000.⁸⁰ At that time, the concession area showed no signs of any human development, bar a small clearance in its western corner.⁸¹ There had been little change to this until 2011.⁸² Landsat images from December 2013 and aerial photography, however, show large-scale recent deforestation in this concession, including primary forest identified on the Ministry of Forestry's landcover map 2011.⁸³

Field investigations: recent clearance

Field investigations in March 2014 confirm the results of the satellite imagery analysis. The investigation documented recent large-scale clearance across the concession, including logging of large merbau trees. Current clearance was suspended temporarily, but was to resume as soon as new supplies of fuel arrived.

Ownership:

PT RML is linked to the palm oil division of the RGE Group. Company signs at the plantation site show that it is part of the Agrindo Group. This link to Agrindo and other companies within the RGE group (eg Asian Agri, Kalimantan Plantation Unit, PT Dasa Anugrah Utama) is supported directly by staff members' claimed job titles,⁸⁴ correspondence addresses for advertised jobs with the company,⁸⁵ and information on website ownership.⁸⁶



March 2014, 2°26'34"S 139°55'19"E

(Top) Newly planted oil palm saplings amid the stumps from recent (2013) clearance of primary forest inside the PT RML oil palm concession.

(Bottom) A Greenpeace investigator beside a log pile of huge merbau logs at the same location.

The location saw the recent (2013) clearance of primary forest inside the PT Rimba Matoa Lestari oil palm concession in the Papuan region of Boasom, Jayapura. PT RML contains considerable areas of primary forest, much of which has been cleared in the last two years. The concession is a part of Agrindo Group, which, along with Asian Agri, makes up the palm oil division of the Royal Golden Eagle Group. ©Siagian/Greenpeace



March 2014, 2°29'55"S 139°52'54"E

(Top) Excavators prepare for land clearance inside PT RML.

March 2014, 2°26'37"S 139°56'26"E

(Bottom two) A crocodile skin on the side of a worker's shelter and nearby, the PT RML plantation site office clearly displaying the Agrindo Group logo.

The PT Rimba Matoa Lestari oil palm concession in the Papuan region of Boasom, Jayapura. PT RML contains considerable areas of primary forest, much of which has been cleared in the last two years. The concession is a part of Agrindo Group, which, along with Asian Agri, makes up the palm oil division of the Royal Golden Eagle Group. ©Siagian/Greenpeace

PROFILE REGION 1: Riau



June 2013 1°10'8.4"N 100°50'54.83"E

Smoke from smouldering fires obscures an excavator digging a peatland drainage canal in the PT Rokan Adiraya oil palm plantation near Sontang village in Rokan Hulu. ©Ifansasti/Greenpeace

Summary

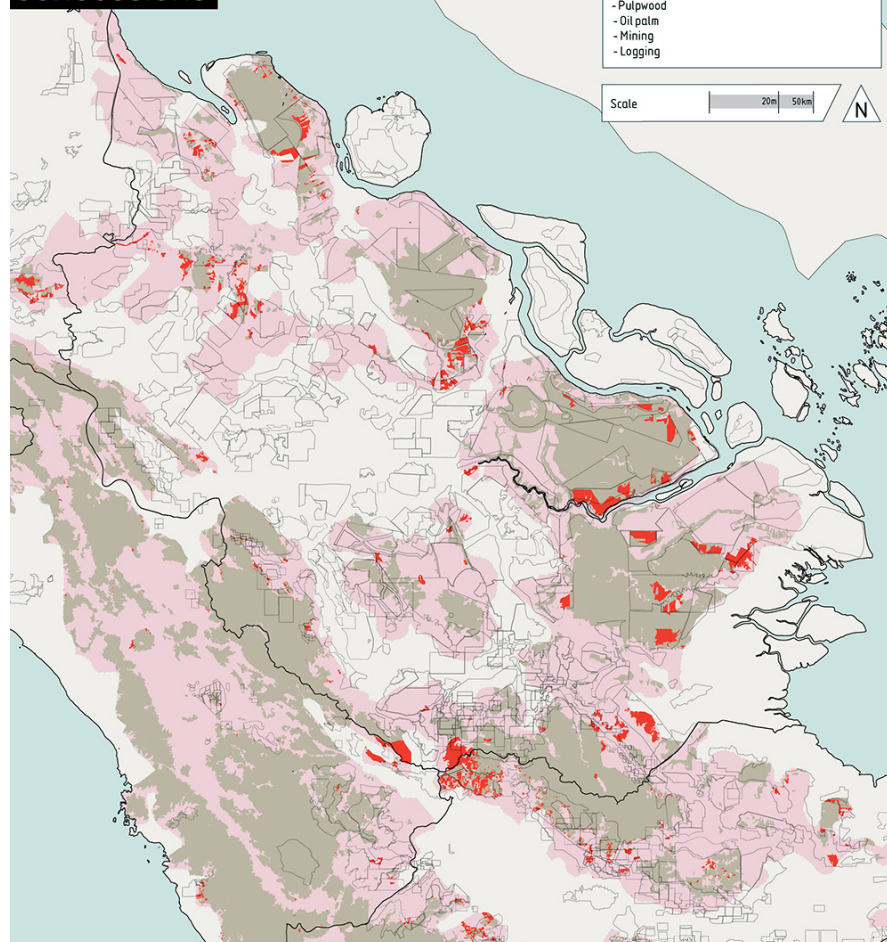
Riau holds 40% of Indonesia's peatland carbon, and about one-fifth of remaining forested Sumatran tiger habitat.⁸⁷ It is the largest palm oil producing province in Indonesia. Ongoing expansion of oil palm plantations is leading to massive environmental destruction and carbon emissions. Over 40% of Indonesia's palm oil is traded through Riau's port of Dumai.⁸⁸

Few if any producers or traders operating in the province enforce strict No Deforestation policies across their entire supply chain, including third-party suppliers; only one trader – Wilmar – has made any commitment to ensure full traceability of its palm oil supply chain, which should mean traceability to plantation level.

Hence, companies purchasing untraceable palm oil through the port of Dumai are supporting producers whose operations are driving climate change and environmental devastation.

