

HOW THE PALM OIL INDUSTRY IS

**STILL
COOKING
THE
CLIMATE**

GREENPEACE

HOW THE TRADERS SCORE

	ROBUST POLICY	SUPPLY CHAIN DATA	MONITORING	ENGAGEMENT	ACCOUNTABILITY
AAK					
Apical					
Cargill					
Olam					
wilmar					

We have assessed the commitments made by the companies listed above and have rated them as follows.



Good



Average



Bad

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Failure to gather concession data undermines enforcement
Limited monitoring of suppliers
Lack of clear processes for dealing with non-compliant suppliers
Incomplete and non-transparent record of policy breaches
The palm oil industry is still sourcing from rainforest destroyers

TRADER PROFILES

AAK
Apical
Astra Agro Lestari
Cargill
Golden Agri-Resources
IOI Loders Croklaan
KLK
Musim Mas
Olam
Pacific Inter-Link
Wilmar International

TIME FOR ACTION

DEMANDS

Enforce strong standards
Be transparent
Stop the problem
Verify results

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Smoke rises from burning rows of wood after forest clearance in an oil palm concession in Papua.
© Rante/Greenpeace



Greenpeace volunteer joins with community firefighters to tackle a peatland blaze in Riau.
© Anggoro/Greenpeace

HOW THE PALM OIL INDUSTRY CONTINUES TO DRIVE DEFORESTATION

In November 2007, as world leaders prepared to attend the UN Climate Change Conference (COP13) in Bali, Indonesia, Greenpeace International published *Cooking the Climate*, the report of a multi-year investigation into the country's palm oil industry. This report showed that many of the world's biggest consumer brands were connected to rainforest and peatland destruction via palm oil supplied to them by Cargill, Golden Agri Resources (GAR), Wilmar and other international commodities traders.

Over the next seven years, most of the companies named in our investigation committed to producing, trading or using palm oil responsibly. This process started with Unilever in 2008¹ and Nestlé in 2010;² in 2011, GAR became the first major palm oil producer to announce a forest conservation policy.³ That same year, Indonesia's President Susilo Bambang Yudhoyono introduced a moratorium on new concessions in areas of primary forest or peatland as part of a package of measures designed to address deforestation.⁴ He also inaugurated the One Map programme, a unified nationwide mapping initiative intended to address Indonesia's overlapping land tenure claims and facilitate monitoring and governance in the plantation sectors. Further progress came in late 2013 when Wilmar, the world's largest palm oil trader, announced that it would stop doing business with palm oil producers that destroyed rainforests, drained peatlands or exploited workers and communities.⁵ Early in 2014, major

US-based brands Kellogg⁶ and Colgate⁷ followed suit with 'no deforestation' commitments.

Indonesia appeared to be on the cusp of a major industry transformation, with the promise of dramatic social and environmental gains. In September 2014, the country's government and representatives of some of its most significant palm oil producing regions, along with major palm oil traders and palm oil-using brands, signed the New York Declaration on Forests, thereby pledging their support for the goal of eliminating deforestation from the production of agricultural commodities such as palm oil by 2020.⁸ That same month, the biggest traders of Indonesian palm oil – Asian Agri, Cargill, GAR and Wilmar⁹ – joined the Indonesian Chamber of Commerce (KADIN) in establishing the Indonesian Palm Oil Pledge (IPOP),¹⁰ a working group to make the business case for responsible palm oil production and reform of governance and legislation. By the end of 2014, most major consumer brands and commodities traders had adopted 'no deforestation, no peat, no exploitation' (NDPE) policies. As the year came to an end, Indonesia's newly elected President Joko Widodo ('Jokowi') visited Riau, Sumatra to help villagers block a plantation company's illegal peatland canal.¹¹ 'It must be stopped,' the President told reporters. 'We mustn't allow our tropical rainforest to disappear because of monoculture plantations like oil palm.'

“At that time we developed the land in the area of Langsa, East Aceh. This land clearance is now considered to violate IPOP criteria, so Wilmar ... does not want to buy our crude palm oil any more ... We did not break any government regulations, yet we are perceived as violating these foreign-made IPOP rules ... Our sovereignty has been taken by foreigners: this is a new kind of colonialism.”

Sabri Basyah, owner of PT Mopoli Raya and Chairman of Indonesian Palm Oil Association (GAPKI) Aceh, September 2015²⁷

Unfortunately, the promise of real and lasting change was short-lived. In July 2015, devastating forest and peatland fires, many of them started deliberately to clear land, spread across large areas of Sumatra, Kalimantan and Papua. Decades of wholesale forest and peatland destruction by palm oil and pulp companies had turned the land into a tinderbox, and the resulting crisis put Indonesia and its plantation industries in the global spotlight. The Indonesian government struggled to contain the disaster and a haze spread quickly across Southeast Asia, grounding flights, closing schools and offices and forcing millions of people across the region to breathe toxic air for months on end. The World Bank calculated the cost of the disaster at US\$16bn,¹² while researchers at Harvard and Columbia universities estimate that 100,000 people died prematurely from respiratory diseases linked to the haze.¹³

Under huge pressure from the leaders of other member states of the Association of Southeast Asian Nations (ASEAN), as well as from his own citizens, President Jokowi promised swift action against those responsible for fires.¹⁴ At the 2015 Climate Change Conference (COP21) in Paris, he announced a new moratorium on peatland development (including peatland within existing concessions) and established a Peatland Restoration Agency¹⁵ and promised to speed up implementation of the One Map programme that his predecessor had first promised in 2010. However, perhaps fearing that an admission of guilt would cause the palm oil industry lasting reputational damage, senior members of Jokowi’s cabinet began to accuse NGOs of running a ‘black campaign’ against the industry. In November 2015, the then Coordinating Minister for Politics, Law and Security Affairs, Luhut Panjaitan, warned that the government would ‘not hesitate to ban NGOs from embarking on these smear campaigns against the industry’.¹⁶

Even as the President was promising to bring better governance to Indonesia’s plantation sectors, the five palm oil traders

that had formed IPOP the year before came under increasing pressure from ministers to abandon their environmental commitments.¹⁷ The ministers claimed that this coercion was about protecting smallholder farmers, although influential palm oil companies were complaining loudly at the time that IPOP members had deprived them of a market because of their rainforest clearance.¹⁸ At a press conference in February 2016 called ‘Bermartabatlah Sawit Kita!’ (‘Dignity for our palm oil!’), then Director General of Plantations, Gamal Nasir stated, ‘I have permission from the Minister of Agriculture Amran Sulaiman to declare “Disband IPOP”. If a company remains in IPOP, it would be better for it to leave Indonesia.’¹⁹ Amid talk of a ministerial review and in the face of an anti-competition investigation launched in April by the Business Competition Supervisory Commission (KPPU), IPOP members decided to disband in June 2016.²⁰

If Indonesian ministers were trying to salvage the palm oil industry’s reputation, their actions have had little effect. Politicians from around the world had reacted to the fires crisis with horror;²¹ the European Union began considering ways to address its role in funding and driving deforestation for palm oil and other commodities.²² In April 2017, the European Parliament voted to ban biofuels made from palm oil and to restrict imports of ‘unsustainable’ palm oil.²³ ‘[We] cannot ignore the problem of deforestation’, explained Kateřina Konečná MEP, who drafted the resolution.²⁴

At a national level, the French Environment Minister, Nicolas Hulot, recently pledged to ban ‘imported deforestation’ and to eliminate palm oil from biofuels.²⁵ Malaysian and Indonesian representatives have threatened to challenge these moves at the World Trade Organization,²⁶ but public concern over deforestation is at an all-time high and other countries will no doubt follow suit – particularly those whose domestic vegetable oil industries stand to benefit from any reduction in palm oil imports.

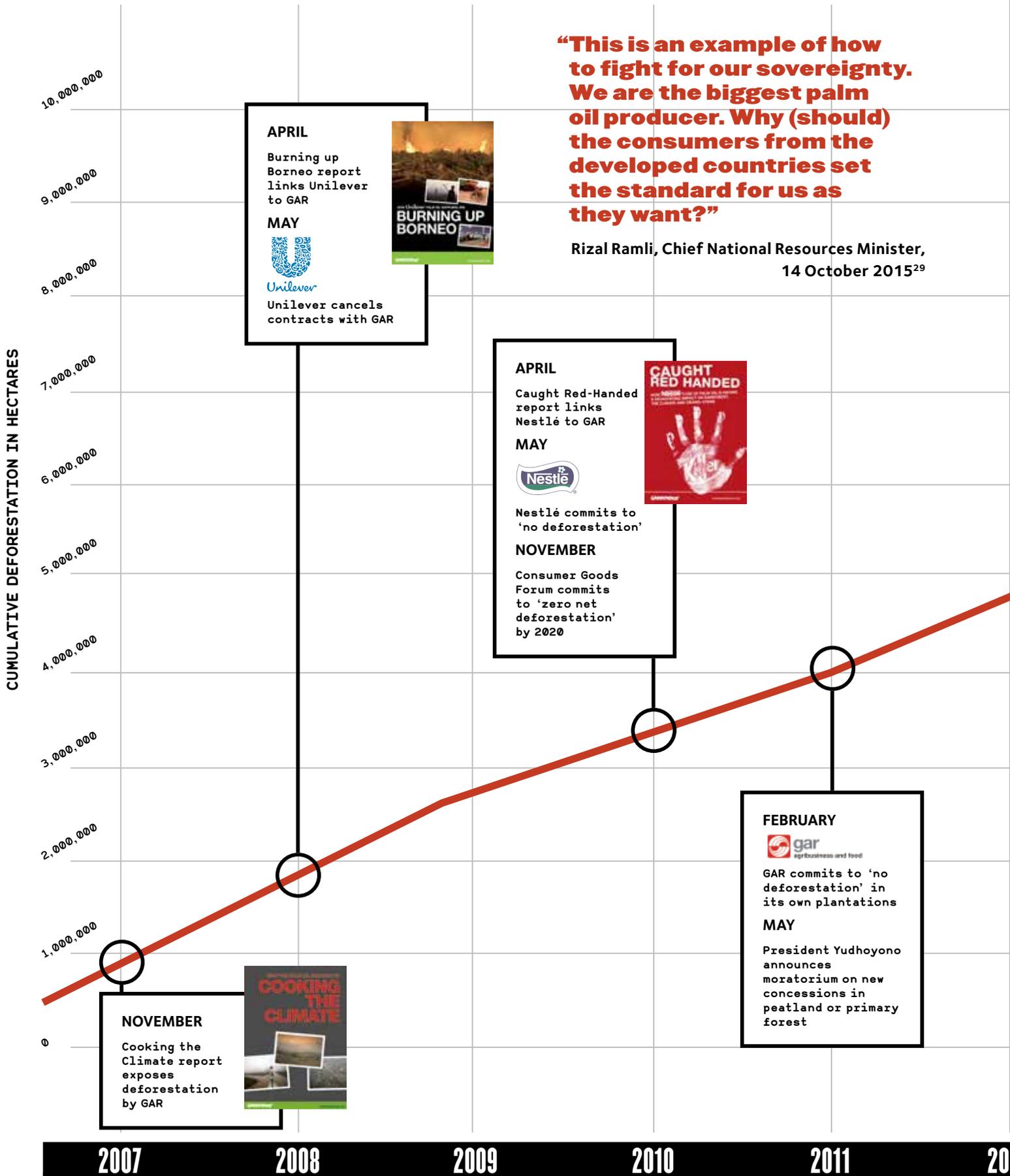
Smoke from smouldering fires obscures an excavator digging a peatland drainage canal in Riau.
© Ifansasti/Greenpeace



“Non-governmental organisations (NGOs) talk about how the industry is killing off our monkeys - I say, the government will not hesitate to ban NGOs from embarking on these smear campaigns against the industry, which is harmful to the stability of the nation.”

Luhut Binsar Panjaitan, Coordinating Minister for Politics, Law and Security Affairs, 26 November 2015²⁸

GREENPEACE'S FIGHT TO CLEAN UP INDONESIAN PALM OIL: A DECADE OF PROGRESS AND SETBACKS



“This is an example of how to fight for our sovereignty. We are the biggest palm oil producer. Why (should) the consumers from the developed countries set the standard for us as they want?”

