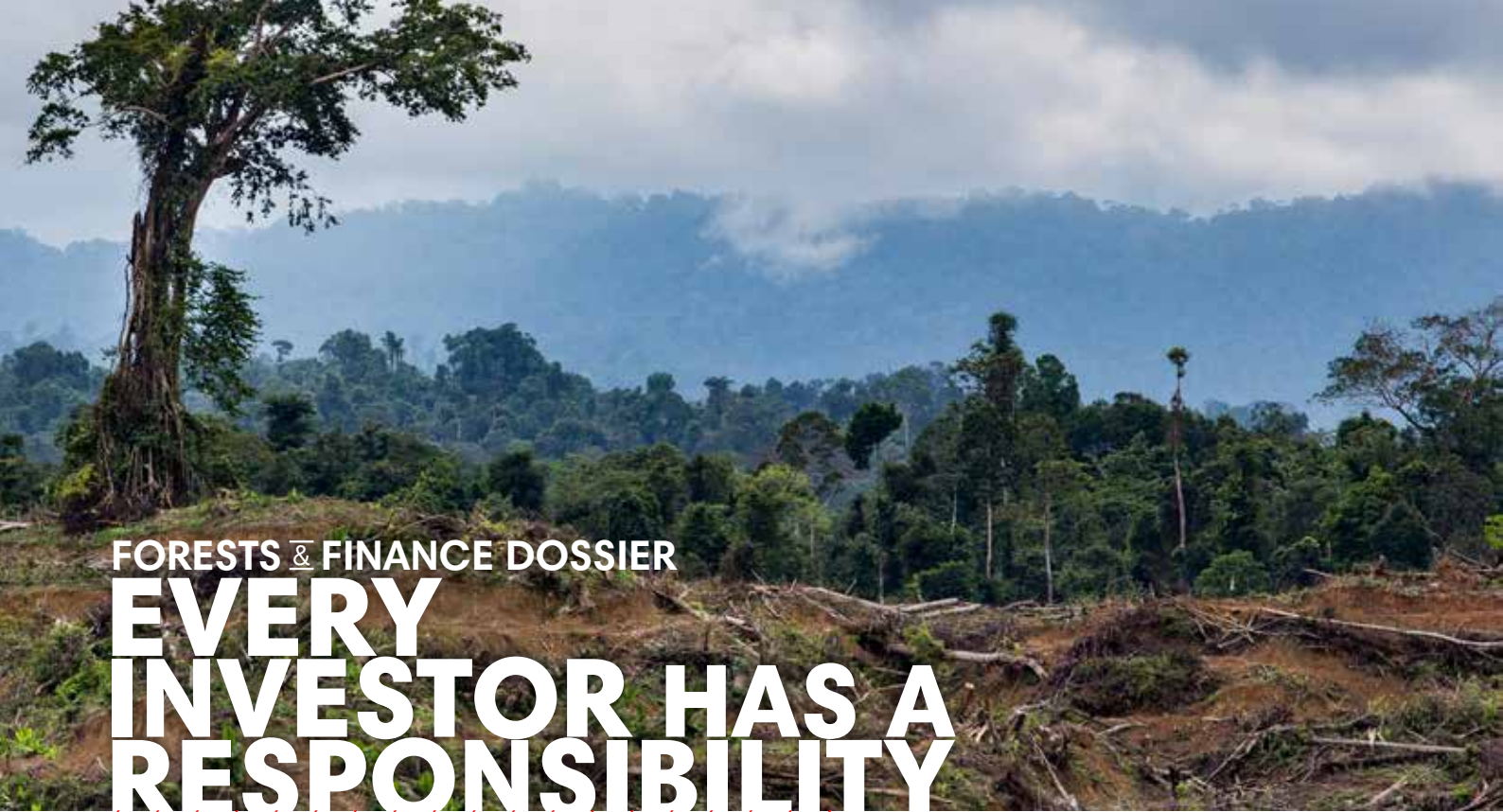


An aerial photograph of a dense rainforest. A thick, jagged red line starts from the top left and trends downwards towards the right, ending in an arrowhead. In the center of the forest, an orange excavator is visible, surrounded by fallen trees and debris. The text 'EVERY INVESTOR HAS A RESPONSIBILITY' is overlaid in large, bold, white capital letters.

EVERY INVESTOR HAS A RESPONSIBILITY

A FORESTS & FINANCE DOSSIER



FORESTS & FINANCE DOSSIER

EVERY INVESTOR HAS A RESPONSIBILITY

COVER: Rogue actor seen digging a new peat drainage canal in the Singkil peatland. August 14, 2016. PHOTO: PAUL HILTON

ABOVE: Lowland rainforests threatened by palm oil expansion. PHOTO: NANANG SUJANA / RAN

CONTENTS

3	Summary
4	ESG Risk Overview: Why ESG factors matter in tropical forest-risk commodities
4	Climate Change Risk
5	Materiality of ESG Risks
6	Human Rights Risk
7	Biodiversity Risk
7	Corruption & Illegality Risk
8	Responsible Financing: What Investors and Banks Must Do
9	Recommendations
10	Sample Questions and Key Performance Indicators
12	ESG Risk Profiles of High Risk Commodity Companies
12	Felda Global Ventures
14	Indofood Sukses Makmur
16	IOI Corporation
18	Wimar International
20	Asia Pulp & Paper Group
22	Oji Holdings Corporation
24	Marubeni Corporation
26	Itochu Corporation
28	References

DISCLAIMER

Rainforest Action Network (RAN) believes the information in this briefing comes from reliable sources, but cannot guarantee the accuracy or completeness of this information. RAN disclaims any liability arising from use of this document and its contents. Nothing herein shall constitute or be construed as an offering of financial instruments or as qualified investment advice. No aspect of this report is based on the consideration of an investor or potential investor's individual circumstances. You should determine on your own whether you agree with the content of this document and any information or data provided.

ACRONYMS AND ABBREVIATIONS

APP	Asia Pulp & Paper	NGO	Non-governmental Organisation
ESG	Environmental, Social, Governance	PEFC	Programme for the Endorsement of Forest Certification
FPIC	Free, Prior & Informed Consent	OECD	Organization for Economic Cooperation and Development
FSC	Forest Stewardship Council	RSPO	Roundtable for Sustainable Palm Oil
GHG	Greenhouse Gas	SPOTT	Zoological Society of London Sustainable Palm Oil Transparency Toolkit
HCS	High Carbon Stock	SVLK	Indonesian Timber Legality Assurance System
HCV	High Conservation Value		
ILO	International Labour Organization		
NDPE	No Deforestation, No Peat, No Exploitation		

ABOUT RAN



Rainforest Action Network campaigns for the forests, their inhabitants and the natural systems that sustain life by transforming the global marketplace through education, grassroots organizing and non-violent direct action.



SUMMARY

Forest cover, Bangkung district, Leuser Ecosystem, August 2016.
PHOTO: PAUL HILTON

The world's remaining tropical forests are essential for maintaining a healthy and habitable planet. Tropical forests regulate global rainfall patterns, sequester and store carbon, meet the basic needs of over 1 billion people for food, water, shelter and medicines, and safeguard an exceptional wealth of unique biological diversity. Tropical forests provide critical local and global benefits, but they are rapidly being destroyed.

From 2000 to 2012, an area of tropical forest nearly three times the size of Japan was lost, with some of the highest losses occurring in Southeast Asia.¹ This pressure on forests comes in large part from the growing global corporate demand for palm oil, pulp and paper, timber, rubber and other soft commodities, (forest-risk commodities). Almost half of all tropical deforestation is due to illegal conversion for commercial agriculture, with half of that being the direct result of illegal conversion for export markets.² **The financial sector is a highly influential actor, through its provision of billions of dollars annually in loans, underwriting and investments in tropical forest-risk commodity sectors.** Deforestation and related social and market impacts are also becoming a growing issue of financial materiality for investors.

This report profiles key environmental, social and governance (ESG) performance issues of 8 companies operating in Southeast Asia's tropical forest-risk commodity sectors. The 8 companies profiled – Felda Global Ventures, Indofood, IOI, Wilmar, Asia Pulp and Paper, Oji Holdings, Marubeni, and Itochu – were found to have had a range of serious ESG violations in their own operations or direct supply chains. These violations include: use of child and forced labour; conflicts with local communities over violations of their tenure rights; tropical deforestation and destruction of carbon-rich peatlands; threats to biodiversity; corruption; and illegality. This is despite all 8 companies having some form of commitment or policy in place intended to address social and environmental issues in their operations, with some having membership in sector certification schemes.

The investors and financiers behind tropical forest-risk companies should not be regarded as passive actors, devoid of responsibility.

The forest sector operations of the 8 companies profiled in this report have been enabled by at least 6.56 billion USD in bond- and shareholdings at the most recent filing date in February 2017 by institutional investors and have received more than 28.56 billion USD in loans and underwriting facilities since 2010.* The major banks backing these 8 companies include

Sumitomo Mitsui Financial Group, Mizuho Financial, Mitsubishi UFJ Financial, China Development Bank, RHB Banking, CIMB Group & HSBC while some of the largest investors were found to include Japan's Government Pension Investment Fund, Vanguard, Employees Provident Fund, BlackRock, and Dimensional Fund Advisors. Investors and financiers facilitating such operations have both a moral and corporate responsibility, and a fiduciary duty to understand and address the harmful ESG impacts for which they are connected to. This is not just an issue for the investors and financiers connected to the 8 companies profiled in this report, but is widespread throughout forest-risk commodity sector supply chains.

Until financial sector actors actively combat deforestation and rights abuses, national and international forest-sector governance reforms and public policy initiatives are unlikely to succeed. This report calls on investors and banks to develop clear forest-risk sector financing policies for all companies linked to tropical forest-risk commodity production and associated downstream supply chains. Such policies must seek to identify and monitor the specific risks associated with deforestation and rights violations. Investors and banks must conduct enhanced due diligence screening, ensure independent monitoring of company operations and commit to exiting their relationships with companies that fail to conduct business responsibly.

*Loans and underwriting were calculated at the group company level. Companies with diversified interests had identified financial totals reduced to more accurately capture the proportion of financing that can be reasonably attributed to the forest-risk sector operations of the selected company. Where available financial information did not specify the purpose of investment or receiving division within the parent company group, reduction factors were individually calculated by comparing a company's forestry assets relative to its parent group total assets. The amount representing bond- and shareholdings does not include those held by some pension funds due to limitations of available data.

ESG RISK OVERVIEW

WHY ESG FACTORS MATTER IN TROPICAL FOREST-RISK COMMODITIES

Environmental, Social and Governance (ESG) factors are increasingly recognized as important components of investment analysis,³ and this is particularly applicable to the tropical forest-risk commodity sector.

Companies operating in this high-risk sector often depend on the conversion of sensitive natural habitats, exploitative labor practices, and corrupt land acquisition processes, resulting in disputes with local communities. These activities entail serious ESG issues, including in relation to climate change, human rights, biodiversity, legality and corruption (see below).

As more public and private sector players commit to protect the world's tropical forests, business operations that run counter to

this goal are exposed to regulatory, reputational and market risks. The Sustainable Development Goals aim to halt deforestation by 2020, and the Paris Climate Agreement calls on countries to conserve and enhance carbon sinks, for which tropical forests are essential. Many in the private sector have also committed to halt deforestation, most notably through the Consumer Goods Forum, the New York Declaration on Forests, and explicit adoption of no deforestation, no conversion of peatlands, and no exploitation ("NDPE") policies.⁴

ESG risks in the tropical forest-risk commodity sectors are ultimately transferred to the investors and banks that are financing these high-risk sectors in the form of financial, legal, regulatory and reputational risks (See Fig 1).

CLIMATE CHANGE RISK

Due to the carbon intensity of the tropical forest-risk commodity sector, regulations to meet commitments under the Paris Agreement could lead to the stranding of many of the sector's agricultural assets, especially those impacting natural forests and peat.⁵ The physical impacts of climate change, particularly water scarcity and weather variability, can also have significant impacts on the productivity of the sector.

According to the UN's Intergovernmental Panel on Climate Change, halting and reversing deforestation is necessary to stay below the 2-degree limit, and 1.5-degree target, set by the Paris Agreement.⁶ In 2012, tropical deforestation contributed more greenhouse gas emissions than the European Union.⁷

Tropical deforestation & degradation

 **14-21% global GHG emissions⁸**

A High Risk of Stranded Assets

Tropical forests are estimated to store up to 250 billion tons of carbon and per hectare they store more carbon than any other natural forests or plantation (See Fig. 2).⁹ Conversion of peat forests is the most carbon-intensive land use change, especially when set on fire to clear land. An additional 1-2.5% of global emissions are estimated to come from peat degradation in Indonesia alone, largely from palm oil and pulp plantations.¹⁰ Between 2001 and 2012, about 30% of tropical deforestation occurred in Asia, predominantly in Indonesia and Malaysia, but this accounted for approximately 44% of emissions from deforestation because of the carbon intensity of peat (see figure 2).¹¹

FIGURE 1: MATERIALITY OF ESG RISKS IN THE TROPICAL FOREST- RISK COMMODITY SECTOR

ESG ISSUES

FINANCIALLY MATERIAL SUPPLY CHAIN RISKS

RISKS TO INVESTORS AND BANKS

ENVIRONMENTAL

- » GHG emissions
- » Biodiversity loss
- » Land and ecosystem degradation
- » Water, air, and soil disruption

SOCIAL

- » Community conflict and violence
- » Land rights violations
- » Displacement
- » Child labor, forced labor, and human trafficking
- » Health hazards from haze and chemical exposure

GOVERNANCE

- » Bribery
- » Illegal activity
- » Economic/financial crime: tax evasion, money laundering, transfer pricing

OPERATIONAL RISK

Loss of productivity, work stoppages, property damage, increased staff costs to deal with conflicts, etc.

REGULATORY RISK

Inability to adapt to changes in and/or breach of regulations related to GHG emissions, forests, peat, labor, land tenure and governance, etc.

REPUTATIONAL RISK

Damage to brand value and loss of social license to operate due to NGO campaigns or media exposés

LEGAL RISK

Litigation for failure to manage ESG risks, resulting in retraction of operating permits, fines, compensation costs, or confiscation of land, etc.

MARKET RISK

Cancelled contracts or decrease in consumer demand from failure to meet buyer standards (i.e. NPDE)

FINANCIAL RISK

(INVESTORS)

- » Loss of capital due to i.e. stranded assets.
- » Negative return on investment (ROI)

(BANKS)

- » Nonperforming loans / increased default risk
- » Loss of revenue

REGULATORY RISK

- » Inability to meet new requirements on the inclusion of ESG risk criteria in due diligence and risk weighting
- » Failure to disclose ESG risks in portfolio

LEGAL RISK

- » (INVESTORS) potential breach of fiduciary duty from failure to integrate ESG.
- » Accountability for ESG impacts under OECD Guidelines

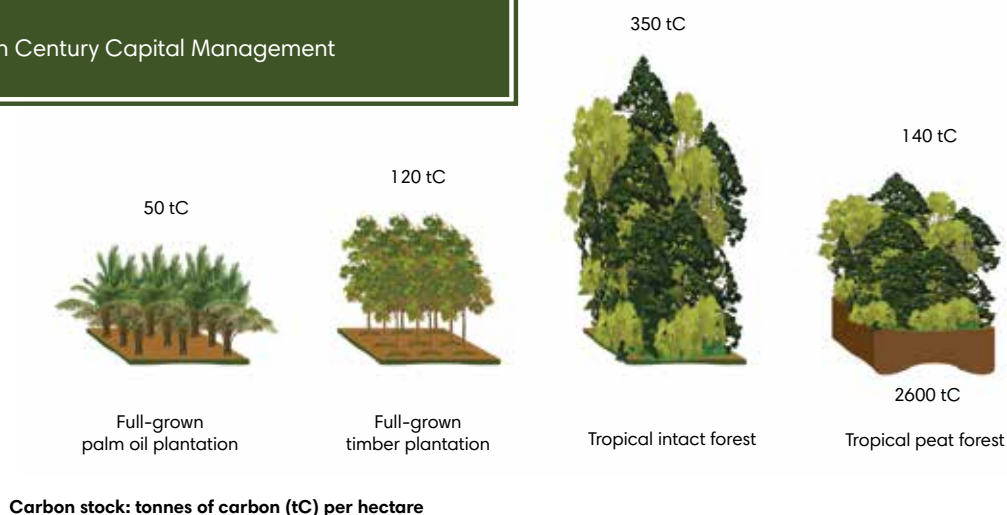
REPUTATIONAL RISK

- » Damage to brand value due to NGO campaigns or media exposés
- » Breach of ESG commitments / policies (i.e. UN PRI, Equator Principles)
- » Loss of credibility as a responsible investor/bank

“Mitigating deforestation is one of the most cost-effective ways to address climate change”

- Green Century Capital Management

FIGURE 2: CARBON STOCK COMPARISON



HUMAN RIGHTS RISK

Local and Indigenous communities routinely experience serious human rights violations at the hands of companies involved in the production of tropical forest-risk commodities.¹² Common violations include the exploitation of labor and tenure rights violations of local peoples and indigenous communities, as well as intimidation, violence and killings.