Riau

Tiger habitat at risk in licensed concessions



What's at stake: forest, peatland and tiger habitat

As of 2009, Riau had 2.4m ha of forest,⁸⁹ including 1.9m ha of forested Sumatran tiger habitat – about one-fifth of the total remaining.⁹⁰ The Sumatran tiger is critically endangered,⁹¹ with as few as 400 thought to remain in the wild.⁹²

Peatlands are one of the world's richest carbon stores. Riau is estimated to hold 40% of Indonesia's peatland carbon stores,⁹³ equivalent to more than a year's worth of global greenhouse gas emissions,⁹⁴ with peat reaching depths of 14 metres or more in some locations.⁹⁵



Role of PO sector

Riau is the largest palm oil producing province in Indonesia, accounting for about one-fifth of national oil palm plantation area⁹⁶ and two-fifths of exports in 2012.⁹⁷ The Riau port of Dumai is Indonesia's major hub for the international palm oil trade.

As of 2011, more than half of Riau's surviving forested tiger habitat was in convertible and production forest zones,⁹⁸ which are available for palm oil and pulp plantations: much of this has already been allocated.

Peatlands under plantation are drained to provide suitable conditions for palm (or acacia) trees. This causes significant carbon emissions – either slowly through decomposition or rapidly, as the dry peat becomes susceptible to deliberate or accidental fire. 85% of Indonesia's greenhouse gas emissions come from land-use activities, around half of this peat-related.⁹⁹

Impact assessment

Mapping analysis

According to official Ministry of Forestry maps, Riau lost 230,000ha of forest in the period from mid-2009 to mid-2011.¹⁰⁰ Just over a fifth of this deforestation took place on mapped palm oil concessions;¹⁰¹ this figure does not include extensive clearance by independent small-scale growers, who account for 40% of the country's oil palm plantation area.¹⁰²

In the same two-year period, 10% of forested tiger habitat in Riau was destroyed. Habitat within palm oil concessions suffered particularly; nearly 90% of all forest cleared in oil palm concessions in Riau between 2009 and 2011 was tiger habitat.¹⁰³

Much deforestation was on peatland; by 2011, only one-third of Riau's 4 million ha of peatland was forested.¹⁰⁴

Fires

The widespread fires in Riau in June 2013, which led to blankets of haze reaching as far as Thailand, have been the most dramatic and visible sign of the carbon emissions from the destruction of Indonesia's peatlands.

Riau accounted for three-quarters of Indonesia's recorded fire 'hotspots' in the first half of 2013,¹⁰⁵ 90% of them on peatlands.

CIFOR analysis of the June 2013 fires indicated that 80% of fires took place on small and medium-sized plantation holdings.¹⁰⁶

Smallholders control 40% of oil palm plantation area in Indonesia,¹⁰⁷ and specifically in Riau.¹⁰⁸ They are important suppliers to international traders via agents, independent palm oil mills and mills attached to large industrial plantations. The sector must address the challenge of ensuring that independent supply comes from legal and responsibly managed plantations.

Dumai

The port of Dumai in Riau is the major hub for the international palm oil trade. In 2012, Dumai exported 9.6m tonnes of crude palm oil and its products,¹⁰⁹ over 40% of Indonesia's total exports.¹¹⁰

While most of Dumai's palm oil exports are grown in Sumatra, the port also trans-ships some palm oil from Kalimantan and other regions, as many ports there cannot handle large international bulk carriers.¹¹¹

Traders linked to operations in the region

Many traders operate from the main port of Dumai. These include Asian Agri,¹¹² Cargill, GAR, KLK and Musim Mas. Wilmar operates from its own port facility at Dumai-Pelitung.¹¹³

All of these traders are known to supply Procter & Gamble, directly or indirectly. Procter & Gamble is also known to have direct shipments of palm oil from Dumai through agents Kalmart Systems and Tradewich International.



June 2013

Trucks loaded with FFB drive through the haze in Rokan Hilir Regency. ©Ifansasti/Greenpeace

June 2013

1°9'57.42"N 100°51'13.14"E

Burnt oil palm trees in PT Rokan Adiraya Plantation. ©Ifansasti/Greenpeace

CASE STUDY: Tesso Nilo

Summary

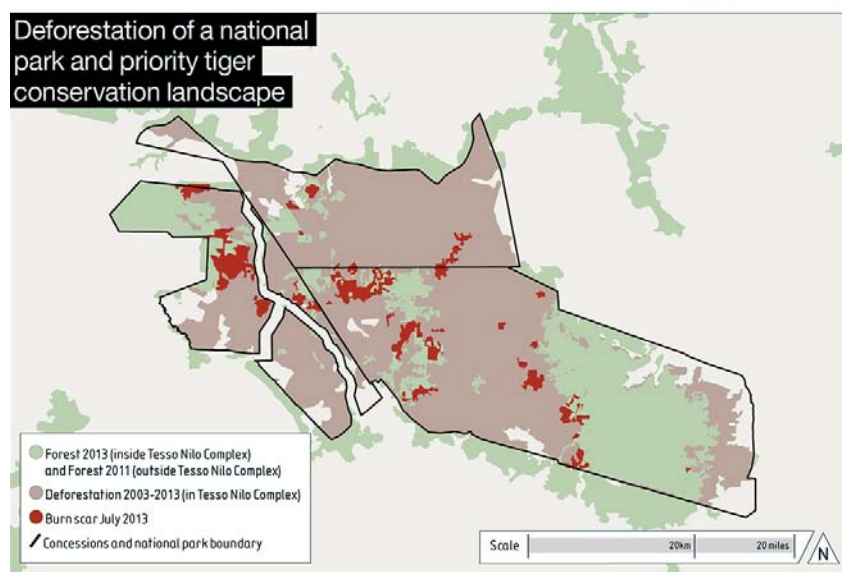
Encroachment by palm oil plantations into tiger conservation landscapes and protected areas continues, severely endangering the long-term health of the forest. With very limited exception, encroachment is illegal – yet the harvest from these plantations has been making its way into the international palm oil trade.

Tesso Nilo shows the risks posed to international palm oil buyers who fail to insist on full supply chain traceability to plantation level. It reveals that even RSPO-certified mills have been accepting third-party supplies of FFB that originate ultimately from highly destructive operations – in this case, the illegal clearance of a national park and critical tiger habitat.

Tesso Nilo national park complex



Deforestation of a national park and priority tiger conservation landscape



Overview

The Tesso Nilo tiger conservation landscape is a long-term priority TCL¹¹⁴ covering around 233,000ha.¹¹⁵ At the core of this TCL is the Tesso Nilo forest complex,¹¹⁶ which consists of Tesso Nilo National Park and two selective logging concessions, together covering about 170,000ha. The Indonesian Ministry of Forestry established the Tesso Nilo National Park in 2004 and expanded it in 2009 because of its biodiversity value.¹¹⁷ The forest complex¹¹⁸ has one of the world's highest recorded diversities of plants¹¹⁹ and supports key populations of critically endangered Sumatran elephants and tigers.