Rizal Ramli, Chief National Resources Minister,
14 October 2015²⁹

10,000,000

9,000,000

8,000,000

7,000,000

6,000,000

5,000,000

4,000,000

3,000,000

2,000,000

1,000,000

0

2007

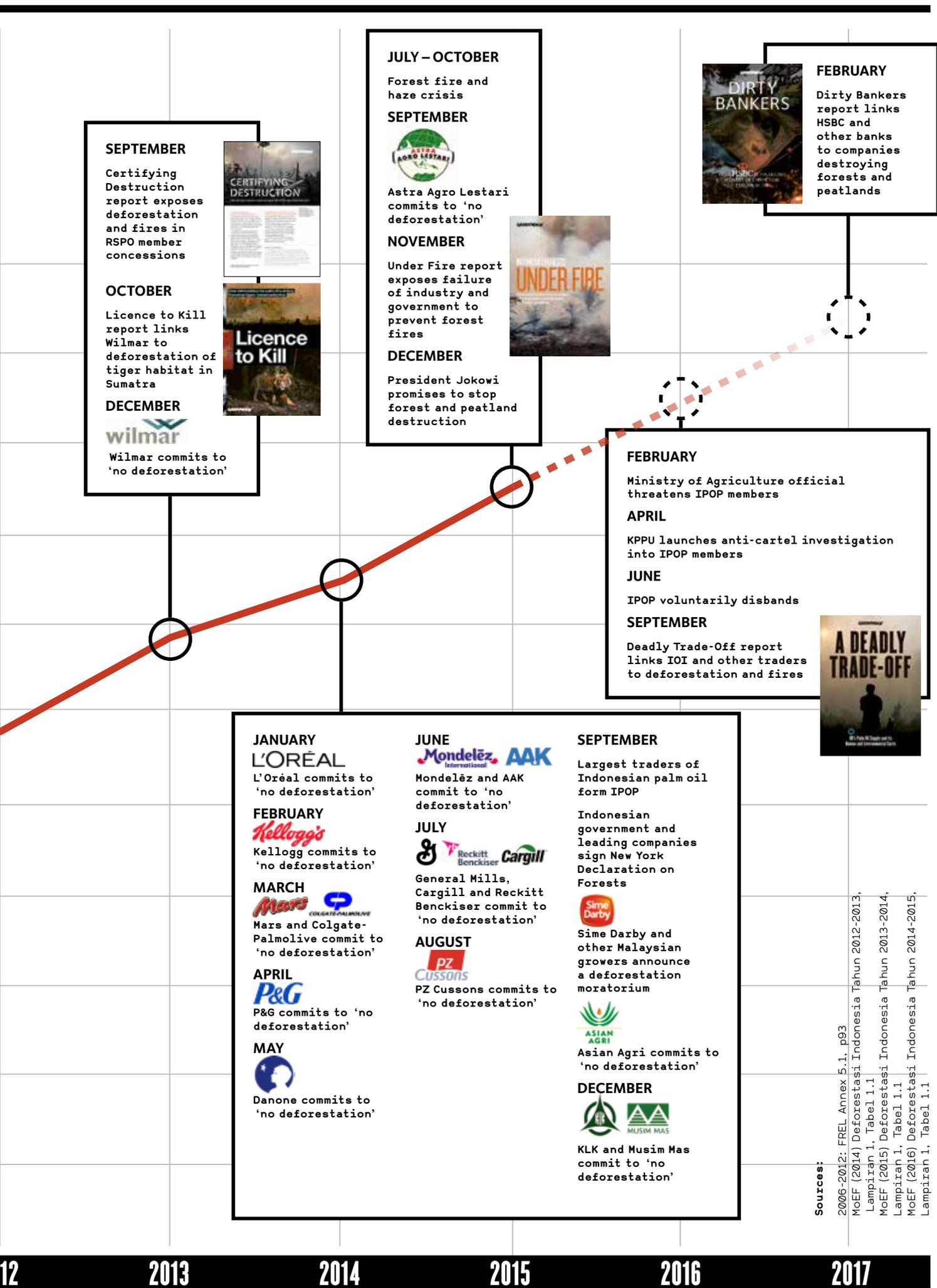
2008

2009

2010

2011

20



SEPTEMBER
 Certifying Destruction report exposes deforestation and fires in RSPO member concessions

OCTOBER
 Licence to Kill report links Wilmar to deforestation of tiger habitat in Sumatra

DECEMBER
 Wilmar commits to 'no deforestation'



JULY – OCTOBER
 Forest fire and haze crisis

SEPTEMBER
 Astra Agro Lestari commits to 'no deforestation'

NOVEMBER
 Under Fire report exposes failure of industry and government to prevent forest fires

DECEMBER
 President Jokowi promises to stop forest and peatland destruction



FEBRUARY
 Dirty Bankers report links HSBC and other banks to companies destroying forests and peatlands

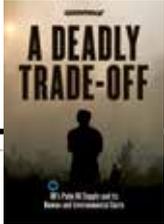


FEBRUARY
 Ministry of Agriculture official threatens IPOP members

APRIL
 KPPU launches anti-cartel investigation into IPOP members

JUNE
 IPOP voluntarily disbands

SEPTEMBER
 Deadly Trade-Off report links IOI and other traders to deforestation and fires



<p>JANUARY L'ORÉAL L'Oréal commits to 'no deforestation'</p> <p>FEBRUARY Kellogg's Kellogg commits to 'no deforestation'</p> <p>MARCH Mars  Mars and Colgate-Palmolive commit to 'no deforestation'</p> <p>APRIL P&G P&G commits to 'no deforestation'</p> <p>MAY  Danone commits to 'no deforestation'</p>	<p>JUNE Mondelez AAK Mondelez and AAK commit to 'no deforestation'</p> <p>JULY  Cargill General Mills, Cargill and Reckitt Benckiser commit to 'no deforestation'</p> <p>AUGUST  PZ Cussons commits to 'no deforestation'</p>	<p>SEPTEMBER Largest traders of Indonesian palm oil form IPOP</p> <p>Indonesian government and leading companies sign New York Declaration on Forests</p> <p> Sime Darby and other Malaysian growers announce a deforestation moratorium</p> <p> Asian Agri commits to 'no deforestation'</p> <p>DECEMBER  KLK and Musim Mas commit to 'no deforestation'</p>
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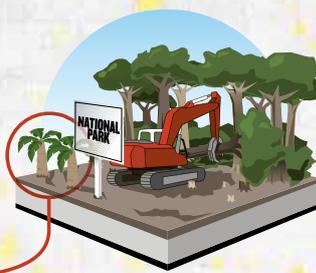
Sources:
 2006-2012: FREL Annex 5.1, p93
 MoEF (2014) Deforestasi Indonesia Tahun 2012-2013, Lampiran 1, Tabel 1.1
 MoEF (2015) Deforestasi Indonesia Tahun 2013-2014, Lampiran 1, Tabel 1.1
 MoEF (2016) Deforestasi Indonesia Tahun 2014-2015, Lampiran 1, Tabel 1.1

New deforestation by existing suppliers

Deforestation by new industry entrants

Legality issues

Development of peatlands



Lack of transparency

Producers with stranded assets



Deforestation within mill catchment areas

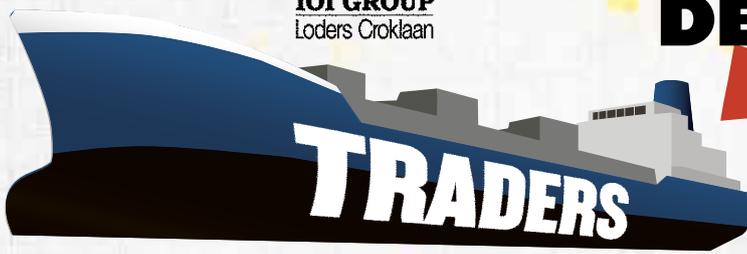


AAK wilmar Apical Cargill



Olam

IOI GROUP
Loders Crocklaan



**HOW
DEFORESTATION
REACHES
THE GLOBAL
MARKET**



Johnson & Johnson

HERSHEY'S
THE HERSHEY COMPANY

Nestlé



Reckitt Benckiser



PZ
Cussons



P&G



COLGATE-PALMOLIVE

PEPSICO

Mondelēz
International

CORPORATE COMMITMENTS HAVE NOT STOPPED DEFORESTATION FOR PALM OIL

Worldwide and across economic sectors, there is a clear trend towards stronger social and environmental standards, especially in consumer markets. Companies using palm oil can expect to come under increasing pressure to ensure that it does not come from growers involved in clearing forests and peatlands. At the same time, all the conditions are in place to make 'no deforestation' the new normal for the palm oil industry. The overwhelming majority of Indonesian and Malaysian palm oil passes through companies that have committed to forest protection. Recent analysis by Chain Reaction Research suggests that companies with NDPE policies operate 74% of the total refinery capacity in Indonesia and Malaysia.³⁰

However, companies connected to the global palm oil market continue to clear forests and are responsible for other environmental and social harm. Clearance by smallholder farmers remains a serious concern. However, the single greatest threat to rainforests in Southeast Asia comes from small- and medium-

sized plantation company and producer groups.³¹ This includes producers such as the Gama/Ganda,³² Samling³³ and Salim³⁴ groups – the latter is the loosely structured parent of Indonesian manufacturer Indofood. These groups often have strong links to the Indonesian and Malaysian governments, or prominent positions in the Roundtable on Sustainable Palm Oil (RSPO), and appear able to use their connections to undermine progressive companies' efforts to reform the industry.

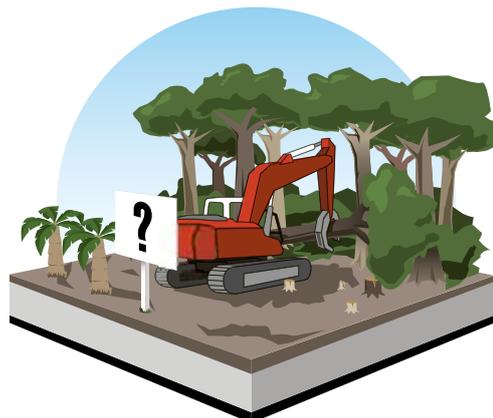
This situation poses serious challenges for traders that supply and consumer brands that use palm oil: their reputation depends on delivering on the 'no deforestation' pledges they have made to their customers. The challenges they face can be grouped into eight distinct categories: new deforestation by existing suppliers; deforestation by new industry entrants; development of peatlands; deforestation within mill catchment areas; legality issues; lack of transparency; exploitation of workers and communities; and producers with stranded assets.

SOCIAL AND ENVIRONMENTAL ISSUES IN PALM OIL SUPPLY CHAINS



NEW DEFORESTATION BY EXISTING SUPPLIERS

Palm oil companies frequently supply the market with palm oil from established concessions in Sumatra and Peninsular Malaysia while developing new oil palm plantations in frontier regions such as Papua or Papua New Guinea. In Indonesia, some such companies are even clearing land that has been zoned as state forest – a clear violation of the law.³⁵ Some groups of producer companies employ a deliberately complex corporate structure, using a maze of shell companies to conceal their relationship with subsidiaries that are clearing forests.



DEFORESTATION BY NEW INDUSTRY ENTRANTS

Large multinationals, such as Noble Group and POSCO Daewoo, are just starting to get into the plantation business and have acquired sizeable land banks.³⁶ Such companies have cleared and planted thousands of hectares of rainforest (much of it primary forest) since the palm oil traders and consumer brands began to adopt NDPE policies. Most have yet to produce palm oil, although several have now completed or almost completed construction of crude palm oil mills. This means that large quantities of palm oil originating from recently cleared concessions will soon be flowing into the global market.



DEVELOPMENT OF PEATLANDS

Similarly, palm oil companies continue to expand into peatland areas despite the Indonesian government's moratorium on peatland development. Furthermore, little is being done to address companies' ongoing impact on peatland that they have already developed – within the palm oil sector new government regulations designed to prevent further peatland degradation or development are being treated as an aspiration instead of a legal requirement.³⁷



DEFORESTATION WITHIN MILL CATCHMENT AREAS

In addition to the output of their own plantations, producer companies that operate mills usually receive deliveries from brokers who collect fresh fruit bunches (FFB) from nearby smallholders and plantations. Mills rarely check the origin of FFB bought from brokers and run the risk of sourcing from plantations that are illegal (including some located in national parks) or those that are still being deforested.



LEGALITY ISSUES

There is a serious legality gap in Indonesia's plantation sector. Often, companies are seemingly unable to demonstrate title for land they have cleared and planted with oil palm. Moreover, in many cases some or all of the development took place prior to the company acquiring the requisite permits from the Indonesian government.



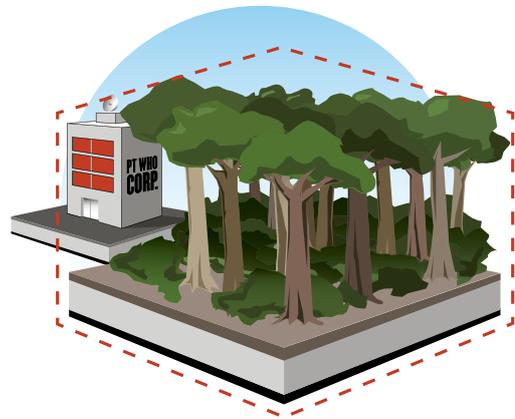
LACK OF TRANSPARENCY

The industry remains shrouded in secrecy, with few companies willing to publish concession maps. Initial claims by some government officials in Indonesia that making maps available was illegal³⁸ have now been resolved.³⁹ Almost all RSPO members have provided the RSPO with their concession maps for Indonesia (although at time of writing it has yet to make them public). For its part, the Malaysian government continues to insist that maps of concessions in Peninsular Malaysia and Sarawak are state secrets,⁴⁰ although this stance is undermined by the fact that it makes no such claims for concessions in Sabah.



EXPLOITATION OF WORKERS AND COMMUNITIES

Investigations by leading human rights NGOs demonstrate that exploitation of workers and communities remains endemic in the palm oil industry.⁴¹ Many producers and traders that have NDPE policies are nevertheless embroiled in unresolved social conflicts and have been unable or unwilling to reform labour practices within their own concessions, let alone enforcing such reforms in their suppliers' operations.



PRODUCERS WITH STRANDED ASSETS

A growing number of producers, including Goodhope and Eagle High,⁴² have bowed to pressure and agreed to halt plantation development while studies are conducted to determine what development might be environmentally acceptable within their concessions. These studies are likely to conclude that most of the remaining undeveloped areas of their concessions must be protected. Faced with the economic reality of their stranded assets, there is a serious risk that such companies may try to renege on their commitments or find exemptions that allow for deforestation. Alternatively, they may sell their concessions to companies without NDPE commitments who go on to fully develop them.



A young oil palm plantation on peatland.
© Sutton-Hibbert/Greenpeace



WHERE SHOULD THE PALM OIL INDUSTRY BE AT THE END OF 2017?

“By now there should be fewer links between the global market and palm oil producers involved in forest destruction.”

None of these challenges is insurmountable. Global commodities traders and their customers have been working to implement their NDPE policies since 2014. Most global traders and consumer brands have at a minimum agreed that by 2020 all the palm oil they use will come from producers that comply with their standards. By now, companies should have a good understanding of the problems in their supply chains and be focused on fixing them – either by ensuring that their suppliers reform or by excluding problematic suppliers altogether.

Put another way, there should by now be fewer links between the global market and palm oil producers involved in forest destruction – either because growers have been persuaded to stop clearing rainforests or because companies with NDPE commitments have stopped buying from them.



A young oil palm plantation.
© Beltrá/Greenpeace



Trucks loaded with oil palm fruit bunches drive through haze from fires in Riau.
© Ifansasti/Greenpeace

CLEAR COMMITMENTS TO ‘NO DEFORESTATION, NO PEAT, NO EXPLOITATION’

By now, traders should be enforcing a moratorium on new plantation development across their supply chains, and ensuring that producers only expand once they have conducted high conservation value (HCV)⁴³ and high carbon stock (HCS) studies (the latter using the High Carbon Stock Approach [HCSA]⁴⁴) in order to identify and protect all remaining areas of forest and other socially or environmentally important areas within their concessions. They should also require suppliers to adopt credible labour standards, including the industry-specific Free and Fair Labor Principles⁴⁵ and the UN Guiding Principles on Business and Human Rights,⁴⁶ and to demonstrate that they have the Free, Prior and Informed Consent (FPIC)⁴⁷ of any communities affected by their operations.