Serious labor rights violations have been documented across the tropical forest-risk commodity sector that are often illegal under national laws and violate the International Labour Organization's (ILO) International Labour Standards. For example, the US Department of Labor lists palm oil among its list of goods produced by child labor or forced labor, citing Indonesia and Malaysia in particular.¹³ Workers in oil palm plantations often experience the retention of identification documents, unrealistic quotas that encourage use of child labor, unethically low wages, inadequate job security and health and safety protections, and a lack of freedom of association.¹⁴

The tropical forest-risk commodity sector is also rife with human rights violations that result from a failure to respect the established legal or customary tenure rights of indigenous and local communities to ownership and use of land. As stated in the UN-backed Voluntary Guidelines on the Responsible Governance of Tenure (VGGT), "business enterprises have a responsibility to

respect human rights and legitimate tenure rights."¹⁵ Essential to this is respecting the rights of Indigenous Peoples and local communities to give or withhold their free, prior and informed consent (FPIC) to the acquisition or development of their land and any other operations that might affect the land and resources that they rightfully own, occupy or use. The right to FPIC is recognized in several international instruments including the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), ILO Convention 169, and Convention on Biological Diversity.¹⁶

Local and Indigenous Peoples are estimated to hold as much as 65 per cent of the world's land area under customary systems. However, Government failure to recognize or protect legal and customary tenure rights and company failure to conduct proper FPIC processes with communities leads to frequent land conflicts between landowners and logging or plantation companies.¹⁷ Indonesia's National Lands Agency has registered 3,000 conflicts between palm oil companies and communities.

Unresolved land conflicts can lead to significant financial losses.¹⁸

A recent study found the "cumulative costs of social conflict are significant, undervalued and can pose a serious risk to investment return."¹⁹ A separate analysis found that overlapping land claims can diminish the value and viability of industrial concessions.²⁰



MULTIPLE RISKS FROM FIRE AND HAZE

In 2015 fires burned through millions of hectares of forests and peatlands in Indonesia, unleashing a toxic haze that blanketed large parts of Southeast Asia. Originating from fires set to clear land and forests for plantation expansion, the haze exposed 43 million people to highly hazardous air,²¹ contributed to an estimated 100,000 premature deaths, and cost Indonesia's economy \$US 16 billion according to World Bank estimates.²² In a matter of months, these fires contributed more carbon emissions to the climate than the annual GHG emissions of the entire Japanese economy.²³

Fires intentionally set for new plantations impact the health of local communities.
PHOTO: PAUL HILTON

BIODIVERSITY RISK

Tropical deforestation and degradation is one of the leading drivers of biodiversity loss and extinctions. Tropical forests provide habitat for two-thirds of land-based plants and animals, most located in the Amazon and Congo Basins, and Southeast Asia.²⁴ Southeast Asia's remaining tropical forests sustain many iconic, critically endangered species.²⁵ A prime example of this is the Leuser Ecosystem, covering 2.6 million ha of forest and peat swamps in the Indonesian island of Sumatra and comprising a UNESCO World Heritage site. It is the last place on earth where orangutans, rhinos, elephants and tigers co-exist in the wild. These species are under serious threat due to deforestation for palm oil.²⁶

CORRUPTION & ILLEGALITY RISK

Corruption, collusion, money laundering, tax evasion and other illegalities are pervasive in tropical forest countries.²⁷

In the timber sector, corruption and organized crime are the main drivers of illegal logging, which is estimated to generate 50–152 billion USD in value annually and constitute 10–30% of the international forest products trade.²⁸ Corruption and illegal logging are widespread in Sarawak, Malaysia, for example, with estimates of illegality in the logging sector as high as 50%.²⁹

In Indonesia, the Government's Corruption Eradication Commission (KPK) has described its forestry sector as "a source of unlimited

corruption."³⁰ The risk of illegality is also extremely high, with estimates of illegal conversion for commercial agriculture running as high as 80% in Indonesia.³¹ In 2011 alone, illegal logging and forest sector mismanagement is estimated to have cost the government 2 billion USD.³² In the oil palm and pulp and paper sectors, bribes, collusion and other illegalities have been endemic, as evidenced by unauthorized concession licensing and permitting; forest clearance without required permits or outside of permitted areas; illegal plantation expansion into national parks, deep peat lands, primary forests and other protected areas; and aggressive land grabbing and associated conflicts with local communities.³³

Similar problems are occurring in the natural rubber sector, especially in the Greater Mekong region. Expansion of rubber plantations in Vietnam,³⁴ Myanmar,³⁵ Laos and Cambodia³⁶ have been marked by widespread systemic corruption, collusion, coercion and conflict, and highly egregious examples of land grabs.

Governments in both producer and consumer countries are increasingly looking to regulatory measures to address these issues, raising the regulatory risk for companies that fail to meet these new standards and the risk of stranded assets.³⁷ In Indonesia, stronger regulatory restrictions and enforcement against the use of fire and clearance of peatlands and forests³⁸ is affecting business as usual. In 2015, more than 50 companies were fined for illegal slash-and-burn practices in their concessions in Indonesia, which contributed to the toxic regional haze.³⁹ Several consumer countries are also taking measures to combat the illegal timber trade and influencing stricter legality assurance requirements in producer countries.⁴⁰ While significant gaps remain in some of these systems,⁴¹ further strengthening of these requirements is anticipated.



A critically endangered Sumatra rhino moves under the forest canopy, 23rd September 2016. Large tracks of forest in Indonesia continue to be cleared for palm oil expansion, pushing many species of wildlife towards extinction.

PHOTO: PAUL HILTON FOR RAN / SRS SUMATRA RHINO



Aerial view of recent land clearing by PT. Agra Bumi Niaga in January 2017.

PHOTO: NANANG SUJANA / RAN

RESPONSIBLE FINANCING

WHAT INVESTORS AND BANKS MUST DO

Investors and banks that are financially involved in the tropical forest-risk commodity sector must adopt robust ESG risk assessment and risk management processes and regularly engage with their investee companies and clients if they are to be sure they are not financing tropical deforestation or human rights violations. Unfortunately for investors and banks, it is not sufficient to simply rely on a company's commitment to a policy, or indeed its membership to a certification scheme, for any guarantee that they are not facilitating harmful business operations.

Enhanced due diligence and engagement entail evaluating actual client performance, including the impacts that the company's activities are having on forests, the climate, biodiversity, workers, and local communities. This approach is consistent with guidance for institutional investors under the OECD Guidelines for Multinational Enterprises, which calls on investors to identify actual and potential adverse impacts within investment portfolios and use investor leverage over investee companies to prevent or mitigate them.⁴² The due diligence requirements under the OECD Guidelines for Multinational Enterprises are also applicable to banks.⁴³

Among large institutional investors, the Norwegian Government Pension Fund Global has been at the forefront of addressing ESG risks related to forest-risk commodities. The Fund has a climate change policy that evaluates tropical deforestation as well as having a robust human rights policy.⁴⁴ It undertakes "reality checks" of their client's performance by frequently engaging with civil society organizations and conducting their own investigations. As a result, the Fund withdrew its investments from 29 palm oil companies between 2012 and 2015, including Wilmar, IOI, Indofood Agri Resources, and First Pacific because they "were considered to produce palm oil unsustainably."⁴⁵ It has also divested from a number of logging companies, including all three publicly listed large logging companies operating in Sarawak, Malaysia.

As one important indicator of a responsible business, banks and investors should pay attention to whether the company possesses and implements a policy addressing tropical deforestation. In recent years there has emerged a growing consensus between many

companies, communities, unions, NGOs and consumer groups on the need for a common set of policies designed to address the negative impacts of tropical forest-risk commodity production. This set of standards is collectively termed 'No Deforestation, No Peat, No Exploitation' – or NDPE. The main elements of NDPE are a commitment to 1) Protect High Conservation Value (HCV)⁴⁶ areas, High Carbon Stock (HCS) forests, and peatlands from degradation and clearance; 2) Recognize and respect tenure rights and the rights of local communities to give or withhold their Free, Prior and Informed Consent (FPIC); 3) Comply with the core conventions of the International Labour Organisation (ILO); and 4) Uphold the wider United Nations Guiding Principles on Business and Human Rights. Guidelines to implement the NDPE commitment by producers in a

variety of tropical settings is being further developed by the High Carbon Stock (HCS) Approach multi-stakeholder reference group.⁴⁷

Investors and banks should require investee or client companies to commit to, and most importantly to meet, NDPE standards using the HCS Approach. As NDPE policies have become the benchmark for forest-risk commodity production, producer companies that fail to meet them face elevated ESG risk exposure and increasingly constricted market access, as has already started to happen.⁴⁸

However, as evidenced by the company profiles in this report, a company's adoption of a policy does not necessarily translate to implementation, nor does its involvement in a certification scheme ensure adequate standards are being met. (See Box 1) Investors and banks must therefore go beyond simply checking company commitments and policies and evaluate the company's actual ESG performance, against a robust NDPE policy benchmark.

The following list of sample questions and key performance indicators (Fig 3) can be used to inform due diligence on and engagement with investee companies and clients involved in the forest-risk commodity sector, starting with the companies in this report. **Investors and banks have a moral and corporate responsibility to address ESG issues in the tropical forest-risk commodity sector, and in the case of investors, it is increasingly a fiduciary duty to do so.**⁴⁹

"Deforestation is an issue with **significant social and environmental consequences**"

- Norwegian Government Pension Fund Global, 2016

BOX 1: LIMITATIONS OF CERTIFICATION

A number of voluntary certification schemes exist to certify legality and sustainability of forest-risk commodity supply chains, but the quality of these schemes varies considerably.⁵⁰ The Programme for the Endorsement of Forest Certification (PEFC) scheme, for example, has been the subject of a number of controversies.⁵¹ Even the voluntary certification schemes and standards that are considered relatively strong such as the Forest Stewardship Council (FSC) and the Roundtable for Sustainable Palm Oil (RSPO), have a number of systemic weaknesses. Savvy investors and financiers will recognize that while compliance with these certifications can provide some useful benchmarks, responsibility for effective ESG due diligence cannot and should not simply be outsourced to them.

Among the limitations of FSC and RSPO for ESG due diligence that have been frequently identified:

- » **Gaps in certification scheme standards.** In the palm oil sector for example, the RSPO continues to certify deforestation and labor violations. Best in class standards have been published by the Palm Oil Innovation Group (POIG) to fill this gap, including requirements for HCS Approach assessments and compliance with Free and Fair Labor indicators.⁵² Both FSC and RSPO have significant gaps in terms of sustainable peat land management, restoration and protection outcomes.⁵³
- » **Certification bias towards large producers.** Small producers and community-managed forests are systemically disadvantaged and distinctly under-represented in RSPO and FSC certification portfolios.⁵⁴
- » **Gaps in certification auditing.** Field studies have demonstrated widespread failure to uphold the customary and traditional rights of Indigenous peoples and local communities to their land and resources and the rights of workers in certification body audits;⁵⁵
- » **Uneven local interpretation of standards.** Certification bodies, which are paid by the companies they audit, have significant discretion for local interpretation of standards and compete against each other for clients, leading to systemic conflicts of interest with significant impacts on social and environmental outcomes;⁵⁶
- » **Weak dispute resolution mechanisms.** Processes can take several years to complete and have overly high evidentiary requirements for adversely impacted communities and workers who are facing immediate threats or are seeking remedy.⁵⁷
- » **Unfavorable government policies.** Weak forest governance and regulatory regimes may make full compliance with certification standards unattainable, resulting in lowering of global standards at national or regional levels in high-risk countries.⁵⁸
- » **Challenges assuring legality.** Particularly in countries with high corruption rates and weak rule of law, it is extremely difficult to provide assurance that permits and licenses have been given in accordance with the law and that corruption is not associated with the granting of licenses or company operations more generally.⁵⁹

RECOMMENDATIONS FOR INVESTORS AND FINANCIERS:

Understand risk exposure: Quantify portfolio or credit exposure to forest-risk commodity related assets and specific ESG risks outlined in this report.

Adopt policies: Formulate clear policies to govern forest-risk commodity sector investment, analysis and credit decision-making, including use of key performance indicators and thresholds for divestment (see Fig 4).

Conduct enhanced due diligence: Screen potential and existing investee companies and clients for compliance with investment and credit policies and conduct enhanced due diligence by assessing company exposure to ESG risks, policy commitments, and capacity and track record to address such risks. This may require site visits, input from independent third parties, and documentation of company adherence to ESG-related processes.

Secure company commitments: Formalize company commitments to meet strict investment and credit policies with reference to specific standards for all relevant ESG issues, through the form of binding agreements or covenants.

Be engaged: Regularly monitor investee company and client activities to ensure continued adherence to investment and credit policies. Periodically consult with communities affected by company operations, civil society organizations, governmental bodies and other experts to do “reality checks” on company performance. Investors should use leverage to influence investee companies and exercise proxy-voting rights where necessary.

Divest: Sell investment / terminate financing agreements if the company violates the terms of agreements regarding ESG-related policies, where they fail to take prompt action to correct any ESG policy violations and put in place corrective actions to prevent reoccurrence.

Disclose: Routinely report on portfolio exposure to forest-risk commodity related assets and specific ESG risks, implementation of investment and credit policies and standards, monitoring activities, company engagement and voting activities.

For investors with stock in banks engaged in financial services with forest-risk sector clients: use leverage to influence banks to implement the above recommendations.

FIGURE 3: SAMPLE QUESTIONS TO ASK COMPANIES INVOLVED IN THE FOREST-RISK COMMODITY SECTOR⁶⁰

RISK EXPOSURE	RISK MANAGEMENT	TRANSPARENCY & RISK ASSURANCE
<p>How does the company identify ESG risks in its forest-risk commodity supply chain?</p> <p>Has the company mapped its supply chain? Has it mapped its total landbank / concession areas?</p> <p>Does it operate in / source from countries / areas with a high risk of the following?</p> <ul style="list-style-type: none"> » corruption (see Corruption Perceptions Index score) » illegal logging » deforestation » land tenure conflicts » child and forced labor <p>Are any of the following affected by its supply chain activities?</p> <ul style="list-style-type: none"> » HCS forests, HCV areas and peatlands » Indigenous and customary rights-holders within the company's / suppliers' concessions » ILO core labor rights <p>Does the company or its suppliers have legally acquired permits to use the land?</p> <p>What are the company's annual GHG emissions related to forest-risk commodities, including land use and land cover change, especially on peat?</p> <p>Has the company been involved in any significant legal claims, complaints, or disputes?</p> <p>What percentage of the company's revenue is dependent on forest-risk commodities?</p>	<p>Does the company have a global responsible sourcing policy for forest-risk commodities? Is it committed to NDPE? Does it have a time-bound implementation plan to comply with its policy? How is this supported by internal management systems?</p> <p>How does the company conduct due diligence on its supply chains and ensure supplier compliance with its policy? Does it identify suppliers of all raw materials and assess ESG risks and impacts at a company group level?</p> <p>Does the company have clear & credible action plans for addressing the following issues in its own plantations and/or its upstream supply chains?</p> <ul style="list-style-type: none"> » Protection and restoration of HCS forests, HCV areas and peatland ecosystems, including those damaged by past operations? » Protection of rare and endangered species. » FPIC of all affected Indigenous Peoples and communities with legal or customary rights. » ILO core labor rights, including child labor, forced labor, human trafficking, and freedom of association. » Conflicts with local communities over land tenure and use of resources. <p>Does the company have a system to track and monitor the origin of raw materials for the selected commodities? What percentage of the supply is traceable to mills and to origin (plantation estates / concession)?</p> <p>Does the company have a long-term sustainable and responsible supply of commodities to meet operational needs?</p>	<p>Does the company publish supply chain maps, including all suppliers and associated plantation estates/ concessions?</p> <p>Does the company disclose information on ESG risks in its forest-risk commodity supply chain and how it monitors its impacts?</p> <p>Does the company report on the implementation of its policy? Are implementation outcomes independently monitored and verified by a third party? Does it publish documentation to substantiate supply chain claims?</p> <p>What is the percentage of supply and/ or suppliers that are third party verified and/or certified?</p> <p>Are corrective actions immediately taken and/or supply contracts terminated when significant nonconformities or unauthorized activities are identified?</p> <p>What grievance process does the company have and is it accessible to affected stakeholders? Does it publicly disclose its grievances and corrective actions taken?</p> <p>Does it actively engage with civil society organizations as part of its stakeholder engagement?</p> <p>What external initiatives and activities does the company participate in to support implementation of its policy?</p>

FIGURE 4: SAMPLE KEY PERFORMANCE INDICATORS

- ✓ Company has a credible and robust NDPE policy and clear implementation plan across the company group and supply chain
- ✓ HCS forests and HCV areas in the supply chain are zoned for protection and protected from deforestation, conversion or degradation.
- ✓ Peatlands are preserved and restored. No new plantations are established on peatlands in concessions regardless of depth.
- ✓ No fire is used to prepare or clear land or for any other operational purposes.
- ✓ Sources of GHG emissions within concession areas are identified, measured, and reduced.
- ✓ Tenure, use, and other rights of Indigenous Peoples and local communities, including FPIC, are respected and upheld.
- ✓ ILO core labor rights and other internationally recognized human rights are respected and upheld.
- ✓ Raw materials are traceable from the origin to the end-user.
- ✓ There is no evidence of tax evasion, corruption, money laundering, fraud, or illegal activities in the supply chain.
- ✓ The entire forest-risk commodity supply chain is independently monitored and third party verified.
- ✓ The company has a legitimate, accessible and transparent grievance mechanism that aligns with UN Guiding Principles on Business and Human Rights.