Most of the natural forest around the Tesso Nilo TCL has already been replaced by industrial pulp and palm oil plantations, and the TCL itself is in dire condition.¹²⁰ Since 2011, the forest complex has lost almost half of its remaining forest cover;¹²¹ in June 2013, only 39,000ha of natural forest remained – a mere quarter of the area of the forest complex.

In June 2013, 446 fire hotspots were recorded within the forest complex, primarily in areas that had been cleared over the 2011–2013 period. Landsat analysis from August 2013 shows 7,600ha covered by fire scars, ranging in size from a few hectares to several hundred hectares, with most of the larger

scars inside the national park itself. The images show a pattern of fire scars on recently cleared land surrounding shrinking oases of forest.¹²²

Such rapid forest loss will have a devastating impact on tigers and other wildlife. Tesso Nilo has an estimated 1.2 tigers per 100km² (10,000ha).¹²³ The two largest remaining forest patches in the Tesso Nilo forest complex cover 23,000ha and 5,000ha,¹²⁴ meaning they are now marginal for supporting tigers at all.¹²⁵ The small number of tigers that may survive here in the long term does not represent a sustainable breeding population:¹²⁶ they would rely on long-distance migration to other areas of forested tiger habitat to maintain the population. Habitat corridors allowing tigers to reach other areas are themselves under threat. Human encroachment in Tesso Nilo is likely to be accompanied by poaching of tigers and hunting of tiger prey species such as deer and wild pigs, further challenging tiger survival in the area.

According to a World Wildlife Fund (WWF) field survey of more than 50,000ha of encroachment areas inside the Tesso Nilo forest complex in 2011, 70% (~36,000ha) of that land had been converted to oil palm plantations.¹²⁷

Development of oil palm plantations inside the Tesso Nilo forest complex is considered illegal. All land inside the complex is categorised as 'Forest Estate' under national law, which does not allow development for agricultural commodities such as oil palm plantations. Transactions of palm fresh fruit bunches originating from the Tesso Nilo forest complex must be considered illegal, with a special exception for 'adat' (customary land tenure) forest. However, WWF investigations found that the average plantation size per individual was 50 hectares,¹²⁸ far above the typical size for a smallholder,¹²⁹ suggesting availability of significant capital. Field surveys found that more than 95% of the encroachers settling inside the park had come from outside the area, with the majority from outside Riau,¹³⁰ meaning 'adat' customary rights would not apply.

The head of Indonesia's Presidential Unit for Development Supervision and Control, Kuntoro Mangkusubroto, visited Tesso Nilo in September 2013 and viewed the destruction. In an interview with *Tempo* magazine he commented, 'I think the root of the problem is our inability to protect the area from major looting, our inability to prevent poachers from destroying the land [...] How is it possible for a national park to be protected by only a few ill-equipped people? The Tesso Nilo National Park has only one operational vehicle and only two outposts. And even those are normally unmanned. The government seems to lack seriousness in protecting the forests.'¹³¹

A number of crude palm oil mills operate around the Tesso Nilo forest complex, many of which accept FFB from third parties as well as processing their own FFB. Some of the mills do not have their own plantations and are wholly reliant on FFB from independent plantations.

WWF's 2011–2012 investigation¹³² exposed how two international palm oil traders – Asian Agri and Wilmar – were involved in the trade of palm oil from the illegal destruction of the Tesso Nilo forest complex. Several of these companies' mills, including an Asian Agri mill certified by the RSPO in 2011,¹³³ bought FFB grown illegally inside the forest complex.¹³⁴ Additionally, some of the producer groups were funded by RSPO member Asian Agri.¹³⁵

CPO from these mills is traded to Dumai Port,¹³⁶ Riau's export hub for palm oil, and from there to 130 countries around the world, with The Netherlands, China and India the largest importers.¹³⁷

Kuntoro Mangkusubroto, then Chairman of the National REDD+ Task Force, said that Indonesia 'should also not close our eyes to companies, like Wilmar, which open their processing plants to palm kernels harvested illegally from the Tesso Nilo park [...] Why should a big company like Wilmar be willing to take in palm kernels from unknown sources?'¹³⁸

The Roundtable on Sustainable Palm Oil responded to WWF's revelations by emphasising a rule that says oil mills must 'record the origins of all third-party sourced Fresh Fruit Bunches... [The revised RSPO Principles and Criteria 2013] allows for a thorough and complete transparent control right from the field to the factory.'¹³⁹

The RSPO said that the companies were cooperating and would stop buying FFB from illegally cleared land. Assuming continued cooperation on the matter, the organisation said, no official complaint against these companies would be lodged for the time being.¹⁴⁰

In July 2013, Wilmar informed Greenpeace that it has 'committed to not buying fresh fruit bunches (FFB) derived from forest encroachment areas with unclear land status; and as a follow-up to that commitment, we have since stopped buying fruits from the Tesso Nilo complex and its surrounding area'.¹⁴¹

In September–October 2013, however, Greenpeace documented the continued trade of FFB from within the national park into Indonesia's palm oil supply chain; tracking destinations was impaired by the shipping of FFBs from the area at night.

In October 2013, Greenpeace informed the companies of these findings. Wilmar responded by stating that it 'cannot unequivocally guarantee that there is no possibility of mixing of crop or contamination from these contentious sources by our suppliers'¹⁴² and affirming that it is making efforts to establish a fully traceable system through a reduction in the volume of supply it receives through agents.

Wilmar's move is important, given that the investigation reveals the extent to which major mills rely upon FFB supplied by agents and CPO supplied by other mills. It is also clear that traders have had little knowledge of the suppliers to these mills that are at high risk of sourcing FFB from controversial or illegal sources. This demonstrates that the existing systems and management oversight of companies' FFB supply chains – both to their own mills and to the third-party mills that make up the vast majority of traders' CPO supply – remains inadequate.