CLEAR TIMELINES AND MILESTONES

Traders should have set a date from which suppliers be fully compliant with their policies. They should be enforcing a conversion cut-off date, ideally of no later than 31 December 2015.⁴⁸ Conversion cut-off dates are common practice for certification schemes; when properly enforced they discourage deforestation by ensuring that producers know that they will be unable to sell their products if they continue to clear forest. Trade with producers that have cleared forest or developed peatlands after the cut-off date should be suspended until the relevant areas have been restored.

A FINAL DEADLINE FOR NDPE IMPLEMENTATION

Traders’ NDPE policies should include an implementation deadline: the date by which they will be able to demonstrate that all their suppliers are compliant with all aspects of their policies. This deadline must be no later than 2020, the date adopted by the Consumer Goods Forum as its zero net deforestation deadline,⁴⁹ and should ideally be much

more ambitious. Traders should be obtaining independent verification of their progress towards this goal (see below).

MONITORING BASED ON BEST AVAILABLE DATA

Traders should be able to demonstrate that they are monitoring their suppliers to ensure that they are not destroying rainforests, developing peatlands or exploiting workers and communities. This monitoring should be proactive, transparent and able to identify deforestation and peatland development more or less in real time (and certainly before NGOs publicise such breaches).

Such monitoring should go beyond assessing the catchment area of the mills from which they are sourcing; traders need to monitor policy compliance across the operations of all producers within the parent group to which each of their suppliers belongs, including in concessions that are not yet productive, as well as the operations of third-party suppliers to those producers. Relevant data sets include reports by civil society organisations, RSPO complaints, concession and company holding data, fieldwork by implementation partners and deforestation alerts from satellite monitoring platforms such as Global Forest Watch.

In the first instance, this data should be used to identify producer groups that have cleared forests or developed peatlands since their conversion cut-off date; these groups should be engaged immediately to ensure the affected areas are restored (see below). Traders should continue to monitor the producer groups from which they source to ensure they remain compliant. Where traders are currently monitoring only some of their suppliers, they should have a time-bound plan to expand their monitoring to cover the parent group operations of all the growers within their supply chain.

PROVISION OF CONCESSION MAPS

Contracts between producers and traders should require provision of concession maps for the producer’s entire

operations as well as for the entire operations and landbank of the producer's parent group. Traders should make these maps available for all stakeholders to review, analyse and download on an open-access platform such as Global Forest Watch.

DUE DILIGENCE FOR NEW SUPPLIERS

Prior to sourcing from a new direct or indirect supplier, traders should conduct due diligence assessments to determine whether the prospective supplier has cleared forest or developed peatland since their conversion cut-off date. Prospective suppliers should be required to provide concession maps for their entire operations and those of their parent group; where development has taken place they should be required to provide HCS and HCV studies⁵⁰ conducted by credible and, where possible, fully licensed assessors. Where a prospective supplier or its parent group is responsible for deforestation or peatland development after this deadline it should be required to restore the impacted areas prior to trade commencing.

TRANSPARENCY AND TRACEABILITY

Traders should by now have traced their palm oil supply chains back as far as the mill and have set a deadline for full traceability to plantation level. They should understand their suppliers' holdings and corporate structure.

Traders should be transparent about who grows and supplies their palm oil, maintaining a comprehensive list of all the mills and producer groups in their supply chains, including both direct and indirect suppliers.

MEANINGFUL AND TIME-BOUND ENGAGEMENT

Traders should have published a transparent protocol that sets out how they will engage with non-compliant suppliers. This

should include the remedial measures or compensation that producers must undertake or provide for deforestation and other common policy breaches. Traders must ensure that these remedial measures and compensation are in line with the NDPE commitments they have made; they should normally go beyond simply meeting the RSPO's Principles & Criteria, even when the producer is the subject of an active RSPO complaint. In particular, traders must require producers to restore all forest and peatland cleared or developed after their conversion cut-off date.

Engagement with non-compliant producers needs to be rapid, time-bound and transparent. Traders should have agreed and published standard, time-bound milestones that such producers must meet to avoid being suspended. For example, producers suspected of deforestation or peatland development should be required to implement a stop-work order within two weeks, and to publish a time-bound action plan to bring their operations into compliance within two months.

Finally, traders should have committed to resolving each case within a period of no more than one year. Before that deadline, non-compliant producers should be required to demonstrate that their operations now comply with all aspects of the trader's NDPE policy.

INDEPENDENT THIRD-PARTY VERIFICATION

Traders should be obtaining and publishing independent verification of their progress towards a deforestation-free palm oil supply chain. To be truly independent, an assessment must be conducted by an assessor that is not already working for the company (i.e. the assessment must not rely on consultants or implementation partners reporting on their own work).

Companies should be reporting annually on the percentage of their palm oil supply that has been verified as coming from suppliers that meet NDPE standards – with a goal of having 100% of their supply verified as such by no later than 2020.



A Greenpeace investigator logs his GPS position beside a peatland canal.
© Ifansasti/Greenpeace



Greenpeace and local community members begin construction of a dam to block peatland drainage canals in Central Kalimantan.
© Rante/Greenpeace



Burnt remains of forest on peatland that has been cleared and drained for plantation establishment in Riau.
© Dithajohn/Greenpeace



IS THE PALM OIL INDUSTRY ON TRACK?

“Our findings suggest that on its current trajectory, the palm oil industry (and therefore its customers) has no chance of delivering deforestation-free supply chains by 2020.”

Over the past year, Greenpeace has been assessing palm oil traders on the implementation of their NDPE policies. We wanted to understand how traders are ensuring that the producers whose palm oil they are buying and selling are not destroying rainforests, draining peatlands or exploiting workers and communities. Profiles of each of the 11 traders assessed, along with summaries of our findings about them, appear after the main text of this report.⁵¹ Together they suggest that, on its current trajectory, the palm oil industry (and therefore its customers) has no chance of delivering deforestation-free supply chains by 2020.



CONSISTENT 'NO DEFORESTATION' STANDARDS ...

ROBUST POLICY		IOI GROUP Loders Craxien	
AAK			
Apical		MUSIM MAS	
		Olam	
Cargill			
gar agribusiness and food		wilmar	

Of the 11 traders we assessed, just one – Pacific Inter-link – had yet to make any meaningful commitment to forest protection. Most traders had policies that required producers to use the HCSA; however, fewer than half had joined the HCSA Steering Group, the multi-stakeholder body that oversees the continued development of the methodology.

Moreover, the traders' commitments appeared to be more aspirational than functional, with implementation at best inconsistent. For example, according to companies' NDPE policies, all suppliers are supposed to obtain HCS studies prior to development. All pending and completed HCS studies are registered with the HCSA Steering Group and listed on its website.⁵² At the time of writing, the HCSA website listed 47 studies from 12 companies (one company had submitted 18 studies). Even supposing a considerable backlog, the rate of forest

cover loss in Indonesia suggests this represents a small percentage of the producers clearing rainforests; it is certainly a very small percentage of the palm oil industry as a whole. This suggests the vast majority of plantation development is taking place without HCS studies – a clear violation of traders' NDPE policies.

... BUT INCONSISTENT OR NON-EXISTENT DEADLINES

CUT-OFF DATE		IOI GROUP Loders Craxien	
AAK			
Apical		MUSIM MAS	
		Olam	
Cargill			
gar agribusiness and food		wilmar	

Although most of the traders adopted NDPE policies in 2014, producer compliance deadlines were found to vary wildly from company to company. Some traders' policies stated that producers were expected to comply with the policy 'effective immediately'. Others had set a later deadline on the grounds that it would take time for producers to bring their operations into line with all aspects of the policy. However, some traders had set no deadline at all, undermining other companies' efforts to reform the industry in a timely manner.

Similarly, leading companies in the palm oil industry (or an industry body such as the RSPO) have not agreed a cut-off date beyond which there must have been no forest and peatland conversion. In the absence of industry-wide action, traders need to set their own cut-off dates. However, only a handful were found to have done this, and their dates were inconsistent, ranging from September 2015 to January 2017. Several traders with a conversion cut-off date would not commit to suspending growers that had cleared forest or developed peatlands after the deadline. Even where companies claimed to enforce a strict cut-off date, they lacked the concession data needed to verify their suppliers' compliance (see below).

NO DEADLINES FOR FULL NDPE IMPLEMENTATION

NDPE DEADLINE		IOI GROUP Loders Croklaan	
AAK	X	PTG	X
Apical	✓	MUSIM MAS	X
ASTARA (KAO ISTAR)	X	Olam	X
Cargill	✓	PTM	X
gar agribusiness and food	X	wilmar	X

Of the 11 traders assessed, just two – Apical and Cargill – had set a deadline for fully implementing their NDPE policy. Others had set interim milestones (such as achieving full traceability to plantation) but did not say by what date they would be able to guarantee that all their suppliers were compliant with their NDPE policy. This is a major omission

that should seriously alarm members of the Consumer Goods Forum, all of whom have committed to deforestation-free supply chains by 2020.

Taken together, these findings make it clear that the palm oil industry is not working to a common timeline for delivering a palm oil supply that is free from deforestation and other social and environmental harms. When leading companies are not sending a consistent message to the market, is it any surprise that the commitments they made in 2014 are still not delivering real change on the ground?

FAILURE TO GATHER CONCESSION DATA UNDERMINES ENFORCEMENT

SUPPLY CHAIN DATA		IOI GROUP Loders Croklaan	
AAK	X	PTG	X
Apical	X	MUSIM MAS	X
ASTARA (KAO ISTAR)	X	Olam	X
Cargill	X	PTM	X
gar agribusiness and food	X	wilmar	X

Although the traders assessed had made considerable progress in tracing their palm oil supply to the mill and some progress in tracing it back to the plantation, they lacked the basic information needed to ensure that suppliers were not clearing forests or draining peatlands. Even if traders were trying to monitor their suppliers properly – and the evidence suggests



Post marked 'Sapling planting' in a recently burnt area of deep peatland in an oil palm concession in West Kalimantan.
© Greenpeace

that most are not (see below) – the lack of concession maps would make it almost impossible for them to determine which producers had stopped clearing rainforests and which had not.

Unfortunately, the governments of Indonesia and Malaysia still refuse to make concession maps available. The obvious solution would be for traders to make provision of these maps a condition of trade, and to pool them into a central database. However, none of the traders assessed required its suppliers to provide it with concession maps, nor were any of them incentivising suppliers to provide maps. At best, they were asking their suppliers to provide the locations of their mills and the plantations from which they were sourcing. Nor did traders require prospective suppliers to provide concession maps for their entire operations, leaving them unable to determine whether new suppliers complied with their policies or not.

None of the traders assessed had a robust system to monitor its entire supply base, which would have required a comprehensive database of concession maps and proper information about corporate holdings and structures – resources to which none of the traders had access. Further, they were not using the available data to best effect.

Almost all traders confirmed that their policies applied to producers at group level – i.e. to the entire operations of the group to which the producer belongs, not just the plantations from which the trader is sourcing. Most should have been able to use their mill traceability data to understand which groups of producers formed part of their supply chain. However, although most claimed to have a proactive supplier monitoring system, not a single trader was able to demonstrate that it monitored all its suppliers at group level. In practice, most traders admitted they relied on mill analysis, designed to detect deforestation near mills from which they sourced. However, this approach does not address the very significant risk that producers may be developing new concessions in other regions.

LIMITED MONITORING OF SUPPLIERS

MONITORING			
			
AAK			
Apical			
		Olam	
Cargill			
		wilmar	

Cargill, for instance, stated that ‘[o]ur proactive monitoring covers our entire supply chain, including indirect suppliers’. However, the company admitted it did not require concession data from suppliers, an absolute necessity for comprehensive monitoring. Instead, for some new suppliers it had ‘started to use verified mill coordinates on satellite monitoring platforms to detect risks in the 50 km landscape which the mill may be sourcing from’. This suggests that what it described as ‘proactive monitoring’ was in fact looking at some of the mills in its supply chain, not carrying out a comprehensive analysis of deforestation by producer groups in its supply chain.



An excavator on an oil palm concession in Papua.
© Rante/Greenpeace



Burnt palm trees in an oil palm plantation in Riau.
© Ifansasti/Greenpeace

Some traders stated that they had now begun their own investigations into the producer groups within their supply chain. This work is generally carried out by a third party that provides satellite imagery and other evidence of potentially non-compliant suppliers. However, this is a selective rather than a comprehensive approach, in that it only covers some producer groups rather than all of the groups in a trader's supply chain. Further, the traders were not transparent about which producer groups were being monitored or the criteria used to select them. Nor were these cases reported on the traders' grievance lists (see below).

The traders also appeared unable to determine group-level producer compliance with their social and labour policies. Risks include lack of FPIC, use of state security forces to suppress opposition, and child labour and other exploitative practices, all of which have been extensively documented in the palm oil sector (including in the operations of Indofood, FELDA and other producers these traders source from). An obvious means of identifying labour problems would be to conduct unannounced visits to plantations and mills (visits that are agreed in advance give the producer time to cover up malpractice, for example by preventing children from entering a plantation on the day it is being audited). However, none of the traders assessed was carrying out such spot checks on their suppliers, nor did they see this as the responsibility of their implementation partners.

LACK OF CLEAR PROCESSES FOR DEALING WITH NON-COMPLIANT SUPPLIERS

ENGAGEMENT		IOI GROUP Lestari Division	
AAK	X		X
Apical	X	MUSIM MAS	X
Astra Agro Lestari	X	Olam	X
Cargill	X		X
gar agribusiness and food	X	wilmar	X

Where producers were suspected of clearing forest or other NDPE breaches, it was far from clear how traders were engaging them. None of the traders assessed could demonstrate a systematic approach to enforcing its policy.

Most of the traders had published protocols governing their engagement with non-compliant suppliers (although Astra Agro Lestari (AAL) and Pacific Inter-Link had not). However, although these protocols set out the process traders would follow when engaging with suppliers, they often did not include specific time-bound milestones that all non-compliant suppliers must meet. Where such milestones were included, the consequences of missing one or more of them (such as a controlled purchasing approach that would see volumes reduced until the supplier could demonstrate its compliance) were not laid out.