Bahorok river flows through Bukit Lawang, Leuser Ecosystem; Baby orangutan in Bukit Lawang, Leuser Ecosystem

PHOTO: PAUL HILTON FOR RAN



Felda Global Ventures (FGV) is the world's largest producer of crude palm oil and the second largest Malaysian palm oil refiner. FGV has been linked to forced labor, deforestation and peatland development through its plantations operations and business relationships in Indonesia and Malaysia.

COMPANY PROFILE & SUSTAINABILITY COMMITMENTS

CEO	Dato' Zakaria Arshad	FOREST RISK COMMODITIES	Palm oil, rubber
PARENT COMPANY	Federal Land Development Authority (Felda) Group	SUPPLY CHAIN EXPOSURE	Plantations, processing, trading
MARKET CAP (USD)	1.7 billion USD ⁶¹	AFFECTED TROPICAL FOREST AREAS	Indonesia, Malaysia
ANNUAL REVENUE (USD)	FY2015 3.9 billion USD ⁶²	RELEVANT SUBSIDIARIES	FGV Plantations (Malaysia) Sdn Bhd; PT Citra Niaga Perkasa (PT CNP) and PT Temila Agro Abadi (PT TAA), PT Synergy Oil Nusantara (PT SON), Felda Wilayah Raja Alias Unit, Pasoh Complex, Serting Hilir Complex, and Palong Timur Complex
HEADQUARTERS	Indonesia	KNOWN BUSINESS RELATIONSHIPS	Joint Venture: Procter & Gamble
LANDBANK (HA)	Total: 784,710 ha		
NDPE POLICY	No		Other Buyers: Cargill, Wilmar, Nestlé, Golden Agri-Resources, Musim Mas
THIRD PARTY VERIFICATION	None – RSPO member but withdrew RSPO certification from all mills in 2016		
TRACEABILITY	Weak SPOTT score on traceability to mill: 0% ⁶³		
TRANSPARENCY	Partial SPOTT score: ⁶⁴ RSPO reporting: 26.7% Landbank and maps: 68.8%		

INVESTORS AND FINANCIERS



TOP 7 SHAREHOLDERS OF FELDA GLOBAL VENTURES
BY PERCENTAGE OWNERSHIP

Lembaga Kemajuan Tanah Per (FELDA)	Koperasi Permodalan Felda
FELDA	Kerajaan Negeri Pahang
Lembaga Tabung Haji	Employees Provident Fund
Kumpulan Wang Persaraan	Other

SOURCE: BLOOMBERG, 2017

LOANS & UNDERWRITING TO FELDA GROUP

2,937 MILLION USD

(2010 - FEB 2017, FOREST-RISK SECTOR ADJUSTED)*



Malayan Banking	JPMorgan Chase
CIMB Group	RHB Banking
Morgan Stanley	Affin
Deutsche Bank	Other

SOURCE: 'EXPLORE THE DATA' | forestsandfinance.org

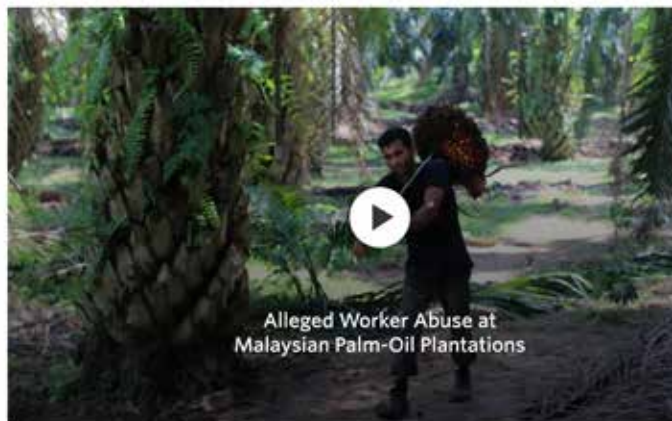
* Forest-sector adjusted financing at group company level. See methodology note on summary page.

THE WALL STREET JOURNAL.

WORLD | ASIA | ASIA NEWS

Palm-Oil Migrant Workers Tell of Abuses on Malaysian Plantations

Global palm-oil industry contributes to human trafficking, rights advocates say



Media coverage of labor abuses on FGV's plantations.
PHOTO: WALL STREET JOURNAL, 26 JULY 2015

ESG PERFORMANCE

HUMAN RIGHTS

- » In July 2015 *The Wall Street Journal* released an article titled "Palm-Oil Migrant Workers Tell of Labor Abuses on Malaysian Plantations," which exposed human trafficking, forced labor, withholding of wages and other abuses of workers on the plantations of Felda Global Ventures (FGV).⁶⁵
- » In response to the WSJ article, the RSPO commissioned Accreditation Services International (ASI) to conduct a compliance audit of FGV palm oil plantations. ASI found several International Labour Organization (ILO) indicators for forced labor on FGV plantations including: minimum wages not being paid; workers not understanding their terms of employment; workers' contracts being written in a language they did not understand; smallholders reporting "constant debt"; and passports and identity documents being retained by the company.⁶⁶
- » A second labor audit, commissioned by FGV and carried out by Wild Asia in January 2016, revealed continued risks of forced labor, including workers paying high fees for their jobs, being told false promises by labor recruiters, earning insufficient wages to repay debts and having their passports retained. Workers also reported being afraid to report grievances, being paid below minimum wage and not understanding wage slips, and not being made aware of their right of Freedom of Association. Squalid living conditions were also observed by the auditor.⁶⁷
- » In May 2016, FGV withdrew its RSPO certificates from 58 complexes throughout Malaysia citing social criteria as the management's top concern.⁶⁸
- » To date, FGV's response has been insufficient to address ongoing risks of modern day slavery in its operations.⁶⁹
- » between 2014 and 2015.⁷⁰ Since FGV introduced its new sustainability policy in August 2016, PT TAA cleared 864 hectares of mostly forested peatland.⁷¹
- » FGV's joint venture refinery, PT Synergy Oil Nusantara (PT SON), in Batam purchases palm oil from Duta Palma Nusantara, whose RSPO membership was terminated in 2013 for deforestation and peatland development.⁷²
- » The FELDA Group has acquired a 37% stake in Rajawali Group's controversial PT Eagle High Plantations (BWPT).⁷³
- » BWPT does not have a public NDPE and has not secured RSPO certification for any of its operations.⁷⁴
- » BWPT is linked to the clearing of 13,000 hectares of rainforest between 2010 and 2014 and of 1,000 hectares of HCS in West Papua between 2013 and 2015.⁷⁵
- » Felda will acquire BWPT's 425,000 hectares of landbank, only 36% of which is planted,⁷⁶ increasing the risk of deforestation.⁷⁷
- » Rajawali Group's operations are linked to extensive forest and peatland destruction, illegal burning, use of child labor and the use of force against workers.⁷⁸

GOVERNANCE

- » At least 22% of FGV's total landbank is contested land.⁷⁹
- » Malaysian government-related entities own 75% of FGV's shares, exposing other institutional investors with less than 1% in shares to significant minority shareholder risk.
- » 44% of FGV's total capital (equity and liabilities) are financed by related parties, which increases the risks of conflicts of interest.⁸⁰
- » The BWPT deal poses a high risk to FGV's customers – many of whom have committed to NDPE policies, such as Wilmar and Golden Agri-Resources – and consequently to FGV's investors.⁸¹

CLIMATE AND BIODIVERSITY




- » FGV's subsidiaries, PT Citra Niaga Perkasa (PT CNP) and PT Temila Agro Abadi (PT TAA), cleared 680 hectares of HCV peatlands

PT INDOFOOD SUKSES MAKMUR TBK (INDF:IJ)

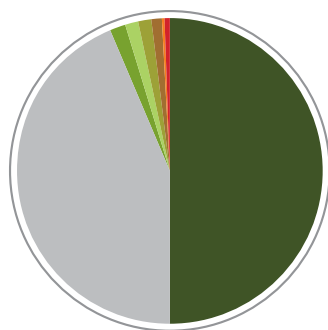


Indonesia's largest integrated food company PT Indofood Sukses Makmur TBK (Indofood) faces material risks related to labour, land rights and deforestation from upstream investments in the palm oil sector through its subsidiary Indofood Agri Resources, and by association with plantations controlled by the Salim Group.

COMPANY PROFILE & SUSTAINABILITY COMMITMENTS

CEO	Anthoni Salim	FOREST RISK COMMODITIES	Palm oil
PARENT COMPANY	First Pacific Co (0142:HK), majority owned by Salim Group	SUPPLY CHAIN EXPOSURE	Plantations, processing, retail
MARKET CAP (USD)	5.3 billion USD ⁸²	AFFECTED TROPICAL FOREST AREAS	Indonesia
ANNUAL REVENUE (USD)	FY2015 5 billion USD ⁸³	RELEVANT SUBSIDIARIES	Direct subsidiary: Indofood Agri Resources (SGX: 5JS).
HEADQUARTERS	Indonesia		Plantation companies: PP London Sumatra Indonesia (Lonsum) (LSIP:IJ), Salim Ivomas Pratama (SIMP:IJ), PT Gunta Samba & PT Gunta Samba Jaya. See Figure 5.
LANDBANK (HA)	Total: 549,287 ha across 63 concessions Planted: 246,359 ha	KNOWN BUSINESS RELATIONSHIPS	Joint ventures: PepsiCo, Nestlé, Wilmar
NDPE POLICY	No		  
THIRD PARTY VERIFICATION	Partial RSPO member. 60% of Indofood subsidiaries' planted area not RSPO certified. ⁸⁵ Salim Group-connected plantations are not covered. ⁸⁶ No commitment to third party verification beyond RSPO for entire supply chain.		Other buyers: Unilever, Procter & Gamble, Golden Agri Resources, Musim Mas Group, Apical, Cargill, IOI Group ⁸⁴
TRACEABILITY	Weak 36% of palm oil processed by IndoAgri not traceable to origin. SPOTT scores on traceability to mill: PP London Sumatra Indonesia: 37.5% ⁸⁷ Salim Ivomas Pratama: 25% ⁸⁸		
TRANSPARENCY	Partial SPOTT scores: PP London Sumatra Indonesia: ⁸⁹ RSPO reporting: 57.1% Landbank and maps: 62.5% Salim Ivomas Pratama: ⁹⁰ RSPO reporting: 50% Landbank and maps: 62.5%		

INVESTORS AND FINANCIERS



TOP 7 SHAREHOLDERS OF INDOFOOD SUKSES MAKMUR
BY PERCENTAGE OWNERSHIP

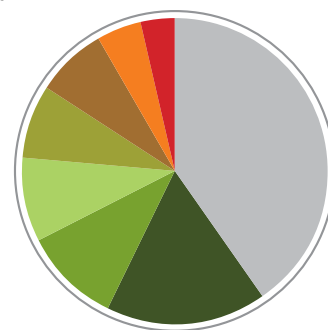
CAB Holdings (First Pacific)	Schroder
Vanguard Group	Govt. Pension Investment Fund Japan
Dimensional Fund Advisors	RBS Group
BlackRock	Other

SOURCE: BLOOMBERG, 2017

* Financiers of both Indofood and/or parent company First Pacific.
Note: BNP Paribas, MUFG and Standard Chartered also listed as financiers in Indofood financial statement 2015/2016.⁹¹

LOANS & UNDERWRITING TO SALIM GROUP

1,481 MILLION USD
(2010 - FEB 2017, FOREST-RISK SECTOR ADJUSTED)*

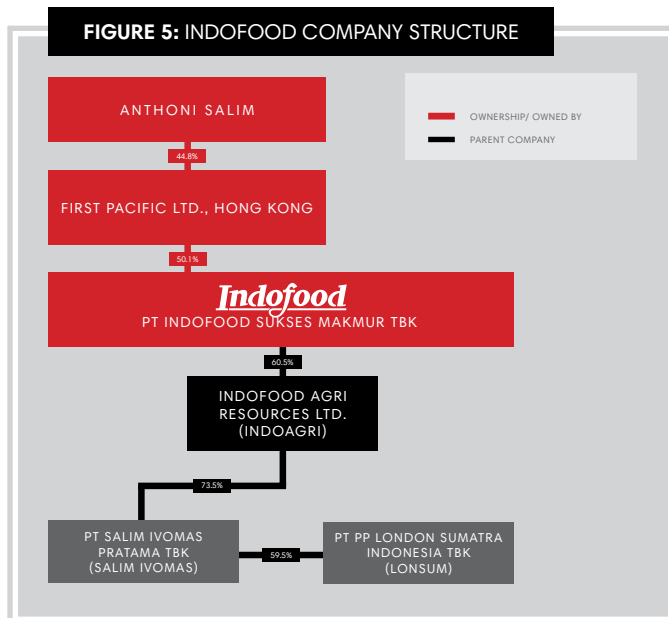


HSBC	Malayan Banking
Mizuho Financial	Deutsche Bank
Crédit Agricole	Sumitomo Mitsui Financial
Bank Mandiri	Other

SOURCE: 'EXPLORE THE DATA' | forestsandfinance.org

* Forest-sector adjusted financing at group company level.
See methodology note on summary page.

FIGURE 5: INDOFOOD COMPANY STRUCTURE



A young kernet worker on Indofood's Lonsum plantation.