**October 2013 0°10'58.20"S;
101°58'9.01"E**

A Greenpeace investigator measures the footprint of a Sumatran tiger inside the Tesso Nilo National Park. ©Rante/Greenpeace

**September 2013
0°15'02.4"S; 101°47'52.9"E**

Greenpeace investigation documents FFB loaded onto a truck inside the Tesso Nilo National Park prior to its departure for processing. ©Greenpeace



CASE STUDY: PT Inti Indosawit Subur

Group: Asian Agri (palm oil wing of Royal Golden Eagle Group)

Location: Jambi, Riau and South Sumatra¹⁴³

Area: Total licensed area of 105,000ha¹⁴⁴

RSPO member: yes

PO output: CPO certified capacity 324,000 tonnes¹⁴⁵

Summary

PT Inti Indosawit Subur (PT IIS) is an intermediate subsidiary operating 27 plantations and 19 palm oil mills, some of which also process FFB from outside sources, including illegal plantations in Tesso Nilo National Park.

Mapping analysis: large-scale illegal encroachment and deforestation of tiger habitat

The Tesso Nilo forest complex is subject to ongoing encroachment and deforestation by illegal palm oil growers.

In February 2013, at PT IIS subsidiary PT Dasa Anugerah Sejati's plantation in Jambi, a Sumatran tiger attacked and injured two workers on the plantation.¹⁴⁶ Such attacks are made more frequent by destruction and fragmentation of forested tiger habitat.

Field investigations: trade of illegal FFB to Asian Agri



May 2013

Transport of oil palm fruit by truck from PT Inti Indosawit Subur, an oil palm plantation owned by Asian Agri, the palm oil division of the RGE group. A recent WWF investigation documented trade from illegal oil palm plantations in Tesso Nilo National Park to the RSPO-certified PT Inti Indosawit Subur mill.

©Jufri/Greenpeace

A WWF investigation in 2011-2012 found that two PT IIS mills, one of them certified by the RSPO in 2011,¹⁴⁷ bought FFB grown illegally inside the forest complex.¹⁴⁸ Asian Agri has been involved in funding producer groups setting up illegal plantations in the area.¹⁴⁹

In its annual report to the RSPO, PT IIS lists nothing under '7.1. Tonnes of outside FFB purchased from sources that are not company, scheme smallholders or contracted outgrowers'.¹⁵⁰ If this is accurate, it suggests that the illegal growers PT IIS purchases from in Tesso Nilo National Park may be classed as 'contracted outgrowers' and therefore closely linked to the company.

ENDNOTES

¹ US Department of Agriculture 'PSD online' <http://apps.fas.usda.gov/psdonline/psdquery.aspx>. The estimated figures were 53.8 million tonnes of palm oil and 6.2 million tonnes of palm kernel oil. Soya oil was in second place with 27% (43.2 million tonnes).

² Pashley A (2013) 'Biodiesel Output Seen by Oil World Rising to 24.7 Million Tons' *Bloomberg* 3 September 2013 <http://bloom.bg/1h0vQpA>; ISTA Mielke GmbH (2013) 'Oil World Statistics Update June 2013' <http://www.oilworld.biz>

³ ISTA Mielke GmbH (2013) 'Oil World Statistics Update June 2013' <http://www.oilworld.biz>

⁴ 300,000ha (~25%) over the mid-2009–mid-2011 period (Greenpeace analysis of Ministry of Forestry landcover maps).

⁵ Linkie M, Wibisono HT, Martyr DJ & Sunarto S (2008) '*Panthera tigris ssp. sumatrae*' in IUCN (2013) <http://www.iucnredlist.org/details/15966/0>

⁶ Estimating tiger populations in dense forest and inaccessible landscapes is extremely difficult. The figure of 400 is based on Linkie M et al (2008) '*Panthera tigris ssp. sumatrae*' in IUCN (2013) <http://www.iucnredlist.org/details/15966/0>, citing Government of Indonesia (2007) 'Conservation strategy and action plan for the Sumatran tiger (*Panthera Tigris Sumatrae*) Indonesia 2007 – 2017' <http://bit.ly/1eEI9bb>. It is possible that initial tiger numbers are higher than this, but the population decline resulting from habitat loss and other issues outlined in this report is acute.

⁷ Greenpeace mapping analysis.

⁸ 233,000ha (61%): 15% (58,000ha) palm oil concessions, 46% (175,000ha) pulp and paper. Source: Greenpeace mapping analysis. This analysis is likely to be incomplete: there is no central registry for palm oil concessions. Lack of transparency makes it difficult to establish precise concession boundaries and group-level ownership of concessions: the area covered by palm oil concessions is likely to be underestimated since it includes only known concessions and some concession information may be out of date. This means the true impact of the plantation sectors on tiger habitat is likely to be even larger. One of the two large pulp and paper plantation groups operating in Indonesia, consisting of companies associated with Asia Pulp & Paper (APP) and Sinarmas Forestry (SMF), introduced a forest conservation policy in February 2013 that included an immediate end to the clearance of rainforests throughout its supply chain in Indonesia, meaning the threat from this sector should have receded since 2011 (see APP website 'Sustainability' <http://bit.ly/1lg39s7>). However, the next-largest pulp and paper group, APRIL, stands out as a key threat.

⁹ Ancrenaz M et al (2008) '*Pongo pygmaeus*' in IUCN (2013) <http://www.iucnredlist.org/details/17975/0>; Singleton I, Wich SA & Griffiths M (2008) '*Pongo abelii*' in IUCN (2013)

¹⁰ Based on Indonesian populations only. Source: Wich SA et al (2008) 'Distribution and conservation status of the orang-utan (*Pongo spp.*) on Borneo and Sumatra: How many remain?' 2008 Fauna & Flora International, *Oryx* 42(3), 329–339 doi:10.1017/S003060530800197X, with updates by Wich, Singleton and Utami.

¹¹ Ancrenaz M et al (2008) '*Pongo pygmaeus*' in IUCN (2013) <http://www.iucnredlist.org/details/17975/0>; Singleton I et al (2008) '*Pongo abelii*' in IUCN (2013)

¹² Greenpeace analysis of Ministry of Forestry landcover maps.

¹³ The final POIG charter was launched in November 2013 (see POIG (2013) 'Palm Oil Innovations Group Charter' 13 November 2013 <http://bit.ly/1gQuola>). The POIG charter covers protection of local community land, sets limits on greenhouse gas emissions and bans development on peatlands. Members include Agropalma, New Britain Palm Oil Ltd and DAABON, and it is supported by Golden Agri-Resources. This initiative by progressive palm oil companies together with NGOs hopes to build upon the foundations laid by the RSPO by setting additional requirements for the industry. POIG aims to stop deforestation through the conservation of not only high conservation value (HCV) lands but also high carbon stock (HCS) forests, including secondary forest.