GAR stated that setting out the timeline it required non-compliant suppliers to meet would 'discourage suppliers to engage with GAR in fear of penalty and/or exclusion'.⁵³ AAK felt that 'imposing ... timelines may impose unnecessarily restrictive boundaries on grievance resolution in certain cases'.⁵⁴ Only IOI had set a hard deadline of one year for non-compliant suppliers to demonstrate that their operations were now compliant with its NDPE policy.

Similarly, traders generally treated each policy breach as an isolated incident, with any remedial measures decided on a case-by-case basis.

Musim Mas captured the industry's general attitude to enforcement when it stated that 'instead of taking a "policing" approach to ensuring compliance to our policy commitments, adopting collaborative, transparent and open engagement with our suppliers would be more effective to building meaningful trading relationships in the long run'.⁵⁵



Rescue of orang-utan by IAR Indonesia from an oil palm concession in West Kalimantan.
© Sabugo/IAR Indonesia



INCOMPLETE AND NON-TRANSPARENT RECORD OF POLICY BREACHES

ACCOUNTABILITY			
AAK	X		✓
Apical	~		~
	X	Olam	X
Cargill	~		X
gar agribusiness and food	~	wilmar	~

As part of their implementation plans, most traders have adopted so-called ‘grievance mechanisms’ to address breaches of their NDPE policies by suppliers. These mechanisms ideally include a list of such breaches and the actions taken or required to remedy them (a ‘grievance list’), made publicly accessible on the trader’s website so that its engagement with non-compliant suppliers can be tracked by all stakeholders. That the industry is failing to implement NDPE policies with regard to external suppliers becomes obvious from looking at these grievance lists. At the time of our assessment, AAK, Kuala Lumpur Kepong (KLK) and Pacific Inter-link did not publish such a list at all, while AAL claimed to be ‘working on the finalization of our grievance system that will be accessible online and published in due course’.⁵⁶

Where companies did publish a grievance list, the cases almost always came from third-party sources, such as NGO reports

or media articles. Wilmar described its grievance tracker as a platform that ‘records and investigates reports from stakeholders on potential breaches of our NDPE Policy’.⁵⁷ Traders are therefore aware, or at least ought to be aware, that their grievance trackers are not an accurate reflection of the extent to which their suppliers are breaching NDPE policies. Some companies, such as GAR, IOI and Wilmar, acknowledged that this was so; Cargill, on the other hand, insisted that the 19 cases on its grievance list were ‘the only instances of non-compliance with our policy that we are aware of and have been provided evidence of’ – a claim undermined by the fact that at least one non-compliant company – Noble Group – that it had excluded from its supply chain in early 2017 was not listed.⁵⁸

Not only did grievance lists generally give an incomplete picture of the problems in a trader’s supply chain, they rarely included time-bound actions the producer was required to take to avoid being suspended (or for trade to resume). In most cases, suppliers appear to have been engaged with for months or even years, with little evidence of reform. Once again, this limited information makes it difficult for stakeholders to know whether traders are setting appropriate milestones for suppliers, or to judge whether any progress is being made.

THE PALM OIL INDUSTRY IS STILL SOURCING FROM RAINFOREST DESTROYERS

In the absence of concession data, and having failed to establish robust monitoring systems, it is no surprise that traders are still sourcing from producers that are destroying forests and degrading peatlands. The palm oil supplied by these companies continues to flow freely into the global market, including to brands and other companies that have published NDPE policies of their own.

Over the past 18 months, Greenpeace has presented traders and other companies in the palm oil industry with cut-and-dried cases of producers clearing forests, draining peatlands or exploiting workers and communities. In each instance, evidence against these producers was already in the public domain; they were the subject of NGO reports, complaints to the RSPO or deforestation alerts on Global Forest Watch. Traders should therefore have known about these cases and have been able to show that they were engaging with or suspending any of the producers concerned from whom they had been sourcing palm oil. Instead, the traders have between them been sourcing from all but one of the problematic suppliers since the start of 2017; the sole exception, POSCO Daewoo, only finished building its first palm oil mill in mid-2017 and had therefore been unable to trade its palm oil.⁵⁹

AAK, Cargill, IOI, KLK, Olam and Wilmar have all admitted sourcing palm oil from Glenealy Plantations, the palm oil subsidiary of Malaysian conglomerate the Samling Group, although the company does not have a 'no deforestation' policy and was still clearing rainforest in Indonesia and Papua New Guinea into mid-2017.⁶⁰ Similarly, traders have been buying from FELDA or its subsidiary FELDA Global Ventures, despite labour issues first documented in 2015 and still unresolved, and extensive peatland clearance in Kalimantan continuing into 2017.⁶¹

Worryingly, the traders appear unable to prevent oil from known non-compliant suppliers entering their supply chains,

even when they have made a public commitment not to buy from them. In September 2016, the environmental NGO Mighty Earth exposed Korean conglomerate Korindo's clearing of rainforest in several concessions in West Papua.⁶² In response, all the major traders pledged not to buy from Korindo, which continued developing the land until early February 2017.⁶³ However, supply chain data suggests that Musim Mas continued to purchase and trade palm oil produced by Korindo until November 2016, with both IOI and Cargill receiving shipments several months after Korindo's deforestation had been exposed.⁶⁴

Some of the traders appear not to understand the commitments they have made. For instance, traders sourcing indirectly from a producer (i.e. via another trader) have regularly denied their responsibility for ensuring that the producer meets their NDPE policy. Instead, they see it as the responsibility of the trader they source from to deliver them palm oil that meets their standards – even when they know that the producer in question is breaching their policy. Companies have also tried to justify buying from a problematic producer because the plantations from which they are sourcing have not featured in our investigations. For example, Olam has admitted to sourcing (indirectly) from the Samling Group, and has confirmed that its policy applies at group level, including in suppliers' concessions from which it is not sourcing. Yet it has stated, apparently without irony, that 'the oil that enters our supply chain [from Samling] is compliant with our responsible sourcing as it comes from non-impacted areas.'⁶⁵



An understaffed and under-equipped team of local firefighters struggles to put out peatland fires in Riau.
© Dithajohn/Greenpeace



TRADER PROFILES

AAK

Apical



IOI GROUP
Loders Croklaan

Cargill[™]



wilmar



On the following pages we have assessed the performance of the above companies using a simple score system.



Good



Average



Bad



CEO: Fredrick Nilsson
HEADQUARTERS: Sweden
STOCKLISTED: Stockholm
RSPO MEMBER: Yes
NDPE POLICY: Yes (June 2014, updated January 2017)
IMPLEMENTATION DEADLINE: No
CONVERSION CUT-OFF DATE: January 2017

COMPANY PROFILE

AAK is a refiner and trader of vegetable oils, fats and speciality ingredients. Fredrick Nilsson is the current acting CEO after Arne Frank, CEO since 2010, died suddenly in July 2017.⁶⁶ AAK's largest shareholder at the end of 2016, with a 32.9% holding, was Melker Schorling AB,⁶⁷ in which United International Enterprises

(UIE) has a small shareholding.⁶⁸ UIE also has a 47% shareholding in and shares some management with United Plantations,⁶⁹ which owns palm oil plantations in Indonesia and Malaysia⁷⁰ and has had a trading relationship with AAK at least as recently as 2010.⁷¹ AAK has a refining, processing and sales presence in Central and South

America, Europe, China, India, and the United States.⁷²

AAK is an RSPO member as a trader/processor (it does not have its own oil palm plantations), and adopted an NDPE policy in June 2014,⁷³ subsequently revised in January 2017.⁷⁴



ROBUST POLICY



SUPPLY CHAIN DATA



MONITORING



ENGAGEMENT



ACCOUNTABILITY

“In cases of deforestation after January 2017 we expect that restoration will by default be required.”

Email to Greenpeace, 3 October 2017

“Monitoring the concessions held by [our suppliers], often under different names, is beyond the scope of what we have achieved so far. We rely on third-party reports and public information relating to such concessions, including that provided by Greenpeace.”

Email to Greenpeace, 20 October 2017

HOW ROBUST IS THE COMPANY'S POLICY?

AAK's NDPE policy explicitly references the HCSA.

AAK is not a member of the HCSA Steering Group.

AAK's NDPE policy applies to suppliers' entire operations, including all third-party suppliers at group level.

AAK has set a conversion cut-off date of January 2017.

AAK claims to require suppliers to restore all forest and peatlands cleared or developed after this date.

AAK 'expects [all of its existing] suppliers to be compliant already with our policy'.

AAK has not set a deadline by which it must have ensured that all its suppliers comply with its policy.

AAK has contracted Proforest to help implement its NDPE policy.

HOW MUCH INFORMATION DOES THE COMPANY HAVE ON ITS PALM OIL SUPPLIERS?

AAK has 98% traceability to mill and 28% traceability to plantation.

AAK does not require suppliers to provide it with mill details and concession maps for their entire operations.

DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

AAK has a risk assessment programme for the mills from which it is sourcing.

AAK is not proactively monitoring the producer groups in its supply chain.

AAK does not require new suppliers to provide it with maps of all concessions controlled by the supplier's parent group prior to entering into contracts.

AAK does not conduct unannounced visits to mills or plantations in its supply chain.

AAK does not require suppliers to provide independent verification of compliance with its NDPE policy.

DOES THE COMPANY TAKE A CREDIBLE APPROACH TO ENGAGEMENT WITH NON-COMPLIANT SUPPLIERS?



AAK has published a standard protocol for its engagement with non-compliant suppliers.



AAK does not require suppliers to implement a stop-work order as a precondition for engagement.



AAK has not published the standard time-bound milestones that all non-compliant suppliers must meet or the consequences of missing the deadlines for these.



AAK has not specified the remedial measures/compensation that suppliers must undertake for deforestation or other common policy breaches.



AAK has not set a hard deadline for non-compliant suppliers to demonstrate that their operations are now fully compliant with all aspects of its NDPE policy.



IS THE COMPANY TRANSPARENT AND ACCOUNTABLE?

AAK does not publish a grievance list on its website.



AAK refuses to publish a list of the third-party mills and producer groups in its supply chain.



AAK does not obtain independent verification of its progress towards implementing its NDPE policy across its supply chain.



“Provision of concession maps ... is complex and, in our view not the best use of AAK resources to transform the supply chain.”

Email to Greenpeace, 3 October 2017



CONTROLLED BY:	Sukanto Tanoto
PARENT COMPANY:	Royal Golden Eagle
HEADQUARTERS:	Jakarta
STOCKLISTED:	No
RSPO MEMBER:	Subsidiary
NDPE POLICY:	Yes (September 2014)
IMPLEMENTATION DEADLINE:	No
CONVERSION CUT-OFF DATE:	No

COMPANY PROFILE

Apical is the palm oil refining and trading arm of Royal Golden Eagle (RGE – previously Raja Garuda Mas), a conglomerate headed by Indonesian tycoon Sukanto Tanoto. Apical has a trading subsidiary, AAA Oils & Fats Pte Ltd.⁷⁵ RGE also has a palm oil producing arm, Asian Agri,⁷⁶ as well as the pulp and paper company APRIL, and has interests in cellulose, oil and gas.⁷⁷

Asian Agri controls 160,000ha of oil palm plantations in Indonesia,⁷⁸ while Apical owns four refineries in Indonesia and China.⁷⁹ In 2016, approximately 43% of the fresh fruit bunches (FFB) processed in Asian Agri-owned mills came from external suppliers.⁸⁰ As of November 2017, 81% of the oil processed in Apical's refineries and storage facilities originated in third-party-

owned mills, with 19% in Asian Agri-owned mills.⁸¹ AAA Oils & Fats is an RSPO member,⁸² as is Asian Agri's subsidiary PT Intisawit Subur, a palm oil producer,⁸³ but Apical and Asian Agri themselves are not, despite claims to the contrary on RGE's website.⁸⁴ Asian Agri and Apical adopted an NDPE policy in 2014.⁸⁵



ROBUST POLICY



SUPPLY CHAIN DATA



MONITORING



ENGAGEMENT



ACCOUNTABILITY

“We demand immediate cease [sic] clearing of peatland if any, and seek resolutions including peatland restoration where appropriate. New planting on peatland is a serious violation against our policy, and it is unlawful under the Indonesia [sic] regulations. We will suspend sourcing from suppliers that refuse to meet this requirement.”

Email to Greenpeace, 10 October 2017

HOW ROBUST IS THE COMPANY'S POLICY?

Apical's NDPE policy explicitly references the HCSA.



Apical's sister company Asian Agri is a member of the HCSA Steering Group.



Apical's NDPE policy applies to suppliers' entire operations, including all third-party suppliers at group level.



Apical has not set a conversion cut-off date.



Apical claims to require suppliers to restore recently cleared forest and peatlands.



Apical has not set a date from which all suppliers are expected to have been compliant with its policy.



Apical has set a deadline of 2020 by which it must have ensured that all its suppliers comply with its policy.



Apical has contracted TFT, Proforest and Daemeter to help implement its NDPE policy.

DOES THE COMPANY TAKE A CREDIBLE APPROACH TO ENGAGEMENT WITH NON-COMPLIANT SUPPLIERS?

Apical has published a standard protocol for its engagement with non-compliant suppliers.



Apical claims to require suppliers to implement a stop-work order as a precondition for engagement.



Apical has not published the standard time-bound milestones that all non-compliant suppliers must meet or the consequences of missing the deadlines for these.



Apical has not specified the remedial measures/compensation that suppliers must undertake for deforestation or other common policy breaches.



Apical has not set a hard deadline for non-compliant suppliers to demonstrate that their operations are now fully compliant with all aspects of its NDPE policy.



HOW MUCH INFORMATION DOES THE COMPANY HAVE ON ITS PALM OIL SUPPLIERS?

Apical has 100% traceability to mill and 38% traceability to plantation.

Apical does not require its suppliers to provide it with mill details and concession maps for their entire operations, although it acknowledged that this is stated to be 'a requirement' of its policy.



IS THE COMPANY TRANSPARENT AND ACCOUNTABLE?

Apical publishes a grievance list on its website. However, the list is not comprehensive as not all known non-compliant suppliers are listed.



Apical's grievance list frequently omits a detailed time-bound action plan for each supplier.



Apical has published a list of the third-party mills in its supply chain, but does not reveal the controlling group or geo-referenced locations.



DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

Apical has a risk assessment programme for the mills from which it is sourcing.