PHOTO: RAN

ESG PERFORMANCE

HUMAN RIGHTS

- » Evidence of systemic violation of 20 Indonesian labour laws, including use of child labour, hazardous working conditions and payment below minimum wage, was independently documented on two palm oil plantations of its subsidiary, Indofood Agri Resources Ltd (IndoAgri), in North Sumatra.⁹²
- » IndoAgri subsidiaries are under investigation by the RSPO on allegations of palm oil labour exploitation, with risk of suspension.⁹³ The credibility of its RSPO certification is uncertain following RSPO suspension of its certifier SAI Global for poor auditing procedures.⁹⁴
- » IndoAgri subsidiary, Lonsum, was involved in at least six recorded land conflicts with local communities between 2013–15. Many of the conflicts, covering hundreds of hectares, have been ongoing for many years and there is no public information indicating Lonsum is making any serious efforts to resolve them.⁹⁵

CLIMATE AND BIODIVERSITY

- » 1000 ha of primary tropical rainforest was cleared between 2012 and 2014, in East Kalimantan's Metau forest, a critical habitat for endangered birds and other wildlife.⁹⁶
- » Four palm oil concessions covering 135,680 ha in densely forested West Papua were acquired by offshore companies whose Directors are connected to the Salim Group. Operations in this culturally and ecologically sensitive region would violate the sustainability standards committed to by Indofood/IndoAgri.⁹⁷
- » Salim Group is also linked to peatland clearance in West Kalimantan by companies in which the Group has controlling stakes,⁹⁸ and the destruction of HCV forest and orangutan habitat by PT Gunta Samba Jaya in East Kalimantan.⁹⁹
- » 5,900 ha of carbon-rich peatland is confirmed to have burned in two Indofood concessions in 2015,¹⁰⁰ corresponding to an estimated 8 million tons of CO₂ emissions.¹⁰¹

- » PT Gunta Samba, a subsidiary of the Gunta Samba Group (controlled by Anthoni Salim), cleared thousands of hectares of orangutan habitat in East Kutai district in East Kalimantan between 2012–2015.¹⁰² Another subsidiary, PT Aneka Reksa International (ARI), may have secured a timber utilization permit (IPK) for a concession covering 13,000 ha in West Kutai district in East Kalimantan in late 2016, which would risk further forest clearance in the region.

GOVERNANCE

- » 36% of palm oil processed in IndoAgri's refineries derives from undisclosed sources.¹⁰³
- » 42% of Indofood's plantation landbank is classified as contested as a result of social and environmental conflicts and non-disclosure of concession maps for 29% of its total landbank,¹⁰⁴ presenting a significant down-side risk to IndoAgri, Indofood Sukses Makmur, and First Pacific's equity prices.¹⁰⁵
- » Commitment to address ESG risks is weak as demonstrated by IndoAgri's recently updated Palm Oil Policy.¹⁰⁶ Key weaknesses include its limited scope, failure to implement the High Carbon Stock Approach to end deforestation, failure to adopt the Free and Fair Labour Principles,¹⁰⁷ lack of a credible grievance mechanism aligned with UN Guiding Principles on Business and Human Rights, and continued lack of transparency for basic information and concession maps for many of its plantation holdings. It also lacks credible independent policy verification mechanisms across the company.¹⁰⁸
- » Key institutional investors have divested over forest-risk issues, including: The Norwegian Government Pension Fund (from First Pacific)¹⁰⁹; and Dimensional Fund Advisors (from Indofood Agri Resources by its sustainability fund).¹¹⁰

IOI CORPORATION BEHARD (IOI:MK)

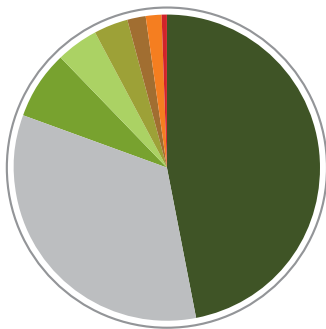


One of Malaysia's biggest corporations and a major producer and trader of palm oil, IOI Corporation, faces material ESG risks related to natural forest clearance, peatland drainage, forest fires and human rights violations in its own operations and those of its third-party suppliers. Following its suspension from the RSPO on March 14th 2016, 30 of its buyers ceased purchasing from IOI, and IOI's share price plummeted by nearly 20% (see Figure 6).

COMPANY PROFILE & SUSTAINABILITY COMMITMENTS

CEO	Dato' Lee Yeow Chor	FOREST RISK COMMODITIES	Palm oil
PARENT COMPANY	IOI Group	SUPPLY CHAIN EXPOSURE	Plantations, processing and trading
MARKET CAP (USD)	6.8 billion USD ¹¹¹	AFFECTED TROPICAL FOREST AREAS	Indonesia, Malaysia, Latin America
ANNUAL REVENUE (USD)	FY2015 2.9 billion USD ¹¹²	RELEVANT SUBSIDIARIES	IOI Loders Crocklaan, PT Bumi Sawit Sejahtera & IOI Pelita Plantations
HEADQUARTERS	Malaysia	KNOWN BUSINESS RELATIONSHIPS	Buyers: Mitsui, Ottogi, Wilmar, Musim Mas, GAR, Apical, Louis Dreyfus, Felda, Nestle & Hershey's
LANDBANK (HA)	Total: 197,935 ha Planted: 180,322 ha		
NDPE POLICY	No		
THIRD PARTY VERIFICATION	Partial – RSPO member. 21.4% of its plantation estates are not RSPO certified. ¹¹³ No commitment to third party verification beyond RSPO for entire supply chain.		
TRACEABILITY	Weak SPOTT score on traceability to mill: 41.7% ¹¹⁴		
TRANSPARENCY	Partial SPOTT scores: ¹¹⁵ RSPO reporting: 53.3% Landbank and maps: 50%		

INVESTORS AND FINANCIERS



TOP 7 SHAREHOLDERS OF IOI

BY PERCENTAGE OWNERSHIP

Vertical Capacity Sdn Bhd (IOI-related company)	Annhow Holdings Sdn Bhd
Employees Provident Fund	Vanguard Group
Bank J Safran Sarasin Ltd	Amanah Saham Wawasan 2020
Kumpulan Wang Persaraan	Other

SOURCE: BLOOMBERG, 2017

LOANS & UNDERWRITING TO IOI GROUP

1,141 MILLION USD

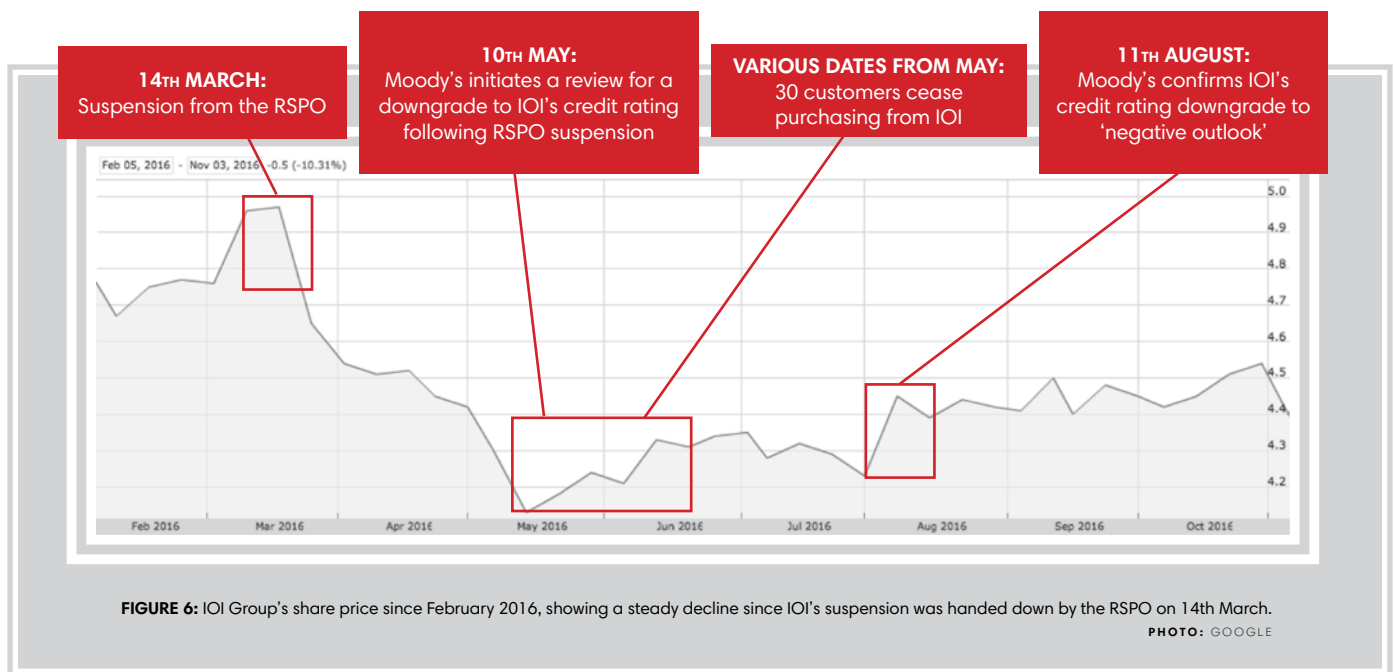
(2010 - FEB 2017, FOREST-RISK SECTOR ADJUSTED)*



Mitsubishi UFJ Financial	Citigroup
Oversea-Chinese Banking Corp	Morgan Stanley
HSBC	
Sumitomo Mitsui Financial Group	

SOURCE: 'EXPLORE THE DATA' | forestsandfinance.org

* Forest-sector adjusted financing at group company level. See methodology note on summary page.



ESG PERFORMANCE

HUMAN RIGHTS

- » In 2014, human and labor rights violations, including indicators of forced labor, were documented on IOI's plantations in Johor state in Peninsular, Malaysia.¹¹⁶ A 2016 follow-up investigation on the same plantations found problems still evident in recruitment (workers reported paying large fees and being recruited under false promises); workers still not being paid a minimum wage; problems with passport retention; and discrimination in employment contracts and recruitment.¹¹⁷
- » Subsidiary IOI Pelita Plantations' palm plantations in Sarawak, Malaysia, were first established without the free prior and informed consent (FPIC) of the Long Teran Kenan communities in violation of their established Native Customary Land tenure rights. In 2006, IOI group acquired the plantation but failed to respect these rights, provide remedy or engage in mediation efforts in good faith, resulting in a decade long land conflict. The communities filed an RSPO complaint in March 2010,¹¹⁸ and for years IOI failed to meet the dispute mediation conditions set by the RSPO. In January 2017, at least 7 of the communities rejected an offer that was made by IOI due to its inadequate terms and a flawed process.¹¹⁹ In March 2017, a civil society coalition published an open letter to IOI stating its shared concerns about the company's most recent attempt to resolve the dispute and recommendations for actions that IOI should take to uphold communities rights and resolve the conflict.¹²⁰

CLIMATE AND BIODIVERSITY

- » In December 2015, active fires were detected in High Conservation Value (HCV) areas of concessions operated by IOI's subsidiary, PT Bumi Sawit Sejahtera (PT BSS), with irreversible impacts on peat forest and the habitat of endangered species.¹²¹

- » In 2016, PT BSS illegally drained and developed peatland concessions in West Kalimantan despite sanctions and a government ban on peatland development.

GOVERNANCE

- » IOI's palm oil plantations have operated without necessary permits, used fire to clear forests and deep peat, and made fraudulent statements.¹²²
- » In April 2015, IOI was the subject of an RSPO complaint,¹²³ and was suspended from the RSPO in March 2016, leading Nestlé, Mars, Unilever, Kellogg, Hershey's, Cargill and 24 other customers to cease purchasing from the company.¹²⁴ IOI sued the RSPO over this decision.¹²⁵ While the RSPO certificate was reinstated in August 2016 after IOI submitted an action plan to address the complaints, IOI's response has so far been insufficient to address the ongoing risks in its operations.¹²⁶ A number of its customers including Mars and Cargill have not yet resumed sourcing from IOI.
- » IOI lacks a comprehensive NDPE policy that commits to the protection of High Carbon Stock (HCS) forests through the use of the HCS approach for its entire supply chain.
- » IOI has made various policy commitments, but is judged to have had poor implementation to date.¹²⁷ Significant violations of its policy have been found in its third party supply chain, including clearance of natural forests, development on peat, labor (see Indofood profile) and other human rights abuses.¹²⁸
- » One quarter of IOI's landbank is estimated to be contested by local land owners as well as subject to peat land drainage and clearing of HCV areas.¹²⁹

WILMAR INTERNATIONAL LTD (WIL:SP)

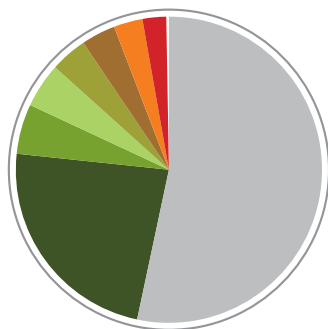


The world's biggest buyer and trader of palm oil products, controlling 43% of the global palm oil trade, Wilmar continues to face significant risk exposure to labor rights violations, unresolved land conflicts, illegal palm oil plantations, deforestation and high GHG emissions through its own operations, joint ventures, subsidiaries, associates or extensive supply chain reach.

COMPANY PROFILE & SUSTAINABILITY COMMITMENTS

CEO	Kuok Khoon Hong	FOREST RISK COMMODITIES	Palm oil
PARENT COMPANY	-	SUPPLY CHAIN EXPOSURE	Plantations, processing, trading
MARKET CAP (USD)	16.3 billion USD ¹³⁰	AFFECTED TROPICAL FOREST AREAS	Indonesia, Malaysia, Nigeria, Liberia, Uganda, Latin America
ANNUAL REVENUE (USD)	FY2015 41.3 billion USD ¹³¹	RELEVANT SUBSIDIARIES	PT Permata Hijau Pasaman 1, PT Daya Labuhan Indah, PT Perkebunan Milano
HEADQUARTERS	Singapore	KNOWN BUSINESS RELATIONSHIPS	Joint ventures: First Pacific joint-ownership of Goodman Fielder  Other buyers: Unilever, PepsiCo, Nestlé, Mondelez, Mars, Kellogg, McDonalds, Procter & Gamble, Colgate-Palmolive, Reckitt Benckiser, Archer Daniels Midland, Itochu, Agrupación de Fabricantes de Aceites Marinos (AFAMSA), Elevance Renewabe Sciences ¹³²
LANDBANK (HA)	Total : 282,575 ha Planted: 240,956 ha		
NDPE POLICY	Yes		
THIRD PARTY VERIFICATION	Partial RSPO member, applies ISPO & HCS Approach. 10% of its plantation estates not RSPO certified. ¹³³ Lack of adequate information on verification of NDPE compliance for entire supply chain.		
TRACEABILITY	Weak SPOTT score on traceability to mill: 50% ¹³⁴		
TRANSPARENCY	Partial SPOTT scores: ¹³⁵ RSPO reporting: 86.7% Landbank and maps: 100%		

INVESTORS AND FINANCIERS



TOP 7 SHAREHOLDERS OF WILMAR

BY PERCENTAGE OWNERSHIP

Archer Daniels-Midland Co	HPR Investments Ltd
Longlin Asia Limited	Hong Lee Holdings PTE Ltd
Kerry Group	Firefly Ltd
Harpole Resources Ltd	Other

SOURCE: BLOOMBERG, 2017

LOANS & UNDERWRITING TO WILMAR GROUP

3,720 MILLION USD

(2010 - FEB 2017, FOREST-RISK SECTOR ADJUSTED)*



HSBC	BNP Paribas
DBS	Mizuho Financial
Mitsubishi UFJ Financial	Commonwealth Bank of Australia
Sumitomo Mitsui Financial Group	Other

SOURCE: 'EXPLORE THE DATA' | forestsandfinance.org

* Forest-sector adjusted financing at group company level. See methodology note on summary page.