¹⁴ Smallholder community schemes are also a critical part of ensuring that palm oil benefits local people. The Dosan cooperative scheme in Riau has become a model for integrating a thriving local economy with environmentally sound plantation management. See Greenpeace International website 'Good oil: A solution to destructive industrial-scale oil palm plantations' <http://bit.ly/1heyvYZ>.

¹⁵ Unilever (2013) 'Sustainable Palm Oil Sourcing Policy' November 2013 <http://bit.ly/1dp0sSv>

¹⁶ Ferrero website 'Ferrero Palm Oil Charter' <http://www.ferrero.com/group-news/Ferrero-Palm-Oil-Charter>

¹⁷ Nestlé (2012) 'Responsible Sourcing Guidelines: Framework for Forest-based Materials' 29 October 2012 <http://bit.ly/1itE0q4>

¹⁸ Such a policy would ensure forest and peatland protection in company and supplier concession areas. It would include the following elements: assessment and protection of high conservation value and high carbon stock lands; free, prior and informed consent of all affected local communities for all new development; development and implementation of conservation plans that take account of the surrounding landscape; responsible plantation management; and transparent reporting of the policy's implementation. Both Golden Agri-Resources and Asia Pulp & Paper are working toward the implementation of such policies.

¹⁹ See POIG (2013) 'Palm Oil Innovations Group Charter' 13 November 2013 <http://bit.ly/1gQuola>.

²⁰ One Map is a mapping system that standardises disparate accounts of forest cover, land use and administrative boundaries used by various ministries and local governments – see Anderson J (2013) 'A Conversation With Nirarta "Koni" Samadhi On Indonesia's Forests' *WRI Insights* 7 May 2013 <http://bit.ly/1hUI4z1>.

²¹ An appropriate HCS approach that is additional to a robust HCV assessment can be used as a proxy for identifying degraded land that was previously forest. Criteria for identifying degraded lands should include the identification and exclusion of HCS forests and peatland. HCS forest is above the level between naturally regenerating secondary forest and degraded lands that have the vegetation of young scrub or grassland. The HCS approach effectively combines both biodiversity and carbon conservation through the goal of conserving ecologically viable areas of natural forest. See Golden Agri-Resources website 'High carbon stock forest conservation' http://www.goldenagri.com.sg/sustainable_hcs.php and Greenpeace International (2013a) 'Identifying High Carbon Stock (HCS) forest for protection' March 2013 <http://bit.ly/1gQxxBq>.

²² P&G fact sheet 'Where we operate' https://www.pg.com/en_US/downloads/media/Fact_Sheets_Operate.pdf

²³ Amirapu D & Malviya S (2012) 'P&G to build largest Indian plant in Hyderabad' *The Economic Times* 20 April 2012 <http://bit.ly/1jIOFH1>

²⁴ P&G (2010) P&G response to BBC questionnaire, 22 February 2010 http://news.bbc.co.uk/nol/shared/bsp/hi/pdfs/panorama_pringles.pdf

²⁵ P&G (2013b) Annual Communication on Progress (ACOP) to the RSPO (2012/2013) <http://www.rspo.org/file/acop2013/submissions/P&G.pdf>

²⁶ P&G (2013a) '2012 Sustainability Report' <http://bit.ly/1jIOQCj> p30

²⁷ RSPO (2012b) 'A Compilation: 2011/2012 Annual Communications of Progress Reports by Sector: Consumer Goods Manufacturers' 22 October 2012 <http://bit.ly/1heDRDG> p275

²⁸ P&G (2013b) Annual Communication on Progress (ACOP) to the RSPO (2012/2013) <http://www.rspo.org/file/acop2013/submissions/P&G.pdf>

²⁹ As a supplier to Wilmar and Asian Agri; see PT BW Plantation Tbk (2013b) 'PT BW Plantation Tbk and Its Subsidiaries, Notes to Consolidated Financial Statements, as of June 30, 2013 and December 31, 2012, and for the Six Month Periods Ended June 30, 2013 and 2012'

³⁰ US customs data

³¹ US customs data

³² RGE website <http://www.rgei.com>

³³ PT Inti Indosawit Subur (2013) 'RSPO ACOP 2013 Progress Report' <http://bit.ly/1dhDV9X> pp3-4

³⁴ Reuters (2014) 'Indonesian Palm Oil Firm Asian Agri to Pay \$206m Tax Fine' *The Jakarta Globe* 30 January 2014 <http://bit.ly/1gFgCIA>

³⁵ Agrindogroup.com – see, for instance, whois.domaintools.com. Registrar is given with PT Dasa Anugrah Sejati, a subsidiary of Asian Agri company PT Inti Indosawit Subur.

³⁶ PT Inti Indosawit Subur (2013) 'RSPO ACOP 2013 Progress Report' <http://bit.ly/1dhDV9X> pp3-4; Sambijantoro S (2013) 'Asian Agri Told to Pay Rp 4.3t' *The Jakarta Post* 7 June 2013 <http://bit.ly/1iTEoip>

³⁷ RGE website 'Asian Agri' <http://www.rgei.com/group-companies/asian-agri>; Asian Agri website 'Mills' <http://bit.ly/1ghH7lr>

³⁸ PT Rimba Matoa Lestari in Papua province and PT Archipelago Timur Abadi, PT Karya Dewi Putra and PT Kalimantan Ria Sejahtera in Central Kalimantan. PT RML linked to Agrindo Group based on Greenpeace field investigations in March 2014; PT ATA and PT KRS are listed as Agrindo Group companies in the Palm Oil Directory 2012, released by the Central Bureau of Statistics (BPS) of Indonesia. PT KDP is listed as an Agrindo Group company by the General Directorate of Postal and Information Resources of Indonesia (SDPPI). The Agrindo Group is not officially recognised by RGE as a group company, but numerous sources link it to Asian Agri or RGE. The General Directorate of Postal and Information Resources of Indonesia (SDPPI) lists Agrindo under the same address as the RGE headquarters in Jakarta (see <http://sdppi.kominfo.go.id/downloads/33/SPP-200809-KO.html>). This address is also given in Agrindo's entry with Jobindo.com where the company is profiled as an oil palm plantation company based in Jakarta and with activities in Central, West and East Kalimantan, now the expanding its operations into Papua (<http://www.jobindo.com/homepage.php?employerid=1615>).