Apical is not proactively monitoring the producer groups in its supply chain.



Apical does not require new suppliers to provide it with maps of all concessions controlled by the supplier's parent group prior to entering into contracts.



Apical does not conduct unannounced visits to mills or plantations in its supply chain.



Apical does not require suppliers to provide independent verification of compliance with its NDPE policy.



Apical does not obtain independent verification of its progress towards implementing its NDPE policy across its supply chain.





PRESIDENT DIRECTOR:	Santosa
PARENT COMPANY:	Astra International
HEADQUARTERS:	Jakarta
STOCKLISTED:	Jakarta
RSPO MEMBER:	No
NDPE POLICY:	Yes (September 2015)
IMPLEMENTATION DEADLINE:	No
CONVERSION CUT-OFF DATE:	No

COMPANY PROFILE

Astra Agro Lestari (AAL) is the palm oil arm of Astra International, an Indonesian conglomerate also active in the automotive, equipment, mining and financial sectors. Astra International is in turn ultimately controlled by the Jardine Matheson group.⁸⁶ Astra International founders Benny Subianto and Theodore 'Teddy' Rachmat also founded the Triputra Group,⁸⁷

while members of the Rachmat family own shares in Dharma Satya Nusantara Group (DSN), which also has extensive palm oil interests.⁸⁸

AAL's President Director is Santosa.⁸⁹ Its Environment & Social Responsibility Director, Joko Supriyono, currently serves as Secretary General of the Indonesian Palm Oil Association (GAPKI).⁹⁰

As of December 2016, AAL controlled 297,011ha of land in Indonesia: 138,117ha in Kalimantan, 106,711ha in Sumatra, and 52,183ha in Sulawesi.⁹¹ AAL also operates two refineries in Sulawesi and one in Sumatra,⁹² the latter being a joint venture with KLK. Astra Agro Lestari adopted an NDPE policy in September 2015.⁹³



ROBUST POLICY



SUPPLY CHAIN DATA



MONITORING



ENGAGEMENT



ACCOUNTABILITY

“We are currently developing standard protocols for engaging non compliant suppliers. This reflects the justifiable focus on AAL first ensuring that our own operations are compliant with our policy.”

Email to Greenpeace, 7 November 2017

“In lieu of hard time limit, we prefer to engage suppliers and work with them in building and maintaining sustainable operations.”

Email to Greenpeace, 7 November 2017

HOW ROBUST IS THE COMPANY'S POLICY?

AAL's NDPE policy explicitly references the HCSA.



AAL is not a member of the HCSA Steering Group.



AAL's NDPE policy applies to suppliers' entire operations, including all third-party suppliers at group level.



AAL has not set a conversion cut-off date.



AAL does not require suppliers to restore all recently cleared forest and peatlands.



AAL has not set a date from which suppliers are expected to have been compliant with its policy.



AAL has not set a deadline by which it must have ensured that all its suppliers comply with its policy.



AAL has contracted Proforest and Daemeter to help implement its NDPE policy.

DOES THE COMPANY TAKE A CREDIBLE APPROACH TO ENGAGEMENT WITH NON-COMPLIANT SUPPLIERS?

AAL has not published a standard protocol for its engagement with non-compliant suppliers.



AAL does not require suppliers to implement a stop-work order as a precondition for engagement.



AAL has not published the standard time-bound milestones that all non-compliant suppliers must meet or the consequences of missing the deadlines for these.



AAL has not specified the remedial measures/compensation that suppliers must undertake for deforestation or other common policy breaches.



AAL has not set a hard deadline for non-compliant suppliers to demonstrate that their operations are now fully compliant with all aspects of its NDPE policy.



HOW MUCH INFORMATION DOES THE COMPANY HAVE ON ITS PALM OIL SUPPLIERS?

AAL has 100% traceability to mill and 51% traceability to plantation.

AAL does not require its suppliers to provide it with mill details and concession maps for their entire operations.



IS THE COMPANY TRANSPARENT AND ACCOUNTABLE?

AAL does not publish a grievance list on its website.



AAL has published limited information about its own operations and plantations, but refuses to publish a list of the third-party mills and producer groups in its supply chain.



DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

AAL has just started a risk assessment programme for the mills from which it is sourcing.



AAL is not proactively monitoring the producer groups in its supply chain.



AAL does not require new suppliers to provide it with maps of all concessions controlled by the supplier's parent group prior to entering into contracts.



AAL does not conduct unannounced visits to mills or plantations in its supply chain.



AAL does not require suppliers to provide independent verification of compliance with its NDPE policy.



AAL does not obtain independent verification of its progress towards implementing its NDPE policy across its supply chain.



“We are in process of building a complex grievance and monitoring system.”

Email to Greenpeace, 7 November 2017



CEO: David MacLennan
 HEADQUARTERS: USA
 STOCKLISTED: No
 RSPO MEMBER: Yes
 NDPE POLICY: Yes (July 2014)
 IMPLEMENTATION DEADLINE: 2020
 CONVERSION CUT-OFF DATE: None

COMPANY PROFILE

Cargill is a privately held global conglomerate that trades a variety of agricultural commodities, including soya, palm oil and cocoa. The current CEO is David MacLennan⁹⁴ and six members of

the Cargill and MacMillan families sit on the 17-member board.⁹⁵

Cargill controls approximately 78,383ha of palm oil concessions,⁹⁶ nine mills and two kernel crushers

in Indonesia. The majority of its oil is sourced from third-party mills in Indonesia, Malaysia, Thailand, and Central and South America.⁹⁷ Cargill is an RSPO member and adopted an NDPE policy in July 2014.⁹⁸



ROBUST POLICY



SUPPLY CHAIN DATA



MONITORING



ENGAGEMENT



ACCOUNTABILITY

“Greenpeace must understand that it takes time and resources to build awareness and understanding of our NDPE commitments among highly diverse suppliers who have varying access to resources.”

Email to Greenpeace, 20 October 2017

“Cargill... will ensure suppliers that may have previously cleared forests and peatlands are complying with legal requirements, and commit to preventing such actions in the future.”

Email to Greenpeace, 20 October 2017

“[The 19 cases on Cargill’s grievance tracker] are the only instances of non-compliance with our policy that we are aware of and have been provided evidence of.”

Email to Greenpeace, 20 October 2017

HOW ROBUST IS THE COMPANY'S POLICY?

Cargill's NDPE policy explicitly references the HCSA.



Cargill is not a member of the HCSA Steering Group.



Cargill's NDPE policy applies to suppliers' entire operations, including all third-party suppliers at group level.



Cargill has not set a conversion cut-off date.



Cargill does not require suppliers to restore all recently cleared forest and peatlands.



Cargill has not set a date from which suppliers are expected to have been compliant with its policy. It has given direct suppliers until December 2018 to adopt an NDPE policy and until the end of December 2019 to develop an implementation plan. No deadline has been set for indirect suppliers.



Cargill has set a deadline of 2020 by which it must have ensured that all its suppliers comply with its policy.



Cargill has contracted TFT, Daemeter, Solidaridad, WildAsia, Verité and Proforest to help implement its NDPE policy.

Cargill does not conduct unannounced visits to mills or plantations in its supply chain.



Cargill does not require suppliers to provide independent verification of compliance with its NDPE policy.



DOES THE COMPANY TAKE A CREDIBLE APPROACH TO ENGAGEMENT WITH NON-COMPLIANT SUPPLIERS?

Cargill has published a standard protocol for its engagement with non-compliant suppliers.



Cargill claims to require suppliers to implement a stop-work order as a precondition for engagement.



Cargill has not published the standard time-bound milestones that all non-compliant suppliers must meet or the consequences of missing the deadlines for these.



Cargill has not specified the remedial measures/compensation that suppliers must undertake for deforestation or other common policy breaches.



Cargill has not set a hard deadline for non-compliant suppliers to demonstrate that their operations are now fully compliant with all aspects of its NDPE policy.



HOW MUCH INFORMATION DOES THE COMPANY HAVE ON ITS SUPPLIERS?

Cargill has 94% traceability to mill and 42% traceability to plantation.

Cargill does not require its suppliers to provide it with mill details and concession maps for their entire operations.



DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

Cargill is assessing the risks associated with mills from which it is sourcing.



Cargill claimed that 'our proactive monitoring covers our entire supply chain, including indirect suppliers.' However, it provided no evidence of proactively monitoring the producer groups in its supply chain.



Cargill does not require new suppliers to provide it with maps of all concessions controlled by the supplier's parent group prior to entering into contracts.



IS THE COMPANY TRANSPARENT AND ACCOUNTABLE?

Cargill publishes a grievance list on its website. However, the list is not comprehensive as not all known non-compliant suppliers are listed.



Cargill's grievance list frequently omits a detailed time-bound action plan for each supplier.



Cargill has published a list of the mills in its supply chain, but does not provide details of the controlling group or geo-referenced locations. However, it has provided a map showing the mills' locations.



Cargill does not obtain independent verification of its progress towards implementing its NDPE policy across its supply chain.





CEO:	Franky Widjaja
PARENT COMPANY:	Sinar Mas Group
HEADQUARTERS:	Singapore
STOCKLISTED:	Singapore
RSPO MEMBER:	Yes
NDPE POLICY:	Yes (February 2011, updated in February 2014)
IMPLEMENTATION DEADLINE:	No
CONVERSION CUT-OFF DATE:	September 2015

COMPANY PROFILE

Golden Agri-Resources Ltd (GAR) is the palm oil arm of the Sinar Mas Group, which also owns Indonesia's largest plantation company of any kind, Asia Pulp & Paper (APP). Franky Widjaja has been the CEO of GAR since its foundation in 1996.⁹⁹ Franky Widjaja is the son of Eka Tjipta Widjaja, founder of Sinar Mas, and he sits on the board of several GAR

and Sinar Mas affiliated companies, as do several of his brothers: GAR's President and Director is Muktar Widjaja, Frankle Widjaja also sits on the board,¹⁰⁰ and Teguh Ganda Widjaja is the chairman of Sinar Mas Group and APP.¹⁰¹

GAR controls 642,326ha of oil palm concessions in Sumatra, Kalimantan

and Papua province, Indonesia, of which 417,412ha are planted.¹⁰² The majority of the oil that it refines is sourced from third-party suppliers (67% between January and July 2017).¹⁰³ In 2011, GAR became the first major palm oil grower in Indonesia to adopt an NDPE policy;¹⁰⁴ in February 2014 it extended these commitments to its traded oil.¹⁰⁵



ROBUST POLICY



SUPPLY CHAIN DATA



MONITORING



ENGAGEMENT



ACCOUNTABILITY

“[W]e do not plan to publish [our supplier engagement] protocol, as such action will discourage suppliers to engage with GAR in fear of penalty and/or exclusion.”

Email to Greenpeace, 23 October 2017

HOW ROBUST IS THE COMPANY'S POLICY?

GAR's NDPE policy explicitly references the HCSA.



GAR is a member of the HCSA Steering Group.



GAR's NDPE policy does not explicitly apply to suppliers' entire operations. However, GAR stated that in practice it has suspended producer groups 'based on violations in operations outside our supply chain'.



GAR has set a conversion cut-off date of September 2015.



GAR does not require suppliers to restore all forest and peatlands cleared or developed after this date.



GAR requires all suppliers to have been compliant with its policy from September 2015.



GAR has not set a deadline by which it must have ensured that all its suppliers comply with its policy.



GAR has contracted TFT and Aidenvironment to help implement its NDPE policy.

GAR does not require suppliers to provide independent verification of compliance with its NDPE policy.



DOES THE COMPANY TAKE A CREDIBLE APPROACH TO ENGAGEMENT WITH NON-COMPLIANT SUPPLIERS?

GAR has published a standard protocol for its engagement with non-compliant suppliers.



GAR claims to require suppliers to implement a stop-work order as a precondition for engagement.



GAR has not published the standard time-bound milestones that all non-compliant suppliers must meet or the consequences of missing the deadlines for these.



GAR has not specified the remedial measures/compensation that suppliers must undertake for deforestation or other common policy breaches.



GAR has not set a hard deadline for non-compliant suppliers to demonstrate that their operations are now fully compliant with all aspects of its NDPE policy.



HOW MUCH INFORMATION DOES THE COMPANY HAVE ON ITS SUPPLIERS?

GAR has 100% traceability to mill and 38% traceability to plantation.

GAR does not require its suppliers to provide it with mill details and concession maps for their entire operations.



DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

GAR has a risk assessment programme for the mills from which it is sourcing.



GAR is proactively monitoring some of the producer groups in its supply chain, but this covers only a small percentage of the groups from which it sources.



GAR does not require new suppliers to provide it with maps of all concessions controlled by the supplier's parent group prior to entering into contracts.



GAR does not conduct unannounced visits to mills or plantations in its supply chain.



IS THE COMPANY TRANSPARENT AND ACCOUNTABLE?

GAR publishes a grievance list on its website. However, the list is not comprehensive as not all known non-compliant suppliers are listed.



GAR's grievance list frequently omits a detailed time-bound action plan for each supplier.



GAR has published a list of the mills in its supply chain, but does not reveal the controlling group or geo-referenced locations.



GAR does not obtain independent verification of its progress towards implementing its NDPE policy across its supply chain.



“[W]e require all suppliers and partners to immediately shift development activities away from HCV, HCS and peatlands areas.”

Email to Greenpeace, 23 October 2017



CEO: Dato' Lee Yeow Chor
PARENT COMPANY: IOI Group
HEADQUARTERS: Malaysia/the Netherlands
STOCKLISTED: Malaysia
RSPO MEMBER: Yes
NDPE POLICY: Yes (August 2016, revised April 2017)
IMPLEMENTATION DEADLINE: No
CONVERSION CUT-OFF DATE: April 2017

COMPANY PROFILE

IOI Loders Croklaan is a palm oil trader and processor with refinery capacity in the USA, Asia and Europe. IOI Loders Croklaan is controlled by IOI Group, a large Malaysian conglomerate with interests in palm oil and property. The Executive Chairman of IOI Group is Tan Sri Dato' Lee Shin Cheng and the CEO is Dato' Lee Yeow Chor.¹⁰⁶

IOI Group controls 238,881ha of oil palm concessions in Indonesia and Malaysia,¹⁰⁷ but 74% of the refined palm oil and 78% of the palm kernel oil (PKO) that it traded between July 2016 and June 2017 was from third-party suppliers.¹⁰⁸ IOI Group revised its NDPE policy in April 2017.¹⁰⁹

IOI Group announced the sale of 70% of IOI Loders Croklaan to

Bunge in September 2017.¹¹⁰ When Bunge's acquisition is complete, Loders Croklaan will operate as part of Bunge's Food & Ingredients division, with IOI Group as one of its palm oil suppliers.¹¹¹



ROBUST POLICY



SUPPLY CHAIN DATA



MONITORING



ENGAGEMENT



ACCOUNTABILITY

“Discussions with new and existing suppliers over compliance with our [NDPE] policy between current date and 28 April 2017 can be complicated.”