Aerial view of PT. Koperasi Prima Jasa.
PHOTO: NANANG SUJANA / RAN

ESG PERFORMANCE

HUMAN RIGHTS

- » Wilmar faces a significant number of serious un-resolved social and land conflicts related to its operations in Indonesia and Africa, in violation of its 2013 commitment to respect 'Land Tenure Rights and Free Prior and Informed Consent'.¹³⁶
- » In February 2017, Wilmar was found to be in violation of RSPO standards for taking customary lands in a West Sumatra concession without obtaining the community's consent.¹³⁷
- » Evidence of human rights abuses, including forced labour, child labour, gender discrimination and exploitative and dangerous working conditions, were recently documented by Amnesty International on plantations owned by two of Wilmar's subsidiaries (PT Daya Labuhan Indah and PT Perkebunan Milano) and three of its suppliers (PT Sarana Prima Multi Niaga, PT Abdi Budi Mulia and PT Hamparan Masawit Bangun Persada).¹³⁸ Researchers concluded the abuses were part of systemic practices by Wilmar's subsidiaries and suppliers.
- » Wilmar sources from Reforestadora de Palma de Petén SA (REPSA), a Guatemalan palm oil plantation company with a history of severe labour rights violations, coercive land acquisition and causing major river pollution and fish die-offs, operating in a region where local human rights defenders that have challenged the company have been kidnapped and murdered.¹³⁹

CLIMATE AND BIODIVERSITY

- » Wilmar has a legacy of forest destruction over the course of its operations, including clearing tiger and orangutan habitats, sourcing from national parks and burning peatlands in violation of a moratorium.¹⁴⁰
- » In 2015, Wilmar was linked to the clearance of HCV areas and HCS forests in Kalimantan through Genting Plantations, its second largest supplier at the time.¹⁴¹
- » In December 2016, Wilmar's supplier PT. Raja Marga was found sourcing from a company engaged in forest clearance, dredging of peat drainage canals and the destruction of orangutan habitat in the Leuser ecosystem.¹⁴² Evidence documented in 2017 also

confirmed the destruction of the critically important Singkil-Bengkun lowland rainforests in the Leuser Ecosystem in close proximity to mills supplying Wilmar, including PT. Samudera Sawit Nabati, PT. Ensem Lestari, PT. Nafasindo and PT. Perkebunan Lembah Bakti (a subsidiary of PT. Astra Agro Lestari owned by Jardine Matheson Holdings Ltd).¹⁴³

- » Evidence confirmed supply chain links to clearance of forest occupied by critically-endangered Sumatran elephants by PT. Agra Bumi Niaga (PT. ABN) in 2017, a company producing palm oil fruit for one of Wilmar's suppliers.¹⁴⁴

GOVERNANCE

- » Wilmar adopted a No Deforestation, No Peat, No Exploitation policy for all of its operations and third party suppliers in 2013, but it relies extensively on third party palm oil suppliers and serious gaps exist in its monitoring of compliance as demonstrated above.
- » Wilmar maintains a dashboard on its supply chain, which includes information on supplying mills and logged grievances relating to Wilmar's operations and those of its suppliers.¹⁴⁵ However, it has yet to achieve traceability to the plantation, which puts it at risk of breaching its NDPE policy.¹⁴⁶
- » In April 2016, investigations confirmed crude palm oil tainted by illegally grown palm fruit from government-protected areas was entering Wilmar's supply chain.
- » Wilmar subsidiaries and suppliers may have breached Indonesian labour law, including the worst forms of child labour, forced labour, discrimination against women, payment below the minimum wage and workers suffering injuries from toxic chemicals. Under Indonesian law, many of these abuses can amount to criminal offences.
- » Wilmar's demand for palm oil continues to drive the destruction of forests and peatlands by third party suppliers across Indonesia, in violation of its own NDPE policy as well as the Indonesian government moratorium on the clearance of forests and peatlands for new palm oil plantations.

ASIA PULP AND PAPER GROUP



Asia Pulp and Paper (APP) is one of the world's largest fully integrated pulp & paper companies, and accounts for more than half of Indonesia's total pulp capacity. APP's pulp and paper mills have fuelled massive deforestation, peatland drainage and social conflicts across its 38 supplier concessions covering 2.6 million hectares. APP's OKI Pulp & Paper Mill, just now coming on-line in South Sumatra, is fanning fresh social and environmental land conflict risks as APP moves to secure increased plantation wood-supply to feed the new mega-mill.

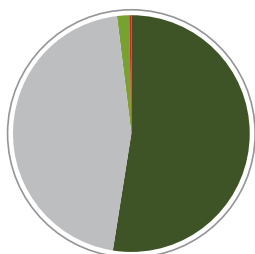
COMPANY PROFILE & SUSTAINABILITY COMMITMENTS

CEO	Tjie Goan Oei	FOREST RISK COMMODITIES	Pulp and paper
PARENT COMPANY	Sinar Mas Group	SUPPLY CHAIN EXPOSURE	Plantations, processing, wholesale
MARKET CAP (USD)	PT Indah Kiat P&P (INKP:J) – 543 mil. ¹⁴⁷ PT Pabrik Kertas Tjiwi Kimia (TKIM:J) – 205 mil. ¹⁴⁸	AFFECTED TROPICAL FOREST AREAS	Indonesia
ANNUAL REVENUE (USD)	PT Indah Kiat P&P – FY2015 2.8 billion ¹⁴⁹ Pabrik Kertas Tjiwi Kimia – FY2015 1 billion ¹⁵⁰	RELEVANT SUBSIDIARIES	PT OKI Pulp & Paper Mills PT Bangun Rimba Sejahtera (PT BRS) PT.Bumi Andalas Permai (PT BAP)
HEADQUARTERS	China	KNOWN BUSINESS RELATIONSHIPS	Joint Venture: Itochu  Other Buyers: Marubeni, Askul, Staples, Barnes & Nobles, Acer, Parragon, PaperlinX, Veritix
LANDBANK (HA)	2.6 million ha		
NDPE POLICY	Yes		
THIRD PARTY VERIFICATION	Partial – reliance on PEFC and SVLK		
TRACEABILITY	Weak		
TRANSPARENCY	Partial – some concession-related ESG data not public		

INVESTORS AND FINANCIERS

TOP 7 SHAREHOLDERS OF PT INDAH KIAT

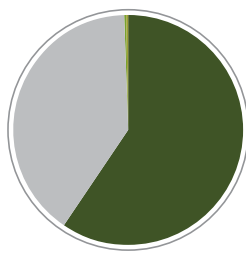
BY PERCENTAGE OWNERSHIP



- Purinusa Ekapersada PT (APP)
- Dimensional Fund Advisors
- Manulife Financial Corp
- Eaton Vance Corp
- State of Texas
- Alaska Permanent Fund Corp
- London Stock Exchange Group
- Other

TOP 7 SHAREHOLDERS OF PT. TJIWI KIMIA

BY PERCENTAGE OWNERSHIP



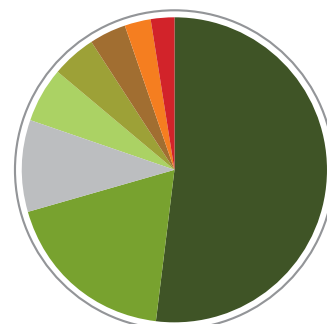
- Purinusa Ekapersada PT (APP)
- Dimensional Fund Advisors
- Manulife Financial Corp
- State of Texas
- Other

SOURCE: BLOOMBERG, 2017

LOANS & UNDERWRITING TO SINAR MAS GROUP

7,747 MILLION USD

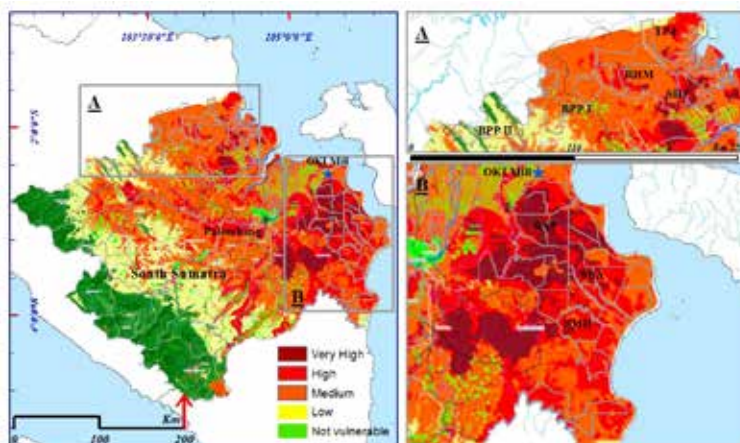
(2010 - FEB 2017, FOREST-RISK SECTOR ADJUSTED)*



- China Development Bank
- RHB Banking
- Industrial & Comm.Bank of China
- Bank of Communications
- Bank of China
- CIMB Group
- China Construction Bank
- Other

SOURCE: 'EXPLORE THE DATA' | forestsandfinance.org

* Forest-sector adjusted financing at group company level. See methodology note on summary page.



BAP	PT Bumi Andalas Permai (192,700) ha
BMH	PT Bumi Mekar Hijua (250,370) ha
BPP I	PT Bumi Persada Permai I (60,433) ha
BPP II	PT Bumi Persada Permai II (24,050) ha
RHM	PT Rimba Hutani Mas (67,100) ha
SHP	PT Sumber Hijua Permai (30,040) ha
TPJ	PT Tri Pupajaya (21,995) ha
SBA	PT SBA Wood Industries (110,373) ha

Boundaries of Sinar Mas/APP concessions
onto fire risk map of South Sumatra
Provincial Forestry Department
SOURCE: JOINT NGO REPORT, 2016

ESG PERFORMANCE

HUMAN RIGHTS

- » An independent evaluation in 2014–15 found hundreds of community land tenure disputes and social conflicts across APP's supplier concessions.¹⁵¹ The majority of these conflicts remain un-resolved as of 2017,¹⁵² in contravention of its 2013 Forest Conservation Policy,¹⁵³ which includes commitments to respect the rights of indigenous peoples and local communities, to uphold FPIC and to resolve social conflicts.
- » Local communities in West Bangka Regency in Sumatra are currently protesting plans to develop the 66,000 ha PT Bangun Rimba Sejahtera (BRS) industrial plantation concession to supply the new OKI mega-mill. 100,000 people from 40 communities live in or adjacent to the BRS concession, much of which is customary land claimed by local communities and the main basis of their livelihoods.¹⁵⁴
- » Pulp plantations provide few jobs relative to the large land area they occupy. In 2014, for example, APP reported that it only employed 1 worker on average per every 614 hectares of pulpwood plantations across its holdings.¹⁵⁵

CLIMATE AND BIODIVERSITY

- » Nearly a quarter of APP's landbank (600,000 ha) is on peat.¹⁵⁶ Oxidation of drained peatlands in Sinar Mas Group (SMG)/APP concession areas contributes 25–33 million tons of CO₂e to the atmosphere each year.¹⁵⁷ In August 2015, APP made a commitment to set aside of 7,000 ha of peatlands for restoration in Riau and South Sumatra, yet this area represents around 1 percent of APP's holdings in peat.¹⁵⁸
- » 77% of the concession areas intended to supply the OKI mega-mill are located on peat.
- » 37% of high confidence fire hotspots in 2015 in Sumatra were found in SMG/APP supplier concessions.¹⁵⁹ Fires in SMG/APP supplier concessions contributed an estimated 11.3% (200 Mt CO₂e) of Indonesia's total fire-related emissions in 2015, equivalent to the annual GHG emissions of 58 coal-fired power plants.¹⁶⁰
- » APP's Sumatra based pulp mills have caused the deforestation of more than 2 million ha, including large areas of rainforest habitat

for critically endangered Sumatran tigers, elephants and orang-utans.¹⁶¹

GOVERNANCE


- » APP was disassociated by FSC in 2007 "because of substantial, publicly available information that APP was involved in destructive forestry practices, which brought it into conflict with the FSC mission."¹⁶²
- » APP's 2013 Forest Conservation Policy (FCP) committed the company to immediately end all natural forest clearance throughout its supply chain. The OKI mega-mill development raises concerns on APP's ability to meet its FCP and zero deforestation commitments under its Sustainability Roadmap Vision 2020.^{163 164}
- » APP has developed an online platform to track its implementation of its FCP.¹⁶⁵ However, it has been selective in its transparency particularly in relation to land conflict, peatland maps and other ecological attributes of concessions such as natural forest cover.
- » Development on peat risks violation of Indonesia's new peat regulations.¹⁶⁶ Following the 2015 fire and haze crisis, two of APP's suppliers have been accused of replanting burned peatlands with acacia, running counter to the Indonesian Government's edict.¹⁶⁷
- » APP faces increased pest and disease pressure and declining yields with each rotation of its fast-growing Acacia industrial plantations, as well as increasing subsidence and exhaustion of peat soils, raising significant concerns over the ecological sustainability of the company's mid and long term fiber supply and accuracy of its wood supply calculations.
- » APP has a certificate for Sustainable Product Forest Management under the Indonesian Timber Legality Assurance System (SVLK). However, these certificates do not guarantee legality.¹⁶⁸ At least two of APP's reported 38 first tier wood suppliers have PEFC certification.¹⁶⁹ Serious questions have been raised about the quality of assurance provided by the PEFC system.
- » In February 2017, PT BAP, a subsidiary of APP Group in South Sumatra, violated a ban on replanting on burnt peatlands.¹⁷⁰

OJI HOLDINGS CORPORATION (TYO: 3861)

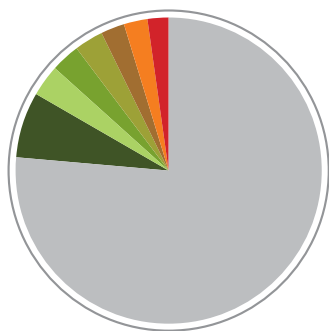


One of the world's largest manufacturers of paper and packaging products faces material risks related to land rights conflicts and deforestation by its subsidiary Oji Lao Plantation Forest Ltd. (Oji LPFL) and joint venture PT Korintiga Hutani (Korintiga). Oji LPFL is a joint venture plantation project between the Government of Laos and Lao Plantations Holdings Ltd, of which Oji Paper holds a majority share. Korintiga is a joint venture between Oji Holdings and Korindo with a pulpwood concession area of almost 100,000 ha in Central Kalimantan, Indonesia.

COMPANY PROFILE & SUSTAINABILITY COMMITMENTS

CEO	Susumu Yajima	FOREST RISK COMMODITIES	Pulp & Paper
PARENT COMPANY	-	SUPPLY CHAIN EXPOSURE	Production, processing, wholesale
MARKET CAP (USD)	5 billion USD ¹⁷¹	AFFECTED TROPICAL FOREST AREAS	Cambodia, Indonesia, Laos, Vietnam, Brazil
ANNUAL REVENUE (USD)	FY2016 12.6 billion USD ¹⁷²	RELEVANT SUBSIDIARIES	Oji LPFL plantation Ltd.
HEADQUARTERS	Japan	KNOWN BUSINESS RELATIONSHIPS	Joint Venture: Korindo
LANDBANK (HA)	Planted: 190,000ha in Japan, 280,000ha overseas		
NDPE POLICY	No		Buyers: Marubeni, Sojitz, DNP, Kokusai Pulp & Paper, Shueisha, Senshukai, Recruit ¹⁷³
THIRD PARTY VERIFICATION	Partial – 89.5% domestic forests certified under Japan's Sustainable Green Ecosystem Council. ¹⁷⁴ 31% overseas forest plantations not FSC certified. ¹⁷⁵		
TRACEABILITY	Strong ¹⁷⁶		
TRANSPARENCY	Partial – discloses list of affiliated companies but lacks disclosure of ESG risks in its supply chain.		

INVESTORS AND FINANCIERS



TOP 7 SHAREHOLDERS OF OJI
BY PERCENTAGE OWNERSHIP

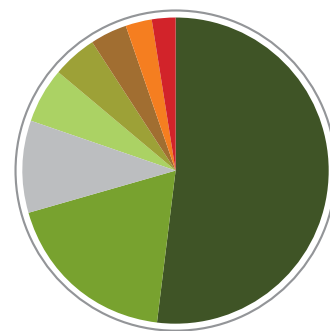
Govt Pension Investment Fund Japan	Nippon Life Insurance Company
Dai-ichi Life Holdings Inc.	Oji Holdings Corp
Asset Management One Co Ltd.	Mizuho Financial
Sumitomo Mitsui Financial Group	Other

SOURCE: BLOOMBERG, 2017

LOANS & UNDERWRITING TO OJI GROUP

6,757 MILLION USD

(2010 - FEB 2017, FOREST-RISK SECTOR ADJUSTED)*



Sumitomo Mitsui Financial Group	Norinchukin Bank
Mizuho Financial	Daiwa Securities
Sumitomo Mitsui Trust	Citigroup
Nomura	Other

SOURCE: 'EXPLORE THE DATA' | forestsandfinance.org

* Forest-sector adjusted financing at group company level. See methodology note on summary page.