³⁹ Apical website 'History' <http://www.apicalgroup.com/index.php/about-us.html>

⁴⁰ Apical website 'Products' <http://www.apicalgroup.com/index.php/productfinal.html>

⁴¹ RGE website 'Apical' <http://www.rgei.com/group-companies/apical>

⁴² Perdani Y & Natahadibrata N (2014) 'Asian Agri set to lose assets' *The Jakarta Post* 10 January 2014 <http://bit.ly/1juJRe6>

⁴³ RGE website <http://www.rgei.com>

⁴⁴ RGE website 'Asian Agri' <http://www.rgei.com/group-companies/asian-agri>

⁴⁵ Asian Agri website 'Responsible Planting' <http://bit.ly/1dhGUIG>

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- ⁴⁶ Asian Agri website 'Conservation' <http://bit.ly/1gsYfFP>
- ⁴⁷ RGE website 'Environmental Stewardship' <http://www.rgei.com/social-responsibility/environmental-stewardship>
- ⁴⁸ Asian Agri website 'Conservation' <http://bit.ly/1gsYfFP>
- ⁴⁹ WWF-Indonesia (2013) 'Palming off a National Park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> p1
- ⁵⁰ PT Inti Indosawit Subur (2013) 'RSPO ACOP 2013 Progress Report' <http://bit.ly/1dhDV9X> pp2-5
- ⁵¹ PT Inti Indosawit Subur (2013) 'RSPO ACOP 2013 Progress Report' <http://bit.ly/1dhDV9X> pp5-6
- ⁵² Greenpeace International (2008) 'How Unilever Palm Oil Suppliers Are Burning up Borneo' April 2008 <http://bit.ly/1gt1hKh> p18
- ⁵³ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> pp20-24
- ⁵⁴ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> pp20-24
- ⁵⁵ PT BW Plantation Tbk (2013a) 'Annual Report 2012' <http://bit.ly/1lg8S0O>
- ⁵⁶ US customs data
- ⁵⁷ Bloomberg Businessweek (2013) 'Wilmar to cut off palm oil suppliers caught burning in Indonesia' 30 June 2013 <http://buswk.co/1mq4lnt>
- ⁵⁸ Apical (2012) 'APICAL Raises US\$350 Million in Syndicated Loan' Press Release 22 June 2012 <http://bit.ly/1eEuAaw>
- ⁵⁹ Perdani Y & Natahadibrata N (2014) 'Asian Agri set to lose assets' *The Jakarta Post* 10 January 2014 <http://bit.ly/1juJRe6>
- ⁶⁰ Ali F (2014) 'Business Unaffected by Tax Payments, Asian Agri Says' *The Jakarta Globe* 19 February 2014 <http://bit.ly/1gt5qxN>
- ⁶¹ Prakoso R (2013) 'AGO to Seize Assets If Asian Agri Can't Pay Up' *The Jakarta Globe* 5 January 2013 <http://bit.ly/1hUpc27>
- ⁶² Reuters (2014) 'Indonesian Palm Oil Firm Asian Agri to Pay \$206m Tax Fine' *The Jakarta Globe* 30 January 2014 <http://bit.ly/1gFgCIA>
- ⁶³ West Papua and Papua
- ⁶⁴ 33.4 million ha. Source: Ministry of Forestry (2014) 'Buku Basis Data Spasial Kehutanan' 3 January 2014 <http://bit.ly/1dhLspd>.
- ⁶⁵ Mittermeier RA et al (2003a) 'Wilderness and Biodiversity Conservation' *Proceedings of the National Academy of Sciences* 100(18), 10309–13, doi:10.1073/pnas.1732458100, <http://www.pnas.org/content/100/18/10309.full.pdf>; Mittermeier RA et al (2003b) *Wilderness: Earth's Last Wild Places*, ed. Conservation International, 1st English ed (Mexico City: CEMEX, 2003)
- ⁶⁶ Stott DA (2011) 'Indonesian colonisation, resource plunder and West Papuan grievances' *Asia-Pacific Journal* 9(12) 21 March 2011 http://www.japanfocus.org/-david_adam-stott/3499
- ⁶⁷ Ministry of Agriculture (2013) 'Agricultural Statistics 2013' <http://bit.ly/1dhMku3> p172
- ⁶⁸ Government of Indonesia (2011) 'Masterplan for the acceleration and expansion of Indonesia's economic development' <http://bit.ly/1f9OPtH> p159
- ⁶⁹ Government of Indonesia (2011) 'Masterplan for the acceleration and expansion of Indonesia's economic development' <http://bit.ly/1f9OPtH> p160
- ⁷⁰ Listed there as PT Agro Mandiri Semesta.
- ⁷¹ Controlled by Indonesian billionaire Murdaya Poo; see Forbes billionaires list <http://www.forbes.com/profile/murdaya-poo/>
- ⁷² AwasMIFEE! (2013) 'Three Years of MIFEE (part 3): As the forest is felled, where's the rice?' 23 October 2013 <https://awasmiffee.potager.org/?p=584>
- ⁷³ Disbun (2013) 'Perusahaan Perkebunan Besar Berminat Berinvestasi Di Kabupaten Sarmini', Dinas Perkebunan, Kabupaten Sarmini, 26 March 2013
- ⁷⁴ Based on regency area of 1,774,000 ha. Climate and Land Use Alliance (2013) 'Kerjasama Climate and Land Use Alliance (CLUA) dan JERAT Tentang Riset Perijinan, Pemanfaatan Hutan dan Lahan di Kabupaten Sarmini Januari-Juli 2013' <http://bit.ly/1gtcvOU> p1
- ⁷⁵ HPK (convertible production forest) in Sarmini: 304,696ha; APL (land outside the forest estate): 33,450ha (including bodies of water). Climate and Land Use Alliance (2013) 'Kerjasama Climate and Land Use Alliance (CLUA) dan JERAT Tentang Riset Perijinan, Pemanfaatan Hutan dan Lahan di Kabupaten Sarmini Januari-Juli 2013' <http://bit.ly/1gtcvOU> p1.
- ⁷⁶ Ministry of Forestry (2013b) 'Peta Penutupan Lahan / Landcover Map 2011' Direktorat Jenderal Planologi Kehutanan-Kementerian Kehutanan Republik Indonesia / Directorate General of Forest Planning, provided by the Ministry to Greenpeace Southeast Asia in April 2013

⁷⁷ Greenpeace mapping analysis.

⁷⁸ 32,000ha. Source: Greenpeace mapping analysis.

⁷⁹ Ministry of Forestry (2000) Forest Release Permit SK. 185/KPTS-II/00; according to Greenpeace mapping analysis, the concession covers 31,666ha.