Email to Greenpeace, 11 October 2017

HOW ROBUST IS THE COMPANY'S POLICY?

IOI's NDPE policy explicitly references the HCSA.



IOI is a member of the HCSA Steering Group.



IOI's NDPE policy applies to suppliers' entire operations, including all third-party suppliers at group level.



IOI has set a conversion cut-off date of April 2017.



IOI claims to require suppliers to restore all forest and peatlands cleared or developed after this date.



IOI requires all suppliers to have been compliant with its policy from April 2017.



IOI has not set a deadline by which it must have ensured that all its suppliers comply with its policy.



IOI has contracted Proforest to help implement its NDPE policy.



DOES THE COMPANY TAKE A CREDIBLE APPROACH TO ENGAGEMENT WITH NON-COMPLIANT SUPPLIERS?

IOI has published a standard protocol for its engagement with non-compliant suppliers.



IOI claims to require suppliers to implement a stop-work order as a precondition for engagement.



IOI has not published the standard time-bound milestones that all non-compliant suppliers must meet or the consequences of missing the deadlines for these.



IOI has not specified the remedial measures/compensation that suppliers must undertake for deforestation or other common policy breaches.



IOI gives non-compliant suppliers one year to demonstrate that their operations are now fully compliant with all aspects of its NDPE policy.



HOW MUCH INFORMATION DOES THE COMPANY HAVE ON ITS SUPPLIERS?

IOI has 100% traceability to mill and 22% traceability to plantation.

IOI has started to request concession maps from its suppliers and has mapped one third of the concessions from which it sources in Malaysia.



IS THE COMPANY TRANSPARENT AND ACCOUNTABLE?

IOI publishes a grievance list on its website. However, the list is not comprehensive as not all known non-compliant suppliers are listed.



IOI's grievance list frequently omits a detailed time-bound action plan for each supplier.



IOI has published a comprehensive list of the mills in its supply chain, including details of controlling groups and geo-referenced locations.



DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

IOI has a risk assessment programme for the mills from which it is sourcing and is monitoring the landscapes from which it sources in Peninsular Malaysia and Sabah.



IOI is proactively monitoring some of the producer groups in its supply chain, but this covers only some of the groups from which it sources.



IOI does not require new suppliers to provide it with maps of all concessions controlled by the supplier's parent group prior to entering into contracts.



IOI does not conduct unannounced visits to mills or plantations in its supply chain.



IOI does not require suppliers to provide independent verification of compliance with its NDPE policy.



IOI has committed to obtain independent verification of its progress towards implementing its NDPE policy across its supply chain.



“Concession maps from all our suppliers are required (where legally possible) ... [but in] practice this proves to be very challenging ... [so] we work with service providers to map concessions of our direct suppliers.”

Email to Greenpeace, 17 November 2017



CEO: Tan Sri Dato' Seri Lee Oi Hian
HEADQUARTERS: Malaysia
STOCKLISTED: Malaysia
RSPO MEMBER: Yes
NDPE POLICY: Yes (December 2014)
IMPLEMENTATION DEADLINE: No
CONVERSION CUT-OFF DATE: 31 December 2016

COMPANY PROFILE

Kuala Lumpur Kepong (KLK) is a Malaysian palm oil grower and trader. KLK's CEO and Chairman is Tan Sri Dato' Seri Lee Oi Hian, who is the former Chair of the Malaysian Palm Oil Council,¹¹² an industry lobby group. KLK has been an RSPO member since 2004.¹¹³

KLK controls 257,715ha of oil palm concessions in Indonesia, Malaysia and Liberia,¹¹⁴ the latter via majority-owned Equatorial Palm Oil.¹¹⁵ It operates a refinery in Sumatra as a joint venture with Astra Agro Lestari.¹¹⁶ KLK does not disclose information about

third-party suppliers, although an estimated 70% of its oil palm products come from such suppliers.¹¹⁷ Although KLK adopted an NDPE policy in December 2014, the policy does not apply to its joint venture partners.¹¹⁸



ROBUST POLICY



SUPPLY CHAIN DATA



MONITORING



ENGAGEMENT



ACCOUNTABILITY

“For 3rd party suppliers, we assess their existing capacity to comply and phase out [sic] the implementation process on a road map. It could take between 1 - 3 years for full implementation.”

Email to Greenpeace, 25 October 2017

“At the moment, we only request suppliers to provide the GPS Coordination in order for us to conduct desktop risk analysis.”

Email to Greenpeace, 25 October 2017

HOW ROBUST IS THE COMPANY'S POLICY?

KLK's NDPE policy does not explicitly reference the HCSA.



KLK is not a member of the HCSA Steering Group.



KLK's NDPE policy applies to suppliers' entire operations, including all third-party suppliers at group level.



KLK has not set a conversion cut-off date (although suppliers are required to have been compliant with all aspects of its policy from 31 December 2016).



KLK does not require suppliers to restore all recently cleared forest and peatlands.



KLK requires all suppliers to have been compliant with its policy from 31 December 2016.



KLK has not set a deadline by which it must have ensured that all its suppliers comply with its policy.



KLK has contracted Ata Marie and Verité to help with the implementation of its NDPE policy.

DOES THE COMPANY TAKE A CREDIBLE APPROACH TO ENGAGEMENT WITH NON-COMPLIANT SUPPLIERS?

KLK has not published a standard protocol for its engagement with non-compliant suppliers.



KLK claims to require suppliers to implement a stop-work order as a precondition for engagement.



KLK has not published the standard time-bound milestones that all non-compliant suppliers must meet or the consequences of missing the deadlines for these.



KLK has not specified the remedial measures/compensation that suppliers must undertake for deforestation or other common policy breaches.



KLK has not set a hard deadline for non-compliant suppliers to demonstrate that their operations are now fully compliant with all aspects of its NDPE policy.



IS THE COMPANY TRANSPARENT AND ACCOUNTABLE?

KLK does not publish a grievance list on its website.



KLK has published a list of its own mills and refineries but refuses to publish a list of the third-party mills and producer groups in its supply chain.



KLK does not obtain independent verification of its progress towards implementing its NDPE policy across its supply chain.



DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

KLK has 100% traceability to mill and 30% traceability to plantation.

KLK does not require its suppliers to provide it with mill details and concession maps for their entire operations.



DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

KLK has a risk assessment programme for the mills from which it is sourcing.



KLK is not proactively monitoring the producer groups in its supply chain.



KLK does not require new suppliers to provide it with maps of all concessions controlled by the supplier's parent group prior to entering into contracts.



KLK does not conduct unannounced visits to mills or plantations in its supply chain.



KLK does not require suppliers to provide independent verification of compliance with its NDPE policy.



“KLK expects its suppliers and contractors to fully comply with the commitments herein by 31 December 2016.”

KLK NDPE policy, 1 December 2014



CEO:	Bachtiar Karim
HEADQUARTERS:	Singapore
STOCKLISTED:	No
RSPO MEMBER:	Yes
NDPE POLICY:	Yes (December 2014).
IMPLEMENTATION DEADLINE:	No
CONVERSION CUT-OFF DATE:	No

COMPANY PROFILE

Musim Mas is a palm oil producer, refiner and trader headquartered in Singapore. The company is owned by the Karim family; the Executive Chairman is Bachtiar Karim and his brothers Burhan Karim and Bahari Karim are Directors and members of the Board.¹¹⁹ Musim Mas operates a global marketing and trading

subsidiary, Inter-Continental Oils & Fats Pte Ltd (ICOF).¹²⁰

Musim Mas controls 194,050ha of oil palm concessions in West Kalimantan and Sumatra, Indonesia,¹²¹ and operates the world's third- or fourth-largest network of palm oil refineries. Approximately 80% of the palm

oil processed by its downstream processing units comes from third-party suppliers.¹²² Musim Mas and ICOF operate 17 refineries,¹²³ including three Italian biodiesel refineries, and has entered into a refinery partnership with Genting Plantations.¹²⁴ Musim Mas adopted an NDPE policy in December 2014.



ROBUST POLICY



SUPPLY CHAIN DATA



MONITORING



ENGAGEMENT



ACCOUNTABILITY

“[I]nstead of taking a “policing” approach to ensuring compliance to our policy commitments, adopting collaborative, transparent and open engagement with our suppliers would be more effective to building meaningful trading relationships in the long run.”

Email to Greenpeace, 23 October 2017

HOW ROBUST IS THE COMPANY'S POLICY?

Musim Mas's NDPE policy explicitly references the HCSA.



Musim Mas is a member of the HCSA Steering Group.



Musim Mas's NDPE policy applies to suppliers' entire operations, including all third-party suppliers at group level.



Musim Mas has not set a conversion cut-off date.



Musim Mas does not require suppliers to restore all recently cleared forest and peatlands.



Musim Mas has not set a date from which suppliers are expected to have been compliant with its policy.



Musim Mas has not set a deadline by which it must have ensured that all its suppliers comply with its policy.



Musim Mas has contracted Aidenvironment, Daemeter, Proforest, Rainforest Alliance and TFT to help implement its NDPE policy.

Musim Mas does not require suppliers to provide independent verification of compliance with its NDPE policy.



DOES THE COMPANY TAKE A CREDIBLE APPROACH TO ENGAGEMENT WITH NON-COMPLIANT SUPPLIERS?

Musim Mas has published a standard protocol for its engagement with non-compliant suppliers.



Musim Mas claims to require suppliers to implement a stop-work order as a precondition for engagement.



Musim Mas has not published the standard time-bound milestones that all non-compliant suppliers must meet or the consequences of missing the deadlines for these.



Musim Mas has not specified the remedial measures/compensation that suppliers must undertake for deforestation or other common policy breaches.



Musim Mas has not set a hard deadline for non-compliant suppliers to demonstrate that their operations are now fully compliant with all aspects of its NDPE policy.



HOW MUCH INFORMATION DOES THE COMPANY HAVE ON ITS PALM OIL SUPPLIERS?

Musim Mas has 100% traceability to mill and 56% traceability to plantation for crude palm oil (CPO) (54% for PKO).

Musim Mas does not require its suppliers to provide it with mill details and concession maps for their entire operations.



DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

Musim Mas has a risk assessment programme for the mills from which it is sourcing.



Musim Mas is proactively monitoring some of the producer groups in its supply chain, but this covers only some of the groups from which it sources.



Musim Mas does not require new suppliers to provide it with maps of all concessions controlled by the supplier's parent group prior to entering into contracts.



Musim Mas does not conduct unannounced visits to mills or plantations in its supply chain.



IS THE COMPANY TRANSPARENT AND ACCOUNTABLE?

Musim Mas publishes a grievance list on its website. However, the list is not comprehensive as not all known non-compliant suppliers are listed.



Musim Mas's grievance list frequently omits a detailed time-bound action plan for each supplier.



Musim Mas has published a list of the mills in its supply chain, including details of controlling groups, but has not provided geo-referenced locations.



Musim Mas does not obtain independent verification of its progress towards implementing its NDPE policy across its supply chain.





CEO: Sunny Verghese
HEADQUARTERS: Singapore
STOCKLISTED: Singapore
RSPO MEMBER: Yes
NDPE POLICY: Yes (February 2017)
IMPLEMENTATION DEADLINE: No
CONVERSION CUT-OFF DATE: No

COMPANY PROFILE

Olam International Limited is an agribusiness trader headquartered in Singapore, focusing mainly on tropical commodities such as coffee, sugar, and cocoa. Olam was founded in 1989 by current CEO Sunny Verghese.¹²⁵ The company's major shareholder is Temasek Holdings, the national wealth fund of the government of Singapore.¹²⁶ Mitsubishi has a minority stake.¹²⁷

Olam controls 121,810ha of concession area in Gabon, Africa, along with two mills;¹²⁸ part of this area is operated as a joint venture with the Republic of Gabon.¹²⁹ The company also has a 50–50 joint venture with Wilmar, which owns other palm oil companies and operations in West Africa.¹³⁰ Olam does not have oil palm plantations or mills in Indonesia but sources palm

oil from Indonesia and Malaysia via other traders.¹³¹ It has processing facilities in Gabon, Mozambique and the UK.¹³² Olam first adopted a sustainable palm policy in 2011, updated in February 2017 to an NDPE policy that also covers its downstream operations.¹³³



ROBUST POLICY



SUPPLY CHAIN DATA



MONITORING



ENGAGEMENT



ACCOUNTABILITY

“Olam does not source directly from concessions.”

Email to Greenpeace, 3 November 2017

“To state clearly - all suppliers must immediately comply with our Policy from the day they become a supplier to Olam.”

Email to Greenpeace, 3 November 2017

HOW ROBUST IS THE COMPANY'S POLICY?

Olam's NDPE policy requires only suppliers in Indonesia and Southeast Asia to implement the HCSA.

Olam is not a member of the HCSA Steering Group.

Olam's NDPE policy applies to suppliers' entire operations, including all third-party suppliers at group level.

Olam has not set a conversion cut-off date.

Olam does not require suppliers to restore all recently cleared forest and peatlands.

Olam requires suppliers to have been compliant with its policy from the day they began supplying it with palm oil.

Olam has not set a deadline by which it must have ensured that all its suppliers comply with its policy.

Olam has contracted WRI and Proforest to help implement its NDPE policy.



Olam does not conduct unannounced visits to mills or plantations in its supply chain.



DOES THE COMPANY TAKE A CREDIBLE APPROACH TO ENGAGEMENT WITH NON-COMPLIANT SUPPLIERS?

Olam has published a standard protocol for its engagement with non-compliant suppliers.



Olam does not require suppliers to implement a stop-work order as a precondition for engagement.



Olam has not published the standard time-bound milestones that all non-compliant suppliers must meet or the consequences of missing the deadlines for these.