HUMAN RIGHTS

- » Oji Lao Plantation Forest Ltd (LPFL) violated the community's rights to Free Prior and Informed Consent (FPIC) in Bolikhamxay and Khammouane Provinces, in Central Lao PDR. Oji LPFL and government officials were accused of using coercion to gain control of customary lands.¹⁷⁷
- » Unexploded ordinance devices were found on the Oji LPFL plantation, posing a grave threat to workers.¹⁷⁸
- » Korintiga's operations in Central Kalimantan are associated with land conflicts with local farming communities.¹⁷⁹ The company was taken to court by the village head over the destruction of 2 hectares of community land in March 2016.¹⁸⁰

CLIMATE AND BIODIVERSITY

- » Large-scale forest clearance was conducted by the Government of Laos immediately prior to preparing the land for Oji's LPFL's plantation.¹⁸¹
- » Korintiga has used fire extensively to clear land for plantation development. In 2015, 72 hotspots were recorded within the concession, and approximately 5000 ha were burned between July and September that year. In 2014, 43 hotspots were recorded.¹⁸²

GOVERNANCE

- » Oji LPFL's FSC certification was terminated in 2015 for inadequate consultation with local communities.¹⁸³
- » Korintiga had its license to operate suspended for three months in December 2015 by the Indonesian government for using fire on its concession.¹⁸⁴
- » Korintiga obtained a FSC Controlled Wood certificate in 2013,¹⁸⁵ under a standard which was later substantially updated due to the concerns that it was not fit for purpose.¹⁸⁶ FSC Controlled Wood does not certify that the forests were managed in compliance with FSC Forest Management Certification standards.
- » Oji's relationship with Korindo (see Box 2) is in breach of its Partnership Procurement Policy which requests business partners to prevent negative social and environmental impacts.¹⁸⁷
- » Oji lacks clear procedures for addressing noncompliance with its Procurement Policy or thresholds for disengaging with suppliers that fail to meet its standards.¹⁸⁸
- » Oji lacks a formal procedure for local community dispute resolution or requirement on suppliers to have a dispute resolution mechanism.¹⁸⁹

BOX 2: OJI'S JOINT VENTURE PARTNER KORINDO

Korindo is a Korean-Indonesian conglomerate involved in the production, processing and trading of pulpwood, wood chip, plywood and palm oil. It operates in at least eight palm oil concession areas in Papua and North Maluku totalling 160,000 hectares.¹⁹⁰ Korindo's pulpwood concessions total 110,500 hectares in Kalimantan and its timber concessions total 315,000 hectares in Papua and 210,000 hectares in Kalimantan.¹⁹¹

Oji and Korindo's direct business relationship is through their joint venture company, PT Korintiga Hutani. Oji is directly exposed to the risks of Korintiga's operations, outlined above, because under its 2012 loan agreement Korintiga was expected to manufacture around 530,000 bone dry tons (1 million 'green' tons) of woodchips annually and export all of them to Oji Group companies.¹⁹²

Korindo is linked to violation of community rights, deforestation & use of fire in Indonesia through the operations of its other subsidiaries:

- » Korindo has cleared 30,000 hectares of natural tropical forest, including areas of peatland, since 2013 in its operations in Papua and North Maluku (12,000 ha of this forest clearance in Papua occurred in primary forest). As of June 2016, 75,000 ha of natural tropical forest remains at imminent risk of destruction in Korindo's Papua concession areas.¹⁹³
- » Korindo has systematically used fire to clear land and forests across its areas of operations in North Maluku and Papua.¹⁹⁴
- » Korindo violated the community rights in North Maluku, through failure to obtain FPIC from communities regarding any new developments on community lands and was linked to the arbitrary arrest and intimidation against those resisting Korindo's plantation development.¹⁹⁵
- » Musim Mas and Wilmar suspended sourcing from Korindo in 2016 because the company's activities were in violation of their NDPE policies.
- » Korindo announced a moratorium on forest clearance for palm oil concessions in December 2016 but this was violated by Korindo's subsidiary PT Papua Agro Lestari in January 2017 – satellite imagery shows the company carving out plantation 'blocks' on approximately 1,400 hectares of forest in preparation for forest clearance in Papua.¹⁹⁶

MARUBENI CORPORATION (TYO: 8002)

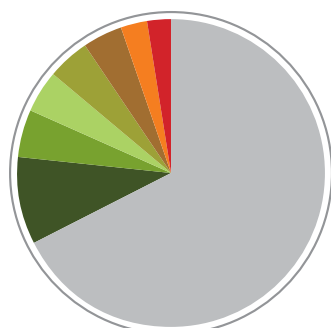


A major trading house in Japan with leading market shares in the pulp & paper trade, Marubeni is exposed to widespread social conflict through its pulp production in South Sumatra by subsidiaries PT Musi Hutan Persada (PT MHP) and PT Tanjung Enim Lestari Pulp & Paper (PT TEL), and to deforestation and illegal logging risks through its trade in rainforest-derived paper and timber products.

COMPANY PROFILE & SUSTAINABILITY COMMITMENTS

CEO	Fumiya Kokubu	FOREST RISK COMMODITIES	Pulp & Paper, Timber
PARENT COMPANY	-	SUPPLY CHAIN EXPOSURE	Plantations, processing, trading, wholesale
MARKET CAP (USD)	11 billion USD ¹⁹⁷	AFFECTED TROPICAL FOREST AREAS	Indonesia, Malaysia, Brazil
ANNUAL REVENUE (USD)	FY2015 6.2 billion USD ¹⁹⁸	RELEVANT GROUP COMPANIES	PT Musi Hutan Persada (PT MHP) & PT Tanjung Enim Lestari Pulp & Paper (PT TEL); Koa Kogyo, Marusumi Paper, Fukuyama Paper (paper); ¹⁹⁹ SMB Kenzai Co. (timber) ²⁰⁰
HEADQUARTERS	Japan	KNOWN BUSINESS RELATIONSHIPS	High risk suppliers: APP and APRIL (paper); Shin Yang; Ta Ann; KTS; Rimbunan Hijau (timber)
LANDBANK (HA)	Total : 296,000 ha (PT MHP, PT TEL) ²⁰¹		
NDPE POLICY	No		
THIRD PARTY VERIFICATION	Partial – reliance on FSC controlled wood, PEFC CoC, ²⁰² and SVLK for pulp production		
TRACEABILITY	Weak		
TRANSPARENCY	Partial – no disclosure of ESG risks, some disclosure of suppliers		

INVESTORS AND FINANCIERS

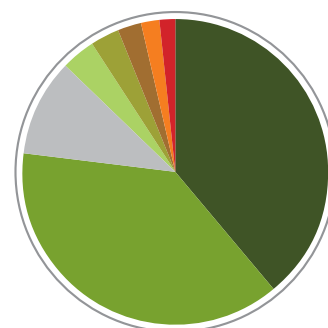


Govt. Pension Investment Fund Japan	Capital Group Companies
Sumitomo Mitsui Trust	Bank Julius Baer & Co AG
Asset Management One	Mizuho Financial
BlackRock	Other

SOURCE: BLOOMBERG, 2017

LOANS & UNDERWRITING TO MARUBENI CORPORATION

1,972 MILLION USD
(2010 - FEB 2017, FOREST-RISK SECTOR ADJUSTED)*



Mizuho Financial	Crédit Agricole
Mitsubishi UFJ Financial	Daiwa Securities
Citigroup	Nomura
Sumitomo Mitsui Financial Group	Other

SOURCE: 'EXPLORE THE DATA' | forestsandfinance.org

* Forest-sector adjusted financing at group company level. See methodology note on summary page.

HUMAN RIGHTS

- » PT MHP has a legacy of social conflict over land tenure rights and human rights violations towards local communities. As of November 2016, 26 active cases of social conflict have been recorded in the MHP concession.^{203 204}
- » PT MHP has been engaged in the forcible eviction of hundreds of Cawang Gumilir community members who have formal villagers' status within the MHP concession. PT MHP was responsible for the destruction of community members' residences and farmlands in 2015, with the help of armed forces, and again in 2016, resulting in further destruction of farmlands, houses, a primary school, water facility, and solar power generation facility.²⁰⁵ Approximately 200 households lost their livelihoods and properties due to the destruction.²⁰⁶
- » The FSC suspended PT MHP's Controlled Wood certification in 2013 following a complaint regarding the destruction of communities' rubber plantations and garden houses in Martapura district by armed police in August 2012.²⁰⁷ The Certificate was reinstated in 2014, but that decision is currently the subject of a formal complaint with the FSC.
- » PT TEL acquired a 1,600 ha concession to construct a pulp mill in 1995 without the Free Prior and Informed Consent of five local villages, whose protected forest was located in the concession. This resulted in a series of protests over the forced eviction of local community members and a lack of compensation measures.²⁰⁸
- » Workers went on strike against unfair labor conditions at PT TEL's pulp mill in 2011 and 2013. Grievances included the threat of lay offs following workers' request for salary increases, refusal to make financial statements public, use of police forces to repress strikes²⁰⁹ and termination of contracts in violation of a valid collective agreement.²¹⁰
- » Marubeni is exposed to social conflicts and violation of land tenure rights through its trade in paper products with APRIL and APP, Indonesia's two largest pulp and paper companies. As of June 2016, APRIL had 42 land conflicts outstanding, and 84,699 ha of APRIL and supplier concessions were inactive due to unresolved conflicts²¹¹ (see also APP profile).
- » Marubeni's sourcing of timber from Sarawak, Malaysia exposes it to widespread land conflicts between logging companies and indigenous communities.²¹² Its timber supplier Shin Yang Sdn. Bhd. has been in a 30-year conflict with the Penan communities of Sarawak, and is currently in the midst of a lawsuit for violating the community's native customary rights to their land.²¹³

CLIMATE AND BIODIVERSITY

- » In 2016, the PT MHP's FSC Controlled Wood certification was temporarily suspended, once again, after it converted 2,817 out of 44,099 hectares of HCV forest areas into plantations in 2016.²¹⁴
- » PT TEL failed to disclose its unsustainable sourcing of wood chips from areas containing Sumatran tiger habitat between 2011 and

2013.²¹⁵

- » Marubeni is exposed to significant deforestation risks through its trade with APP & APRIL who have a legacy of large-scale deforestation and peat destruction, estimated to be responsible for the pulping of more than 3 million hectares of Indonesia's rainforests (see APP profile).²¹⁶
- » Through SMB Kenzai, Marubeni sources significant volumes of timber from Sarawak, Malaysia, which has one of the highest rates of deforestation in the world. The Norwegian Government Pension Fund divested from Marubeni supplier Ta Ann based on a finding that Ta Ann's logging operations in the Heart of Borneo, a transboundary tropical rainforest conservation initiative, posed a "risk of severe environmental damage now and in the future."²¹⁷ Marubeni supplier Shin Yang has also been conducting highly destructive logging in the intact rainforests of the Heart of Borneo.²¹⁸

GOVERNANCE

- » Marubeni's timber purchases from Sarawak, Malaysia, have a high risk of being linked to illegal logging and corruption in the forest sector, problems which have been publicly acknowledged by the Sarawak Government.²¹⁹
- » PT MHP has a certificate for Sustainable Product Forest Management under the Indonesian Timber Legality Assurance System (SVLK). However, the SVLK certificate does not guarantee revenues associated with the company's operations are free from forestry crime.²²⁰
- » Both PT TEL and PT MHP were sued by the Indonesian Forum for the Environment (Walhi) for USD 2 billion for environmental damage caused by fires and smoke.²²¹ PT MHP was found guilty of forest fires inside the concession. The areas of forest burnt represented 28,320 hectares of the 120, 000 hectares of Acacia Mangium planted.²²²
- » Marubeni has no sector-specific forest-commodity policies and lacks clear sustainability metrics or benchmarks for forest-risk commodities suppliers. It also has no formal procedure for local community dispute resolution or requirement on suppliers to have a dispute resolution mechanism.
- » Marubeni fails to disclose the ESG risks in its forest-risk commodity supply chains or due diligence measures taken to address such risks.²²³





ITOCHU CORPORATION (TYO: 8001)

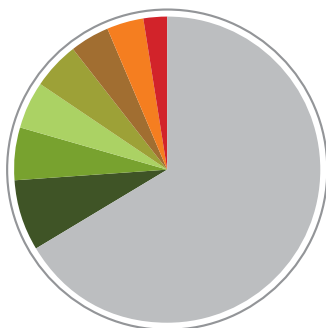


One of the largest trading houses in Japan, Itochu is exposed to widespread social conflict and deforestation risks through its investments in rubber processing as well as trade with companies involved in illegal and unsustainable pulp & paper, timber, palm oil, and natural rubber productions. Itochu makes no commitment to no deforestation for its procurement of pulp & paper, timber, or rubber, and it lacks transparency on supply chain ESG risks and due diligence measures.

COMPANY PROFILE & SUSTAINABILITY COMMITMENTS

CEO	Masahiro Okafuji	FOREST RISK COMMODITIES	Palm oil, pulp & paper, timber, rubber
PARENT COMPANY	-	SUPPLY CHAIN EXPOSURE	Processing, trading, retail
MARKET CAP (USD)	23.55 billion USD ²²⁴	AFFECTED TROPICAL FOREST AREAS	Indonesia, Malaysia, Thailand, Myanmar & Brazil
ANNUAL REVENUE (USD)	FY2016 4.59 billion USD ²²⁵	RELEVANT GROUP COMPANIES	P.T. Aneka Bumi Pratama (rubber processing & sales), RubberNet (rubber sales), Itochu Kenzai (wood products), Daiken (building materials), Fuji Oil (TYO: 5017) (palm oil), Itochu Pulp & Paper
HEADQUARTERS	Japan	KNOWN BUSINESS RELATIONSHIPS	Joint Ventures: APP Japan (APP: 84%, Itochu 16%), Thai Tech Rubber (Sri Trang 42.5%, Southland Rubber 42.5%, Itochu 15.0%)   High risk suppliers: APP and APRIL (paper), Wilmar, Golden Agri Resources and Musim Mas (palm oil), Shin Yang (timber) ²²⁶
LANDBANK (HA)	N/A		
NDPE POLICY	Partial. (Fuji Oil palm oil policy only) ²²⁷		
THIRD PARTY VERIFICATION	Partial - prioritizes procurement of certified wood products. ²²⁸ Itochu and Fuji Oil are RSPO members, but supply chains are not 100% RSPO certified. ²²⁹ Lack of adequate information on verification of NDPE compliance.		
TRACEABILITY	Weak - some traceability achieved for timber and palm oil. ²³⁰		
TRANSPARENCY	Partial - inadequate disclosure of supply chain information or ESG risks.		

INVESTORS AND FINANCIERS



TOP 7 SHAREHOLDERS OF ITOCHU

BY PERCENTAGE OWNERSHIP

Govt. Pension Investment Fund Japan	Asset Management One
BlackRock	CP Worldwide Investment
Mitsubishi UFJ Financial	Mizuho Financial
Itochu Corporation	Other

SOURCE: BLOOMBERG, 2017

LOANS & UNDERWRITING TO ITOCHU CORPORATION

2,804 MILLION USD

(2010 - FEB 2017, FOREST-RISK SECTOR ADJUSTED)*



Mizuho Financial	Sumitomo Mitsui Trust
Sumitomo Mitsui Financial Group	Norinchukin Bank
Mitsubishi UFJ Financial	Citigroup
Shinkin Central Bank	Other

SOURCE: 'EXPLORE THE DATA' | forestsandfinance.org
 * Forest-sector adjusted financing at group company level. See methodology note on summary page.