⁸⁰ Ministry of Forestry (2000) Forest Release Permit SK. 185/KPTS-II/00

⁸¹ NASA (online) Landsat 7 image, 7 June 2000, LandsatLook Viewer (<http://landsatlook.usgs.gov>), accessed 20 March 2014

⁸² Ministry of Forestry (2013b) 'Peta Penutupan Lahan / Landcover Map 2011'

⁸³ Ministry of Forestry (2013b) 'Peta Penutupan Lahan / Landcover Map 2011'

⁸⁴ See for instance <https://plus.google.com/108864095409811203961/about> and <http://bit.ly/1gtdRZY>

⁸⁵ Several recent job postings for Kalimantan Plantation Unit give the e-mail address for applications as @agrindogroup.com. At least one job posting of KPU also mentions Papua as its field of operation. See <http://bit.ly/1kXkKIY> and <http://bit.ly/1jm9z8W>.

⁸⁶ According to domaintools.com, a web service providing information about the owner and registrant of a given website, the domain agrindogroup.com is registered by PT Dasa Anugrah Sejati (PT DAS), a Jakarta-registered, Jambi-based palm oil company. An RSPO certification announcement document for PT DAS (<http://bit.ly/1lgo5iw>) gives the correspondence address for PT DAS as the headquarters for Asian Agri in Jakarta, and provides the e-mail address asrini_subrata@asianagri.com.

⁸⁷ Greenpeace mapping analysis

⁸⁸ Ministry of Agriculture (2013b), Export data 2012, Data and Information Center

⁸⁹ Greenpeace mapping analysis

⁹⁰ 1.9m ha of 10.5m ha. Source: Greenpeace mapping analysis.

⁹¹ Linkie M et al (2008) '*Panthera tigris ssp. sumatrae*' in IUCN (2013) <http://www.iucnredlist.org/details/15966/0>

⁹² Estimating tiger populations in dense forest and inaccessible landscapes is extremely difficult. The figure of 400 is based on Linkie M et al (2008) '*Panthera tigris ssp. sumatrae*' in IUCN (2013) <http://www.iucnredlist.org/details/15966/0>, citing Government of Indonesia (2007) 'Conservation strategy and action plan for the Sumatran tiger (*Panthera Tigris Sumatrae*) Indonesia 2007 – 2017' <http://bit.ly/1eEI9bb>. It is possible that initial tiger numbers are higher than this, but the population decline resulting from habitat loss and other issues outlined in this report is acute.

⁹³ 14.6Gt of carbon. Source: Wahyunto SR & Subagjo H (2003) 'Peta luas sebaran lahan gambut dan kandungan karbon di pulau Sumatera / Maps of area of peatland distribution and carbon content in Sumatera, 1990 – 2002' Wetlands International – Indonesia Programme & Wildlife Habitat Canada (WHC) <http://bit.ly/1jmaypu> p34.

⁹⁴ World Resources Institute CAIT 2.0 <http://cait2.wri.org/wri>, total emissions for 2010

⁹⁵ Delft Hydraulics (2008) 'Kampar Peninsula Science Based Management Support Project *Summary Interim Report, April-December 2007* Introduction to the SBMS Project and preliminary results to date' Hooijer A (ed) April 2008 p18

⁹⁶ Ministry of Agriculture (2013a) 'Buku Statistik Perkebunan Tahun / Plantation Statistic Year Book 2008–2012' Direktorat Jenderal Perkebunan / Directorate General of Estate Crops, Ministry of Agriculture, Jakarta, Indonesia <http://bit.ly/ORae4j>

⁹⁷ Ministry of Agriculture (2013b), Export data 2012, Data and Information Center

⁹⁸ 730,000ha in production forest and 176,000ha in convertible production forest. Source: Greenpeace mapping analysis.

⁹⁹ National Council on Climate Change (2010b) 'Setting a course for Indonesia's green growth' press conference presentation 6 September 2010 <http://bit.ly/1hf3q7u> p5

¹⁰⁰ Greenpeace mapping analysis.

¹⁰¹ 49,000ha. Source: Greenpeace mapping analysis.

¹⁰² Ministry of Agriculture (2009) 'Statistik Perkebunan 2008-2010 / Tree Crop Estate Statistics 2008–2010' Direktorat Jenderal Perkebunan / Directorate General of Estate Crops, Ministry of Agriculture, Jakarta, Indonesia

¹⁰³ 43,000ha of 49,000ha. Source: Greenpeace mapping analysis.

¹⁰⁴ Greenpeace mapping analysis shows 1.36 million ha of forested peatland in 2011. See also Wahyunto SR & Subagjo H (2003) 'Peta luas sebaran lahan gambut dan kandungan karbon di pulau Sumatera / Maps of area of peatland distribution and carbon content in Sumatera, 1990 – 2002' Wetlands International – Indonesia Programme & Wildlife Habitat Canada (WHC) <http://bit.ly/1jmaypu> p34.

¹⁰⁵ 2,040 of 2,738. Source: Greenpeace mapping analysis.

¹⁰⁶ Gaveau D & Salim MA (2013a) 'Nearly a quarter of June fires in Indonesia occurred in industrial plantations' Centre for International Forestry Research (CIFOR) 30 July 2013 <http://bit.ly/1di2N1n>

¹⁰⁷ Ministry of Agriculture (2009) 'Statistik Perkebunan 2008-2010 / Tree Crop Estate Statistics 2008-2010' Direktorat Jenderal Perkebunan / Directorate General of Estate Crops, Ministry of Agriculture, Jakarta, Indonesia

¹⁰⁸ Data compiled by WWF Indonesia (see WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> p6). Data sources: Statistics of Riau Plantation Service 2009 and June 2011, Plantation Service and Environment Agency of Kampar District, Rokan Hulu District, Pelalawan District, Indragiri Hulu District, Kuantan Singingi District, Bengkalis District, Rokan Hilir District, Dumai City, Siak District, Indragiri Hilir District and Pekanbaru City 2011. As WWF Indonesia notes in footnote 14, of the 1.56 million ha of private concessions identified by the Riau Forestry Service (2006), the Ministry of Forestry only mapped 1.18 million ha as holding definitive licenses (HGU and IUP), ie having been granted all necessary permits to operate.