Olam has not specified the remedial measures/compensation that suppliers must undertake for deforestation or other common policy breaches.



Olam has not set a hard deadline for non-compliant suppliers to demonstrate that their operations are now fully compliant with all aspects of its NDPE policy.



HOW MUCH INFORMATION DOES THE COMPANY HAVE ON ITS PALM OIL SUPPLIERS?

Olam has 85% traceability to mill for its CPO and 100% traceability to mill for its palm derivatives. It has 41% traceability to plantation for its palm derivatives. It did not provide a figure for traceability to plantation for its CPO.

Olam does not require its suppliers to provide it with mill details and concession maps for their entire operations.



IS THE COMPANY TRANSPARENT AND ACCOUNTABLE?

Olam publishes a grievance list on its website. However, the list is not comprehensive as not all known non-compliant suppliers are listed.



Olam's grievance list frequently omits a detailed time-bound action plan for each supplier.



Olam has published a list of its 12 direct suppliers, but refuses to publish the a list of third-party mills and producer groups in its supply chain.



DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

Olam has a risk assessment programme for the mills from which it is sourcing.



Olam is not proactively monitoring the producer groups in its supply chain.



Olam does not require new suppliers to provide it with maps of all concessions controlled by the supplier's parent group prior to entering into contracts.



Olam does not require suppliers to provide independent verification of compliance with its NDPE policy.



Olam does not obtain independent verification of its progress towards implementing its NDPE policy across its supply chain.



“[C]oncession maps... are deemed as confidential by our suppliers.”

Email to Greenpeace, 3 November 2017



GEO:	Ali Mohamed Saeed
PARENT COMPANY:	Hayel Saeed Anam Group (HSA)
HEADQUARTERS:	Malaysia
STOCKLISTED:	No
RSPO MEMBER:	Yes
NDPE POLICY:	No
IMPLEMENTATION DEADLINE:	No
CONVERSION CUT-OFF DATE:	No

COMPANY PROFILE

Hayel Saeed Anam (HSA) Group is a private, family-owned food and vegetable oil production and trading conglomerate headquartered in Dubai. The Chairman and CEO of HSA Group is Ali Mohamed Saeed,¹³⁴ a relative of founder Hayal Saeed Anam. HSA Group has several palm oil refining subsidiaries, including Pacific Palmindo Industri and Pacific Indopalm Industries in Indonesia,¹³⁵

and Pacific Oils & Fats Industries (PACOIL) in Malaysia.¹³⁶

HSA Group's Malaysian subsidiary Pacific Inter-Link (also managed by the family)¹³⁷ owns 160,000ha of oil palm plantations in Indonesia¹³⁸ as well as refineries. Pacific Inter-Link is currently involved in a large land conversion project, Tanah Merah, in the Boven Digoel regency

of Papua province.¹³⁹ It exports palm oil globally, particularly to the Middle East, Africa and Ukraine.¹⁴⁰

Pacific Inter-Link is an RSPO member, though it identifies itself only as a trader and does not report on any of its landbank.¹⁴¹ Neither Pacific Inter-Link nor HSA Group has any NDPE or sustainability policies.



ROBUST POLICY



SUPPLY CHAIN DATA



MONITORING



ENGAGEMENT



ACCOUNTABILITY

NOTE: Unlike the other traders assessed, Pacific Inter-Link failed to reply to Greenpeace emails. This assessment is therefore based on such information as the trader makes public, taking account of its failure to provide any public sourcing policy or other information on its suppliers.

HOW ROBUST IS THE COMPANY'S POLICY?

Pacific Inter-Link does not have an NDPE policy.



Pacific Inter-Link is not a member of the HCSA Steering Group.



Pacific Inter-Link is not known to have contracted any implementation partners.



It can therefore be assumed that:

Pacific Inter-Link has not set a conversion cut-off date.



Pacific Inter-Link does not require suppliers to restore all recently cleared forest and peatlands.



Pacific Inter-Link has not set a date from which suppliers are expected to have been compliant with NDPE standards.



Pacific Inter-Link has not set a deadline by which it must have ensured that all its suppliers comply with NDPE standards.



HOW MUCH INFORMATION DOES THE COMPANY HAVE ON ITS PALM OIL SUPPLIERS?

Pacific Inter-Link does not disclose its traceability to mill or plantation.

Pacific Inter-Link provides no evidence that it requires its suppliers to provide it with mill details and concession maps for their entire operations.



DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

Pacific Inter-Link provides no evidence that it has a risk assessment programme for the mills from which it is sourcing.



Pacific Inter-Link provides no evidence that it is proactively monitoring the producer groups in its supply chain.



Pacific Inter-Link provides no evidence that it requires new suppliers to provide it with maps of all concessions controlled by the supplier's parent group prior to entering into contracts.



Pacific Inter-Link provides no evidence that it conducts unannounced visits to mills or plantations in its supply chain.



Pacific Inter-Link provides no evidence that it requires suppliers to provide independent verification of compliance with NDPE standards.



DOES THE COMPANY TAKE A CREDIBLE APPROACH TO ENGAGEMENT WITH NON-COMPLIANT SUPPLIERS?

Pacific Inter-Link has not published a standard protocol for its engagement with non-compliant suppliers.



Pacific Inter-Link provides no evidence of whether it requires suppliers to implement a stop-work order as a precondition for engagement.



Pacific Inter-Link has not published the standard time-bound milestones that all non-compliant suppliers must meet or the consequences of missing the deadlines for these.



Pacific Inter-Link has not specified the remedial measures/compensation that suppliers must undertake for deforestation or other common policy breaches.



Pacific Inter-Link has not set a hard deadline for non-compliant suppliers to demonstrate that their operations are now fully compliant with NDPE standards.



IS THE COMPANY TRANSPARENT AND ACCOUNTABLE?

Pacific Inter-Link does not publish a grievance list on its website.



Pacific Inter-Link does not disclose the third-party mills and producer groups in its supply chain.





CEO: Kuok Khoon Hong
 HEADQUARTERS: Singapore
 STOCKLISTED: Singapore
 RSPO MEMBER: Yes
 NDPE POLICY: Yes (December 2013)
 IMPLEMENTATION DEADLINE: December 2015
 CONVERSION CUT-OFF DATE: No

COMPANY PROFILE

Wilmar International is the world’s largest palm oil trader. Its CEO is Kuok Khoon Hong.¹⁴² The company’s co-founder was Martua Sitorus, who served as executive chairman until March 2017.¹⁴³ Sitorus and his brother, Ganda Sitorus, control a loosely structured empire which tends to be referred to as the Ganda Group (or more recently the Gama Group).¹⁴⁴ Ganda/Gama has been accused of extensive deforestation

in its Indonesian concessions, notably in Kalimantan and Papua.¹⁴⁵ Agribusiness firm Archer Daniels Midland (ADM) owns a stake in Wilmar that has increased over time (currently standing at 24.9%¹⁴⁶); the two companies operate a European oil processing and marketing joint venture, Olenex.¹⁴⁷

Wilmar controls 237,212ha of oil palm concessions in Indonesia,

Malaysia, Ghana and Nigeria (where it operates a joint venture with PZ Cussons).¹⁴⁸ Approximately 10% of the palm oil it traded in 2016–17 came from its own mills and refineries, with the remaining 90% coming from third-party suppliers.¹⁴⁹ In December 2013, Wilmar became the first major trader to adopt an NDPE policy that applied both to its own operations and to those of its suppliers.¹⁵⁰



ROBUST POLICY



SUPPLY CHAIN DATA



MONITORING



ENGAGEMENT



ACCOUNTABILITY

“We increased the monitoring of palm oil mills and plantation company groups by 50%, from 40 groups in 2015 to 60 since 2016.”

Email to Greenpeace, 9 October 2017

“In addition to immediately shifting development activities away from HCS, HCV, and peatland areas upon announcement of this policy, we expect suppliers to be fully compliant with all provisions of this policy by December 31, 2015.”

Wilmar International NDPE policy, December 2013

HOW ROBUST IS THE COMPANY'S POLICY?

Wilmar's NDPE policy does not explicitly reference the HCSA (although the company claimed that it would publish an updated policy in 2018).

Wilmar is a member of the HCSA Executive Committee.

Wilmar's NDPE policy applies to suppliers' entire operations, including all third-party suppliers at group level.

Wilmar has not set a conversion cut-off date.

Wilmar does not require suppliers to restore all forest and peatlands cleared or developed after this date.

Wilmar requires all suppliers to have been compliant with its policy since December 2015.

Wilmar has not set a deadline by which it must have ensured that all its suppliers comply with its policy.

Wilmar has contracted Business for Social Responsibility (BSR), TFT, Verité, Proforest and Daemeter to help implement its NDPE policy.



Wilmar does not conduct unannounced visits to mills or plantations in its supply chain.



Wilmar does not require suppliers to provide independent verification of compliance with its NDPE policy.



DOES THE COMPANY TAKE A CREDIBLE APPROACH TO ENGAGEMENT WITH NON-COMPLIANT SUPPLIERS?

Wilmar has published a standard protocol for its engagement with non-compliant suppliers.



Wilmar claims to require suppliers to implement a stop-work order as a precondition for engagement.



Wilmar has not published the standard time-bound milestones that all non-compliant suppliers must meet or the consequences of missing the deadlines for these.



Wilmar has not specified the remedial measures/compensation that suppliers must undertake for deforestation or other common policy breaches.



Wilmar has not set a hard deadline for non-compliant suppliers to demonstrate that their operations are now fully compliant with all aspects of its NDPE policy.



HOW MUCH INFORMATION DOES THE COMPANY HAVE ON ITS PALM OIL SUPPLIERS?

Wilmar has 95% traceability to mill for its operations in Indonesia and Malaysia. It did not provide figures for traceability to plantation in these countries, nor for traceability in Ghana and Nigeria.

Wilmar does not require its suppliers to provide it with mill details and concession maps for their entire operations.



DOES THE COMPANY PROACTIVELY MONITOR ITS SUPPLIERS ACROSS THEIR ENTIRE OPERATIONS?

Wilmar has a risk assessment programme for the mills from which it is sourcing.



Wilmar is proactively monitoring 63 of the producer groups in its supply chain, representing 25% of the total volume of palm oil it sources.



Wilmar does not require new suppliers to provide it with maps of all concessions controlled by the supplier's parent group prior to entering into contracts.



IS THE COMPANY TRANSPARENT AND ACCOUNTABLE?

Wilmar publishes a grievance list on its website. However, the list is not comprehensive as not all known non-compliant suppliers are listed.



Wilmar's grievance list frequently omits a detailed time-bound action plan for each supplier.



Wilmar has published a list of the mills in its supply chain, including details of controlling groups, but has not provided geo-referenced locations.



Wilmar claimed it was exploring the options for obtaining independent verification of its progress towards implementing its NDPE policy in 2018.





Indonesia's President Joko Widodo joins community members in damming a peatland drainage canal in Riau.
© Rante/Greenpeace



TIME FOR ACTION

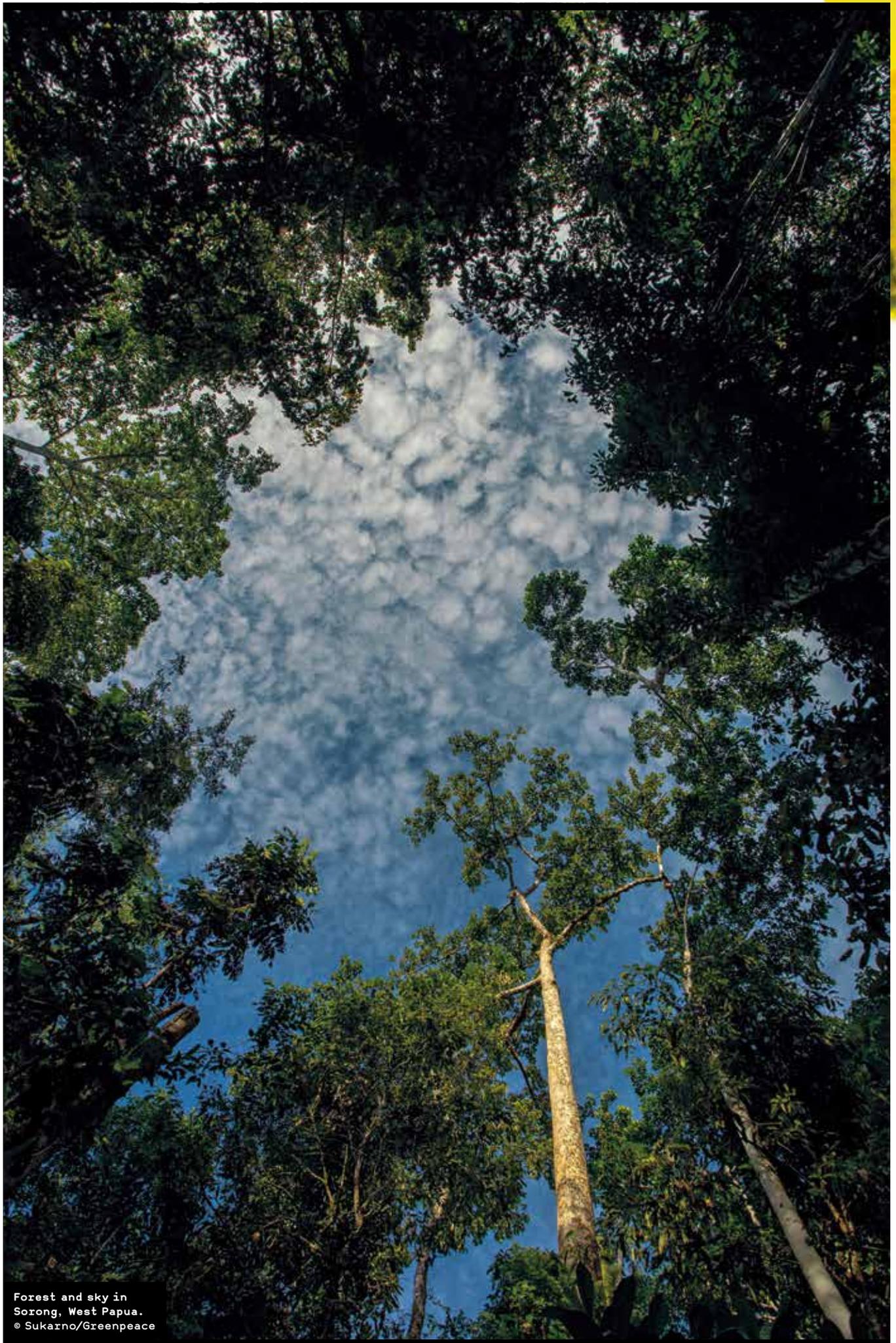
“We mustn’t allow our tropical rainforest to disappear because of monoculture plantations like oil palm.”