HUMAN RIGHTS

- » Pulp & paper suppliers Asia Pulp & Paper (APP) and Asia Pacific Resources International (APRIL) are embroiled in numerous land conflicts with local communities (see APP profile). As of June 2016, APRIL had 42 land conflicts outstanding, and 84,699 ha of APRIL and supplier concessions were inactive due to unresolved conflicts.²³¹
- » Timber supplier Shin Yang has been in a 30-year conflict with the Penan communities of Sarawak, Malaysia and is currently in the midst of a lawsuit for violating the community's native customary rights to their land.²³²
- » Palm Oil suppliers Wilmar and Golden Agri Resources (GAR) have a significant number of unresolved social and land conflicts. Wilmar was recently documented to be engaged in child labor and forced labor practices (see Wilmar profile).
- » Rubber business partner Sri Trang was implicated in labor abuses, including child labor, at its Thai-based factory Siam Sempermed.²³³ Through its joint venture with Ayeyar Hinthar Holdings, Sri Trang is rapidly expanding its rubber operations in Myanmar, where commercial rubber production is closely linked with widespread land grabbing.²³⁴

CLIMATE AND BIODIVERSITY

- » Pulp & paper suppliers APP and APRIL are responsible for large-scale conversion of Sumatra's endangered forests (see APP profile). Between 2008 and 2011 alone, APRIL cleared over 140,000 hectares of tropical forest, most of which would likely be considered High Conservation Value Forest.²³⁵
- » Timber supplier Shin Yang has been carrying out highly destructive logging of intact rainforest in Sarawak, Malaysia, in a transboundary conservation area known as the Heart of Borneo.²³⁶ Shin Yang supplies tropical plywood to Itochu and exposes Itochu to a very high risk of sourcing from this highly sensitive area.²³⁷
- » Palm Oil suppliers Wilmar, GAR and Musim Mas are at risk of sourcing palm oil linked to the destruction of the Leuser Ecosystem²³⁸ (see Wilmar profile).
- » Itochu's sourcing of rubber through its JV Thai Tech exposes it to risks of deforestation, especially in Myanmar.²³⁹ Commercial rubber is a major driver of deforestation in Southeast Asia, leading to significant biodiversity loss and ecosystem degradation.²⁴⁰

GOVERNANCE

- » Itochu's sourcing of timber from Sarawak, Malaysia, exposes it to a high risk of purchasing illegal timber. Evidence of illegal logging in Sarawak, including by supplier Shin Yang, has been verified by several independent sources.²⁴¹

- » Pulp & paper suppliers APP and APRIL are at risk of violating Indonesia's recent regulations prohibiting new land clearing and canal development in peatlands. In October 2016, the Indonesian Government cancelled the 10-year workplan of an APRIL subsidiary due to plans to expand on peat. Government field investigations in November found APRIL engaged in illegal land clearance and canal development on peat²⁴² (see also APP profile).
- » Palm Oil supplier Wilmar may have violated numerous Indonesian labor laws, including child labor, and relies extensively on third party suppliers without sufficient oversight of compliance with social and environmental standards. (see Wilmar profile)
- » Sri Trang's rubber sourcing from Myanmar exposes Itochu to significant corruption risks. Myanmar ranks 136 out of 176 countries in the Corruption Perception Index,²⁴³ and investigations have revealed how the Myanmar army collaborated with the district government and private companies to confiscate large swathes of land for commercial rubber production.²⁴⁴ Sri Trang's joint venture partner in Myanmar, Ayeyar Hinthar Holdings, has been evaluated poorly by the Myanmar Center for Responsible Business.²⁴⁵
- » Itochu's Procurement Policy on Wood and Paper Products²⁴⁶ fails to commit to no deforestation or protection of peatlands, and it has no policy on the procurement of rubber. Itochu's sourcing from Shin Yang, APP and APRIL are in clear violation of its policy to not "procure[] from any suppliers who contribute to serious environmental or social problems."
- » Itochu lacks transparency on its supply chain risks and risk mitigation measures. It makes limited disclosure of its supply chain, and provides inadequate information on its due diligence including third party verification. Its 2016 survey of suppliers found "no serious problems requiring immediate response" despite the high ESG risks highlighted above.²⁴⁷



Plywood Mill in Sarawak, Malaysia, operated by Itochu's supplier Shin Yang.
PHOTO: GLOBAL WITNESS

REFERENCES

- 1 See A. Tyukavina et al, 2015, Aboveground carbon loss in natural and managed tropical forests from 2000 to 2012, <http://iopscience.iop.org/article/10.1088/1748-9326/10/7/074002/pdf>
- 2 Lawson, S., 2014, Consumer Goods and Deforestation, http://www.forest-trends.org/documents/files/doc_4718.pdf
- 3 See, for example, Principles for Responsible Investment (PRI) and PRI, 2016, A Practical Guide to ESG Integration for Equity Investing, <https://www.unpri.org/news/pri-launches-esg-integration-guide-for-equity-investors>; US Department of Labor, October 22 2015, Interpretive Bulletin Relating to the Fiduciary Standard under ERISA in Considering Economically Targeted Investments, <https://www.dol.gov/opa/media/press/ebsa/ebsa20152045.htm>; Gunnar Friede et. al, 2015, ESG and financial performance: aggregated evidence from more than 2000 empirical studies, Journal of Sustainable Finance & Investment, Volume 5, 2015 – Issue 4.T
- 4 Tropical Forest Alliance 2020, 2017, The Role of the Financial Sector in Deforestation-Free Supply Chains; Forest Trends, 2017, Supply Change: Tracking Corporate Commitments to Deforestation-free Supply Chains, http://www.forest-trends.org/documents/files/doc_5521.pdf#
- 5 See Smith School of Enterprise and the Environment, August 2013, Stranded Assets in Agriculture: Protecting Value from Environment-Related Risks, [http://www.smithschool.ox.ac.uk/research-programmes/stranded-assets/Stranded Assets Agriculture Report Final.pdf](http://www.smithschool.ox.ac.uk/research-programmes/stranded-assets/Stranded%20Assets%20Agriculture%20Report%20Final.pdf); and Chatham House, July 2016, Managing the Risk of Stranded Assets in Agriculture and Forestry, <https://www.chathamhouse.org/sites/files/chathamhouse/publications/research/2016-07-11-stranded-assets-hoare-rautner-tomlinson.pdf>
- 6 IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.)]. IPCC, Geneva, Switzerland, 151 pp., see: https://www.ipcc.ch/pdf/assessment-report/ar5/syr/AR5_SYR_FINAL_SPM.pdf & UNFCCC, 2015, Adoption of the Paris Agreement, <http://unfccc.int/resource/docs/2015/cop21/eng/109r01.pdf>
- 7 Seymour, F & Busch, J., 2016, Why Forests? Why Now?: The Science, Economics, and Politics of Tropical Forests and Climate Change. Brookings Institution Press, 2016.
- 8 Prince's Charities International Sustainability Unit, 2015. "Tropical Forests: A Review", p17, <http://www.pc.su.org/wp-content/uploads/2015/04/Princes-Charities-International-Sustainability-Unit-Tropical-Forests-A-Review.pdf>
- 9 <http://rainforests.mongabay.com/>; Seymour, F & Busch, J., 2016, p. 38, 46 (1 ha of tropical forest stores 164 metric tons of carbon / ha, 2.7 times more than a temperate forest and 3.5 times more than a boreal forest)
- 10 Hooijer et al, 2010,. Current and future CO2 emissions from drained peatlands in Southeast Asia., Biogeosciences, 7, 1505–1514, 2010. <http://www.biogeosciences.net/7/1505/2010/bg-7-1505-2010.pdf>
- 11 Seymour, F & Busch, J., 2016, p. 47.
- 12 HUMA et al, 2013, Recommendations from Civil Society to the Consumer Goods Forum and Tropical Forest Alliance: Respecting human rights and resolving conflicts key to ending deforestation in Indonesia, http://huma.or.id/wp-content/uploads/2013/06/TFA_JointBrief_HumanRights062513.pdf
- 13 U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor, https://www.dol.gov/sites/default/files/documents/ilab/reports/child-labor/findings/TVFRA_Report2016.pdf
- 14 RAN, OPPUK & ILRF, 2016, The Human Cost of Conflict Palm Oil. Indofood: PepsiCo's Hidden Link to Worker Exploitation in Indonesia, https://d3n8a8pro7vhmxc.cloudfront.net/rainforestactionnetwork/pages/15889/attachments/original/1467043668/The_Human_Cost_of_Conflict_Palm_Oil_RAN.pdf?1467043668; & Humanity United, 2012, "Exploitative Labor Practices in the Global Palm Oil Industry, http://humanityunited.org/pdfs/Modern_Slavery_in_the_Palm_Oil_Industry.pdf
- 15 FAO, The Voluntary Guidelines on the Responsible Governance of Tenure (VGGT), <http://www.fao.org/docrep/016/i2801e/i2801e.pdf>
- 16 United Nations, 2008, United Nations Declaration on the Rights of Indigenous Peoples, Art. 10, 11, 19, 29, 30, 32; ILO, Indigenous and Tribal Peoples Convention, 1989 (No. 169), Art. 6, 7, 9; Convention on Biological Diversity, Art. 8, 15
- 17 The Munden Project, 2012, The Financial Risks of Insecure Land Tenure, An investment view, http://rightsandresources.org/wp-content/uploads/2014/01/doc_5715.pdf
- 18 The Munden Project, 2012. The study found that the average operating costs of a three-year investment of around USD\$10 million could be as much as 29 times higher if the project was forced to stop its activities because of local opposition.
- 19 Barreiro, Iqbal, Limberg, Prasodjo, Sileuw, and Schweithelm, The Cost of Conflict in Oil Palm in Indonesia, November 2016. At: <http://doiometer.org/en/publication/detail/63/Cost-of-Social-Conflict-in-Oil-Palm#.WjixGtixPM>
- 20 The Munden Project, 2013, 'Global Capital, Local Concessions: A Data-Driven Examination of Land Tenure Risk and Industrial Concessions in Emerging Market Economies', http://www.rightsandresources.org/documents/les/doc_6301.pdf
- 21 See: <https://www.theguardian.com/world/2015/oct/26/indonesias-fires-crime-against-humanity-hundreds-of-thousands-suffer>
- 22 See: <http://www.worldbank.org/en/news/feature/2015/12/01/indonesias-fire-and-haze-crisis>
- 23 'How Indonesia's fires made it the biggest climate polluter', Bloomberg, 28 October 2015, <https://www.bloomberg.com/news/articles/2015-10-28/how-indonesia-s-fires-made-it-the-biggest-climate-polluter> FAO, 2011, The State of Forests in the Amazon Basin, Congo Basin and Southeast Asia, <http://www.fao.org/docrep/014/i2247e/i2247e00.pdf>
- 24 FAO, 2011, The State of Forests in the Amazon Basin, Congo Basin and Southeast Asia, <http://www.fao.org/docrep/014/i2247e/i2247e00.pdf>
- 25 International Union for the Conservation of Nature, 2015, "IUCN Red List of Threatened Species" Sumatran orangutan <http://www.iucnredlist.org/details/39780/0>; Sumatran tiger <http://www.iucnredlist.org/details/15966/0>; Sumatran Rhino <http://www.iucnredlist.org/details/6553/0>; Sumatran elephant <http://www.iucnredlist.org/details/199856/0>
- 26 See <https://www.ran.org/leuser> & UN University: <https://unu.edu/publications/articles/unraveling-the-drivers-of-southeast-asia-biodiversity-loss.html#info>
- 27 FAO, 2001, Illegal activities and corruption in the forestry sector, State of the World's Forests.
- 28 UNEP-INTERPOL, 2016, The Rise of Environmental Crime, p7 http://unep.org/documents/itw/environmental_crimes.pdf
- 29 UNODC, 2013, Transnational Organized Crime in East Asia and the Pacific: A Threat Assessment, p. 95, www.unodc.org/documents/data-and-analysis/Studies/TOCTA_EAP_web.pdf
- 30 Graft could jeopardize Indonesia's climate deals', Reuters, 17 February 2010, <http://www.reuters.com/article/us-indonesia-corruption-idUSTRE68G0O020100917>
- 31 Lawson, S., 2014, Consumer Goods and Deforestation, http://www.forest-trends.org/documents/files/doc_4718.pdf
- 32 Human Rights Watch, 2013, The Dark Side of Green Growth, <https://www.hrw.org/report/2013/07/15/dark-side-green-growth/human-rights-impacts-weak-governance-indonesias-forestry>
- 33 Wakker, E, 2014, Indonesia: Illegals in Forest Clearance for Large-Scale Commercial Plantations, http://www.forest-trends.org/documents/files/doc_4528.pdf
- 34 VRG report, either and GW and FSC complaint panel
- 35 Global Witness, 2015, Guns, Cronies, and Crops, www.globalwitness.org/en/campaigns/land-deals/guns-cronies-and-crops/
- 36 Global Witness, 2013, Rubber Barons, <https://www.globalwitness.org/en/campaigns/land-deals/rubberbarons/>
- 37 Chain Reaction Research, 2017, Indonesian Palm Oil Stranded Assets, <https://chainreactionresearch.com/reports/indonesian-palm-oils-stranded-assets/>
- 38 See: <http://www.forestlegality.org/risk-tool/country/indonesia>
- 39 Company licenses to be revoked over Indonesia haze', BBC, 21 December 2016, <http://www.bbc.com/news/world-asia-35153050>. See also CIFOR, 2014, 'Major atmospheric emissions from peat areas in Southeast Asia during no- drought years: evidence from the 2013 Sumatran fires', <http://www.cifor.org/library/5025/major-atmospheric-emissions-from-peat-fires-in-southeast-asia-during-non-drought-years-evidence-from-the-2013-sumatran-fires/>
- 40 See: <http://bit.ly/2pQfQ11> & <http://www.forestlegality.org/blog/japan%E2%80%99s-new-legal-timber-law>
- 41 RAN, 2015, False Assurances: A Briefing For International Buyers And Customs Authorities On How Indonesia's Timber Legality Verification System Fails To Protect Community Rights, https://d3n8a8pro7vhmxc.cloudfront.net/rainforestactionnetwork/pages/5790/attachments/original/1429822653/RAN_False_Assurances_LOW.pdf?1429822653
- 42 OECD, 2017, Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises, <https://www.oecd.org/corporate/RBC-for-Institutional-Investors.pdf>
- 43 Global Forum on Responsible Business Conduct, June 2014, Due diligence in the financial sector: adverse impacts directly linked to financial sector operations, products or services by a business relationship, <http://mneguidelines.oecd.org/global-forum/GFRBC-2014-financial-sector-document-1.pdf>
- 44 Norges Bank Investment Management (NBIM), Climate Change Strategy: Expectations to Companies, <https://www.nbim.no/globalassets/documents/climate-change-strategy-document.pdf?id=5931>; NBIM, Human Rights: Expectations towards Companies, <https://www.nbim.no/en/responsibility/risk-management/human-rights>
- 45 NBIM, 2016 Annual Report, p. 79, <https://www.nbim.no/contentassets/2c3377d07c5a4c4fb442b345e7cfd67/government-pension-fund-global---responsible-investment-2016.pdf>
- 46 See, The HCV Resource Network website, <https://www.hcvnetwork.org/about-hcvf>
- 47 See, The High Carbon Stock Approach website, <http://highcarbonstock.org/>
- 48 Forest Trends, 2017, Supply Change: Tracking Corporate Commitments to Deforestation-free Supply Chains, http://www.forest-trends.org/documents/files/doc_5521.pdf#
- 49 Freshfields Bruckhaus Deringer, 2005, A legal framework for the integration of environmental, social and governance issues into institutional investment http://www.unepfi.org/fileadmin/documents/freshfields_legal_resp_20051123.pdf; PRI, 2015, Fiduciary Duty in the 21st Century, <https://www.unpri.org/page/new-report-aims-to-end-debate-about-esg-and-fiduciary-duty>
- 50 Comparison data on 200 Voluntary Certification Scheme (VCS) standards: <http://www.standardsmap.org/>
- 51 See, for example, Greenpeace et. al, 2011, On the Ground 2011: The controversies of PEFC and SFI, http://www.wwf.de/fileadmin/user_upload/PDF/On_The_Ground_2011.pdf; and Greenpeace, 2014, Weaker Certification Schemes: Other forest industry driven certification schemes fail to meet basic performance indicators, <http://www.greenpeace.org/international/en/campaigns/forests/solutions/alternatives-to-forest-destructive-Certification-Schemes/>