¹⁰⁹ Yulisman L (2013) 'Palm oil producers want more ports to solve inefficiency' *The Jakarta Post* 11 July 2013 <http://bit.ly/1jvcMi9>

¹¹⁰ Ministry of Agriculture (2013b) Export data 2012, Data and Information Center

¹¹¹ US Dept. of Agriculture Foreign Agricultural Service (2012) 'GAIN Report: Indonesia oilseeds and products update' 28 February 2012 <http://www.thefarmsite.com/reports/contents/indonoilmarch12.pdf>

¹¹² PT Data Consult (2011) 'Indonesian Commercial Newsletter – Monthly Report' 1 July 2011 <http://www.datacon.co.id/PalmOil-2011List.html>

¹¹³ PT Data Consult (2011) 'Indonesian Commercial Newsletter – Monthly Report' 1 July 2011 <http://www.datacon.co.id/PalmOil-2011List.html>

¹¹⁴ Wibisono HT & Puspardini W (2010) 'Sumatran tiger (*Panthera tigris sumatrae*): A review of conservation status' *Integrative Zoology* 5(4), 313-23. A Class 3 TCL is a landscape of long-term priority with 'questionable persistence of tiger populations over the long term' (source: Panthera website 'Priority tiger conservation landscapes' <http://www.panthera.org/node/1406>).

¹¹⁵ Dinerstein E et al (2006) 'Setting priorities for the conservation and recovery of wild tigers: 2005-2015. A user's guide.' WWF, WCS, Smithsonian and NFWF-STF <http://www.panthera.org/node/1406>

¹¹⁶ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH>

¹¹⁷ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> p4

¹¹⁸ The Tesso Nilo forest complex consists of Tesso Nilo National Park and the PT Hutani Sola Lestari and PT Siak Timber Raya logging concessions.

¹¹⁹ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> p4, citing Gillison AN (2001) 'Vegetation survey and habitat assessment of the Tesso Nilo Forest Complex' report prepared for WWF-US <http://bit.ly/1prSaJf>

¹²⁰ Within the TCL as a whole, less than 80,000ha of forest remained in 2011.

¹²¹ 32,000ha. Source: Greenpeace mapping analysis.

¹²² Greenpeace mapping analysis

¹²³ Sunarto et al (2013) 'Threatened predator on the equator: multi-point abundance estimates of the tiger *Panthera tigris* in central Sumatra' *Oryx* 47(2), 211-220

¹²⁴ Greenpeace mapping analysis

¹²⁵ Griffith M (1994) 'Population density of the Sumatran tigers in GLNP', in Tilson RL et al (1994) *Sumatran Tiger Populations and Habitat Viability Analysis*, Indonesian Directorate General of Forest Protection and Nature Conservation and IUCN/SSC Conservation Breeding Specialist Group, pp93-102

¹²⁶ A minimum of 25 breeding females, according to Global Tiger Initiative (2012) 'Global Tiger Recovery Program' <http://bit.ly/1m27hZO>.

¹²⁷ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> p3

¹²⁸ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> p3

¹²⁹ The average smallholding is 2ha, according to the Ministry of Agriculture (source: Ministry of Agriculture (2013a) 'Buku Statistik Perkebunan Tahun / Plantation Statistic Year Book 2008-2012' Direktorat Jenderal Perkebunan / Directorate General of Estate Crops, Ministry of Agriculture, Jakarta, Indonesia <http://bit.ly/ORae4j>). Legally, smallholders are defined as plantations with less than 25ha (source: Ministry of Agriculture (1996) Keputusan Menteri Pertanian / Decree of the Minister of Agriculture NOMOR.786/Kpts/KB.120/10/96).

¹³⁰ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> p8

¹³¹ *Tempo* (2013) 'Interview: Kuntoro Mangkusubroto' English Ed 1356, 16-22 September 2013 p68

¹³² WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH>

¹³³ RSPO website, 'PT Inti Indosawit Subur Ukui' <http://www.rspo.org/en/member/22/pt-inti-indosawit-subur>

¹³⁴ For instance, WWF documents three mills owned by PT Citra Riau Sarana (Wilmar Group) near the Tesso Nilo forest complex receiving FFB grown illegally inside the forest complex, including within the park itself; from there the CPO was traded to Wilmar's Nabati Indonesia facility in Dumai. Source: WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> pp16-20. These Wilmar Group mills were scheduled to be certified by the RSPO in 2013 (source: RSPO (2013d) 'Annual Surveillance Audit: PT Mustika Sembuluh' <http://bit.ly/1eEJLAy> pp9-10) but it is not known whether this has gone ahead.

¹³⁵ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> p10

¹³⁶ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH>

¹³⁷ Pusdatin (2013) 'Palm oil exports, 2012' Pusat Data dan Sistem Informasi Pertanian

¹³⁸ *Tempo* (2013) 'Interview: Kuntoro Mangkusubroto' English Ed 1356, 16-22 September 2013 p68

¹³⁹ RSPO (2013c) 'Statement from the RSPO on the importance of transparent and responsible sourcing of fresh fruit bunches' 31 July 2013 http://www.rspo.org/news_details.php?nid=181

¹⁴⁰ RSPO (2013c) 'Statement from the RSPO on the importance of transparent and responsible sourcing of fresh fruit bunches' 31 July 2013 http://www.rspo.org/news_details.php?nid=181

¹⁴¹ Wilmar (2013a) 'Wilmar International fact sheet' <http://bit.ly/1glkxE>

¹⁴² Wilmar (2013b) Letter to Bustar Maitar, Greenpeace, from Khoon Hong Kuok, 10 October 2013

¹⁴³ PT Inti Indosawit Subur (2013) 'RSPO ACOP 2013 Progress Report' <http://bit.ly/1dhDV9X>

¹⁴⁴ PT Inti Indosawit Subur (2013) 'RSPO ACOP 2013 Progress Report' <http://bit.ly/1dhDV9X>

¹⁴⁵ PT Inti Indosawit Subur (2013) 'RSPO ACOP 2013 Progress Report' <http://bit.ly/1dhDV9X>

¹⁴⁶ Antara News Bengkulu (2013) 'BKSDA Jambi gagal tangkap Harimau di Muarojambi' 4 March 2013 <http://bit.ly/1jvfWCv>

¹⁴⁷ RSPO website 'PT Inti Indosawit Subur Ukui' <http://www.rspo.org/en/member/22/pt-inti-indosawit-subur>

¹⁴⁸ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> pp20-24

¹⁴⁹ WWF Indonesia (2013) 'Palming off a national park: Tracking illegal oil palm fruit in Riau, Sumatra' <http://bit.ly/1f9lyhH> p10

¹⁵⁰ PT Inti Indosawit Subur (2013) 'RSPO ACOP 2013 Progress Report' <http://bit.ly/1dhDV9X>