President Jokowi, 27 November 2014

Two things became clear during the course of our assessments of palm oil traders. First, different traders have different approaches to tackling non-compliant suppliers, even though they made similar commitments at similar times. Second, there is a palpable lack of urgency: all traders are not working to the same timeline and most are unable to say when they intend to have fully implemented their NDPE policies.

This poses a considerable risk for consumer brands that use palm oil. Brands such as Unilever and Mondelez depend on the efforts of palm oil traders to help them implement their NDPE policies. However, our findings suggest that consumer brands cannot rely upon palm oil traders to deliver them deforestation-free palm oil. Instead, brands are obliged to conduct their own due diligence on the producer groups producing the palm oil they use, and then to pressure traders to remove non-compliant producers from their supply chain.

Ultimately, our findings suggest that the palm oil industry is not on track to meet the 2020 zero net deforestation deadline adopted by the Consumer Goods Forum. Such a high-profile failure would do lasting damage to the reputation of the palm oil industry and those that use its products.



Forest and sky in
Sorong, West Papua.
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DEMANDS

Every palm oil trader and consumer company should:

ENFORCE STRONG STANDARDS

- Adopt a strong NDPE policy that references the HCSA toolkit.
- Adopt and enforce a conversion cut-off date.
- Set a date by which it will be able to demonstrate that all its suppliers meet its NDPE policy.

BE TRANSPARENT

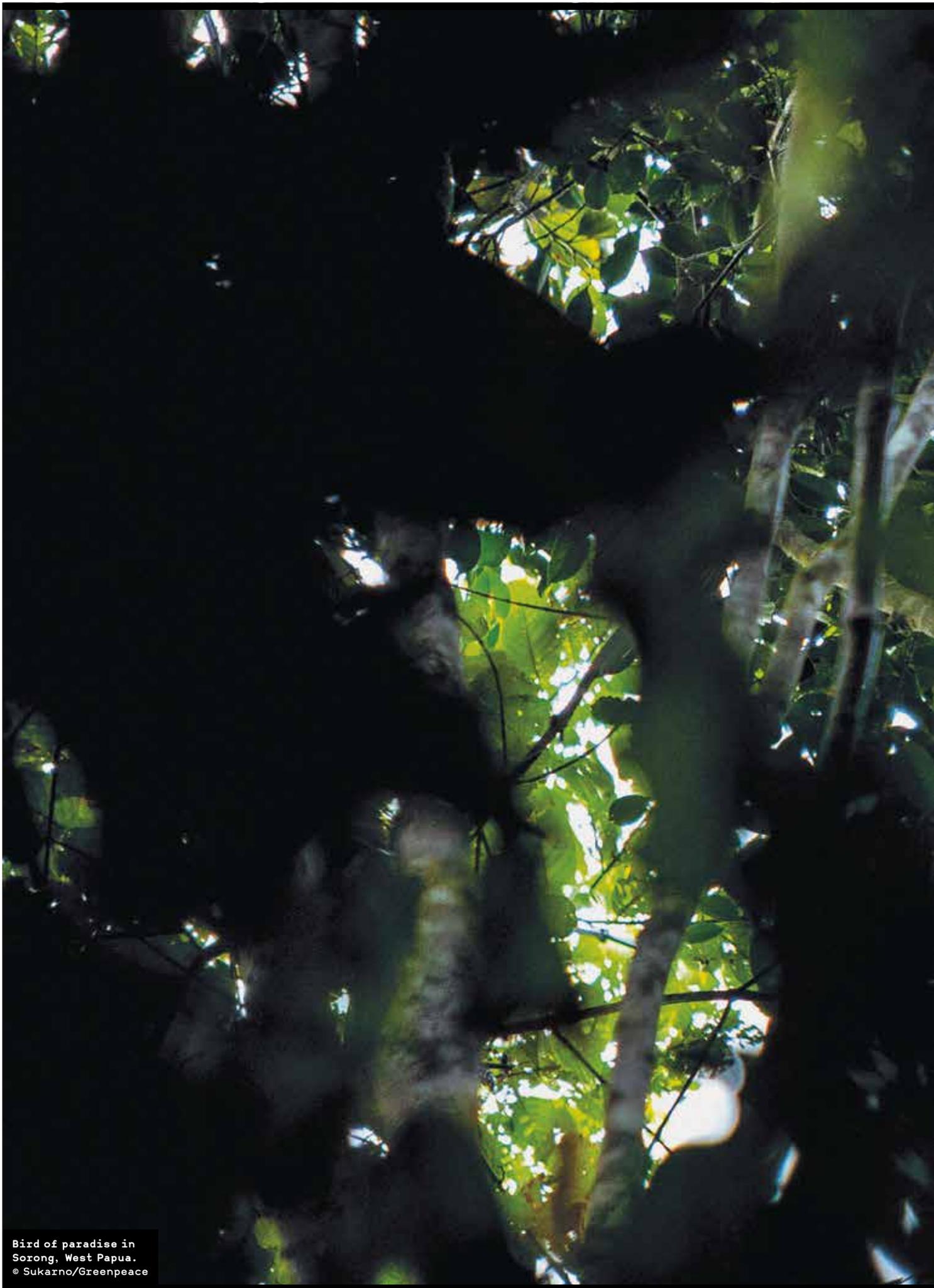
- Regularly publish a comprehensive list of all mills and producer groups from which it sourced palm oil over the previous year.
- Require all direct and indirect suppliers to provide maps of all concessions controlled by the supplier's parent group.
- Monitor all suppliers at group level.
- Publish and maintain a comprehensive list of non-compliant suppliers that includes a detailed time-bound action plan for each.

STOP THE PROBLEM

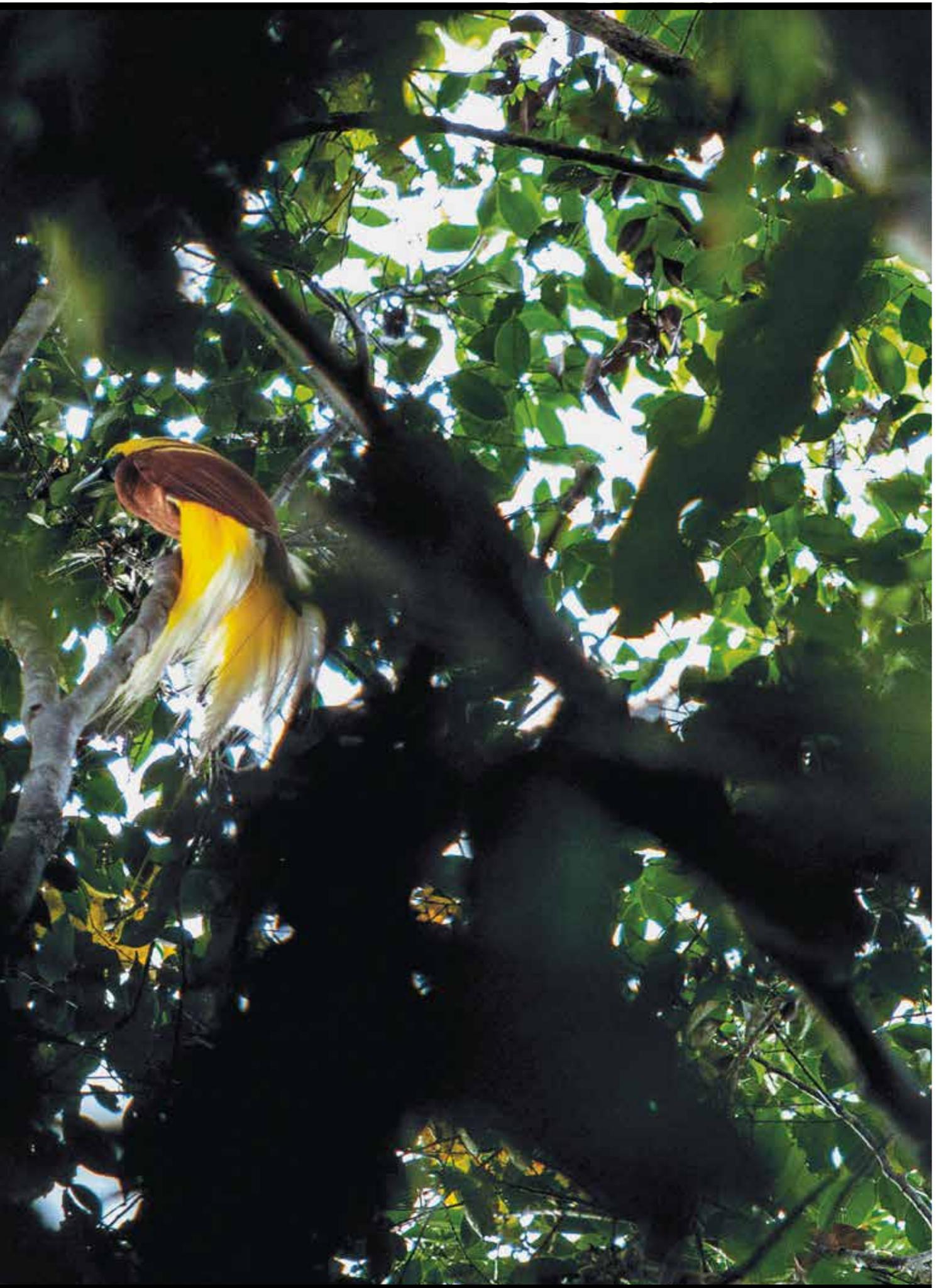
- Publish a standard supplier engagement protocol, including time-bound milestones that all non-compliant suppliers must meet.
- Suspend trade with any non-compliant supplier that has not brought its operations into full compliance within one year.

VERIFY RESULTS

- Require formerly non-compliant suppliers to provide independent verification that their operations now fully comply with its NDPE standards.
- Obtain independent verification of progress towards implementing its NDPE policy.



Bird of paradise in
Sorong, West Papua.
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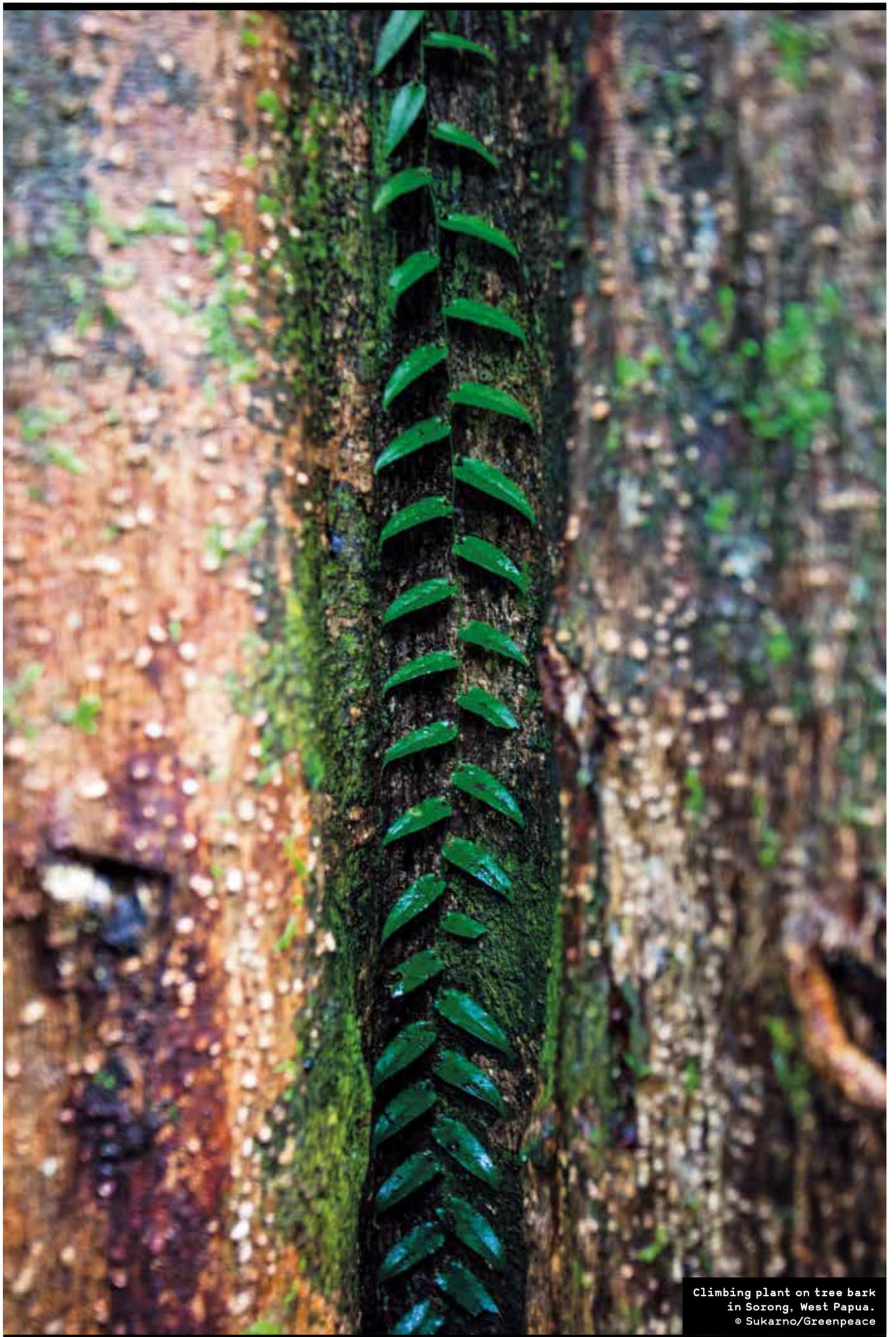
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Climbing plant on tree bark
in Sorong, West Papua.
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GREENPEACE

November 2017

Published by Greenpeace International

Ottho Heldringstraat 5

1066 AZ Amsterdam

The Netherlands

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