- 52 The Palm Oil Innovation Group, see: <http://poig.org/>
- 53 Wetlands International & Tropenbos International, 2016. Can Peatland Landscapes in Indonesia be Drained Sustainably? An Assessment of the 'Eko-Hidro' Water Management Approach. <https://www.wetlands.org/publications/peatland-brief-an-assessment-of-the-eko-hidro-water-management-approach/>
- 54 Denis Ruyschaert, 2016. The impact of global palm oil certification on transnational governance, human livelihoods and biodiversity conservation. In, Pavel Castka, Danna Leaman, Diana Shand, Doris Cellarius, Tim Healy, Aroha Te Pareake Mead, Marina Rosales Benites de Franco, Anastasiya Timoshyna. 2016. Certification and Biodiversity – How Voluntary Certification Standards impact biodiversity and human livelihoods. Policy Matters, Issue 21. Gland, Switzerland: CEEP and IUCN <https://portals.iucn.org/library/sites/library/files/documents/Policy%20Matters%20-%20Issue%2021.pdf>
- 55 Colchester, M, 2016. Do commodity certification systems uphold indigenous peoples' rights? Lessons from the Roundtable on Sustainable Palm Oil and Forest Stewardship Council. In, Pavel Castka, Danna Leaman, Diana Shand, Doris Cellarius, Tim Healy, Aroha Te Pareake Mead, Marina Rosales Benites de Franco, Anastasiya Timoshyna. 2016. Certification and Biodiversity – How Voluntary Certification Standards impact biodiversity and human livelihoods. Policy Matters, Issue 21. Gland, Switzerland: CEEP and IUCN, <https://portals.iucn.org/library/sites/library/files/documents/Policy%20Matters%20-%20Issue%2021.pdf>
- 56 Short, J, L and Toffel, M, W, 2016, The Integrity of Private Third-Party Compliance Monitoring. Administrative & Regulatory Law News, Volume 42, Number 1, http://www.hbs.edu/faculty/Publication%20Files/ShortToffel_2016_ARLN_13fe8ba5-cb72-482b-b341-5c7632f7c164.pdf
- 57 Ruyschaert, D, 2016, The impact of global palm oil certification on transnational governance, human livelihoods and biodiversity conservation. In, Castka, et al., 2016. Certification and Biodiversity – How Voluntary Certification Standards impact biodiversity and human livelihoods. Policy Matters, Issue 21. Gland, Switzerland: CEEP and IUCN, <https://portals.iucn.org/library/sites/library/files/documents/Policy%20Matters%20-%20Issue%2021.pdf>
- 58 D'Hollander, D and Tregurtha, N, 2016, Exploring the potential of government and voluntary standards collaborations to scale up sustainable production and supply. In, Castka, et al., 2016.
- 59 Many certification schemes in Indonesia use the SVLK as a proxy for legality, which is a weak legality assurance system. See RAN, 2015.
- 60 These sample questions are derived from the following sources: CERES, January 2017, Reporting Guidance for Responsible Palm, <https://www.ceres.org/resources/reports/reporting-guidance-for-responsible-palm/view>; Banktrack and Environmental Paper Network, June 2016, Green Paper, Red Lines: Requirements for pulp and paper industry finance, http://www.banktrack.org/download/160602_green_paper_red_lines_final.pdf/160602_green_paper_red_lines_final.pdf; RAN et. al, Framework and Tool for Assessing and Verifying Performance of Sinar Mas Group and Royal Golden Eagle companies (forthcoming); CDP's 2017 Forests Information Request, <https://www.cdp.net/en/guidance/guidance-for-companies>; and Friends of the Earth, 2016, Are you Invested in Exploitation?, http://webvia-downtons.s3.amazonaws.com/877172/78646/Invested_in_Exploitation.Digital.compressed.pdf
- 61 7.59 billion MYR as of Apr 3 2017, see: <https://markets.ft.com/data/equities/tearsheet/summary?s=FGV:KLS>
- 62 17.28 billion MYR, see: <https://markets.ft.com/data/equities/tearsheet/profile?s=FGV:KLS>
- 63 SPOTT, 2016: <https://www.sustainablepalmoil.org/company/felda-global-ventures-holdings-sdn-bhd/>
- 64 SPOTT, 2016: <https://www.sustainablepalmoil.org/company/felda-global-ventures-holdings-sdn-bhd/>
- 65 Syed Zain Al-Mahmood, 'Palm-Oil Migrant Workers Tell of Labor Abuses on Malaysian Plantations', The Wall Street Journal, 26th July 2015, <http://tinyurl.com/q68g2cr>
- 66 Accreditation Services International, 2015, Compliance audit and investigation report, www.rspo.org/files/download/40cbe54823271bc
- 67 Wild Asia, 2016, Verification Assessment of Social Management and Practices: Felda Global Ventures Plantations (Malaysia) Sdn Bhd, http://www.feldaglobal.com/wp-content/uploads/2016/10/FGV-Group-Review-and-Field-Report_04032016.pdf
- 68 FELDA, 2016, Withdrawal of RSPO Principles and Criteria Certificates, see: <http://www.feldaglobal.com/wp-content/uploads/2016/05/RSPO-Certificate-Withdrawal-1.pdf> & <http://www.feldaglobal.com/sustainability/sustainability-response-team-progress-update/>
- 69 RAN et al., 2015. Letter to FELDA, https://d3n8a8pro7vymx.cloudfront.net/rainforestactionnetwork/pages/16936/attachments/original/1475190418/Second_FELDA_Customer_Letter_FINAL.pdf?1475190418
- 70 Chain Reaction Research, 2016, Felda Global Ventures (FGV:MK): RSPO credentials at risk, immediate cash flow impacts, <https://chainreactionresearch.files.wordpress.com/2016/04/fgv-21-4-2016-final.pdf>
- 71 Chain Reaction Research, 2017, see: <https://www.youtube.com/watch?v=Qq83jQVegM0&feature=youtu.be>
- 72 See Chain Reaction Research, 2016 and <https://www.rspo.org/members/complaints/status-of-complaints/view/5>
- 73 Thoui, G, 2017, FELDA Purchases 37 Percent Stake in PT Eagle High Plantation, see: <http://www.valuewalk.com/2017/01/chain-felda/>
- 74 Chain Reaction Research, 2016a, PT Eagle High Plantations TBK, <https://chainreactionresearch.com/reports/2016-sustainability-benchmark-indonesian-palm-oil-growers/pt-eagle-high-plantations-tbk-bwptji/>
- 75 Greenomics, 2015, Cargill's Supply Chain linked to Deforestation in Papua, see: http://www.greenomics.org/docs/IPOP_Implementation_Report-05_Greenomics.pdf; Chain Reaction Research, 2014, BW Plantation, <https://chainreactionresearch.files.wordpress.com/2014/11/bw-plantation-analysis5.pdf> & "The multimillion dollar palm oil deal we should all be worried about", The Guardian, 7th March 2016, <https://www.theguardian.com/sustainable-business/2016/mar/07/palm-oil-felda-eagle-high-multimillion-dollar-deal-human-rights-deforestation>
- 76 Felda Said to Mull Price Cut for \$680 million Indonesia Deal, Bloomberg, 1st September 2015, [https://www.bloomberg.com/news/articles/2015-09-01/felda-said-to-mull-revising-](https://www.bloomberg.com/news/articles/2015-09-01/felda-said-to-mull-revising-terms-of-680-million-indonesia-deal)
- [terms-of-680-million-indonesia-deal](https://www.bloomberg.com/news/articles/2015-09-01/felda-said-to-mull-revising-terms-of-680-million-indonesia-deal)
- 77 Chain Reaction Research, 2014, p5
- 78 How big banks are putting rainforests in peril' New York Times, 3rd December 2016, https://www.nytimes.com/2016/12/03/business/energy-environment/how-big-banks-are-putting-rain-forests-in-peril.html?_r=0
- 79 Chain Reaction Research, 2016.
- 80 Chain Reaction Research, 2016.
- 81 Chain Reaction Research, 2016.
- 82 70.24 trillion IDR as of Apr 3 2017. See: <https://markets.ft.com/data/equities/tearsheet/summary?s=INDF:JKT>
- 83 66.75 trillion IDR. See: <https://markets.ft.com/data/equities/tearsheet/profile?s=INDF:JKT>
- 84 Greenpeace, 2017, Dirty Bankers: How HSBC is Financing Forest Destruction for Palm Oil, p35, http://www.greenpeace.org/international/Global/international/publications/forests/2017/Greenpeace_DirtyBankers_final.pdf
- 85 SPOTT, 2016: <http://www.sustainablepalmoil.org/company/london-sumatra-pp-tbk-pt/> & <http://www.sustainablepalmoil.org/company/salim-ivomas-pratama-tbk-pt/>
- 86 See: <https://news.mongabay.com/2016/06/indonesias-salim-group-linked-to-secret-palm-oil-concessions-in-papua/>
- 87 SPOTT, 2016: <http://www.sustainablepalmoil.org/company/london-sumatra-pp-tbk-pt/>
- 88 SPOTT, 2016: <http://www.sustainablepalmoil.org/company/salim-ivomas-pratama-tbk-pt/>
- 89 SPOTT, 2016: <http://www.sustainablepalmoil.org/company/london-sumatra-pp-tbk-pt/>
- 90 SPOTT, 2016: <http://www.sustainablepalmoil.org/company/salim-ivomas-pratama-tbk-pt/>
- 91 Indofood, 2016, Consolidated financial statements as of March 31, 2016, http://www.indofood.com/uploads/statement/INDF_FullNote_Bilingual_31_Mar%202016%20Released.pdf
- 92 RAN, OPPUK & ILRF, 2016
- 93 RAN, OPPUK & ILRF's Complaint Submission to RSPO: https://d3n8a8pro7vymx.cloudfront.net/rainforestactionnetwork/pages/16984/attachments/original/1476206587/RAN_OPPUK_ILRF%27s_Complaint_Submission_to_RSPO.pdf?1476206587
- 94 RSPO, Dec. 1 2016, <http://www.rspo.org/news-and-events/announcements/asi-notice-of-suspension-of-noncompliant-palm-oil-certification-bodies-pt-sai-global>
- 95 AidEnvironment, 2015. Palm oil sustainability assessment of Indofood Agri Resources, https://d3n8a8pro7vymx.cloudfront.net/rainforestactionnetwork/pages/14786/attachments/original/1442856231/Full_Report_Palm_Oil_Sustainability_Assessment_of_Indofood_Agri_Resources.pdf?1442856231
- 96 AidEnvironment, 2015 & Greenpeace, 2017
- 97 'Indonesia's Salim Group linked to 'secret' palm oil concessions in West Papua', Mongabay, 3 June 2016, <https://news.mongabay.com/2016/06/indonesias-salim-group-linked-to-secret-palm-oil-concessions-in-papua/>
- 98 Chain Reaction Research, March 7, 2017. Indofood Agri Resources: Material Risks from 42 Percent Contested Landbank and Labour Issues. <https://chainreactionresearch.files.wordpress.com/2017/02/indofood-agri-resources-crr-170206.pdf> & Centre for Orangutan Protection (COP) RSPO complaint against PT Guntur Samba Jaya, <http://www.rspo.org/members/complaints/status-of-complaints/view/30>.
- 99 Greenpeace, 2017, pp. 43-51.
- 100 Chain Reaction Research, 2017. Indofood Agri Resources: Material Risks from 42 Percent Contested Landbank and Labour Issues. <https://chainreactionresearch.files.wordpress.com/2017/02/indofood-agri-resources-crr-170206.pdf>
- 101 Fire carbon emissions over maritime southeast Asia in 2015 largest since 1997. V. Huijnen et al. 2016. Scientific Reports 6, Article number: 26886. doi:10.1038/srep26886 <http://www.nature.com/articles/srep26886>
- 102 AidEnvironment, 2015.
- 103 Chain Reaction Research, 2017a, 'Indofood Sukses Makmur and First Pacific: Financial Risks from Upstream Investments', <https://chainreactionresearch.files.wordpress.com/2017/02/indofood-and-first-pacific-crr-170207.pdf>
- 104 Chain Reaction Research, 2017.
- 105 Chain Reaction Research, 2017a.
- 106 See the potential impact on Indofood and First Pacific's share prices: 'IndoAgri Sustainable Palm Oil Policy 2017', http://www.indofoodagri.com/misc/Sustainable_Palm_Oil_Policy_2017.pdf
- 107 Humanity United, 2015. Free and Fair Labor in Palm Oil Production: Principles and Implementation Guidance. https://www.humanityunited.org/wp-content/uploads/2015/03/PalmOilPrinciples_031215.pdf
- 108 RAN, TuK Indonesia & Profundo, 2017, 'IndoAgri's new sustainable palm oil policy fails to address key Environmental, Social and Governance (ESG) Risks', Forest & Finance Briefing, http://forestandfinance.org/wp-content/uploads/2017/02/ForestsandFinance_News_Alert_IndoAgri.pdf & RAN, 2017, 'PepsiCo Still Linked to and Exploitation Despite New Palm Oil Policy from Partner Indofood', http://www.ran.org/pepsico_still_linked_to_conflict_and_exploitation_despite_new_palm_oil_policy_from_partner_indofood
- 109 'Norway Firm Drops 11 Companies Over Deforestation Concerns', Singapore Strait Times, March 28 2016, <http://www.straitstimes.com/asia/se-asia/norway-fund-drops-11-firms-over-deforestation>
- 110 'Dimensional Dumps Palm Oil from Sustainable Funds', Bloomberg, Dec 22 2016, <https://newsletters.briefs.bloomberg.com/document/9e221n9mlwzjyda/investing>
- 111 30.18 billion MYR as of Apr 3 2017, see: <https://markets.ft.com/data/equities/tearsheet/>

[summary?s=IOICORP:KLS](#)

[wilmar_report_mr_0.pdf](#)

- 112 12.64 billion MYR, see: <https://markets.ft.com/data/equities/tearsheet/summary?s=IOICORP:KLS>
- 113 SPOTT, 2016, <http://www.sustainablepalmoil.org/company/loi-corporation-bhd/>
- 114 SPOTT, 2016, <http://www.sustainablepalmoil.org/company/loi-corporation-bhd/>
- 115 SPOTT, 2016, <http://www.sustainablepalmoil.org/company/loi-corporation-bhd/>
- 116 See for example: Finnwatch, 2014, The law of the jungle: corporate responsibility of Finnish palm oil purchases, <http://www.finnwatch.org/images/palmoil.pdf>
- 117 Finnwatch, 2016, Working Conditions at the IOI Group's oil palm estates in Malaysia: a follow-up study, https://www.finnwatch.org/images/pdf/IOI-2016_EN.pdf
- 118 See: <http://www.rspo.org/members/complaints/status-of-complaints/view/4>
- 119 Colchester, M, 2013. "Conflict or Consent? Chapter 9: Sarawak: IOI-Pelita and the community of Long Teran Kanan", Forest Peoples Programme, <http://www.forestpeoples.org/topics/palm-oil-rspo/publication/2013-conflict-or-consent-chapter-9-sarawak-ioi-pelita-and-community>; Grassroots, 2016. Views and Position of the communities involved in mediated negotiations with IOI-Pelita plantations.
- 120 Civil society letter re: Recommendations To Resolve The Long Teran Kanan Complaint In Compliance With The Roundtable on Sustainable Palm Oil Principles and Criteria, 8 March 2017, https://d3n8a8pr7vnmx.cloudfront.net/rainforestactionnetwork/pages/17515/attachments/original/1488993178/IOI-LTK_Letter_8-MAR-2017.pdf?1488993178
- 121 See for example: Letter from Aidenvironment to the RSPO Board, www.rspo.org/files/download/90af9d335e1bbf2
- 122 Greenpeace, 2016, Why IOI's destruction in Ketapang is a burning issue for the RSPO and the palm oil plantation sector, <http://www.greenpeace.org/international/Global/international/publications/forests/2016/Burning%20Issue.pdf>
- 123 See: <http://www.rspo.org/members/complaints/status-of-complaints/view/80>
- 124 "Major brands dump palm oil supplier IOI following RSPO suspension", Food Navigator, 7 April 2016, <http://www.foodnavigator.com/Market-Trends/Major-brands-dump-palm-oil-supplier-IOI-following-RSPO-suspension>; "IOI starts long journey to win back major customers", Food Navigator, 9 August 2016, <http://www.foodnavigator.com/Policy/IOI-starts-long-journey-to-win-back-major-customers>; For more technical information on market risks following RSPO suspension: Thouni, G, 2016, "IOI Corporation: Customers and Investors Want Sustainability", Seeking Alpha, <http://seekingalpha.com/article/3989472-ioi-corporation-customers-investors-want-sustainability>
- 125 'Palm oil giant IOI sues RSPO over suspension', Eco-Business, May 10 2016, <http://www.eco-business.com/news/palm-oil-giant-ioi-sues-rspo-over-suspension/>
- 126 RAN press release, August 5 2016, RSPO Puts Credibility on the Line by Lifting IOI Suspension, www.ran.org/statement_on_ioi_rspo
- 127 Inside Sourcing Association Newsletter, 2016. Palm Oil: Why do we care? <http://src.sig.org/newsletter.php?id=9924>
- 128 Greenpeace, 2016, A Deadly Trade-Off: IOI's Palm Oil Supply and its Human and Environmental Costs, <http://www.greenpeace.org/international/Global/international/publications/forests/2016/Deadly-Trade-off-IOI-Report.pdf>
- 129 Chain Reaction Research, 2016b, IOI Corporation: RSPO suspension? RSPO Complaint Financially Material. <https://chainreactionresearch.files.wordpress.com/2016/02/crr-ioi-suspension-analysis-final-revised-may-2-2016.pdf>
- 130 22.73 billion SGD as of Apr 3 April, see: <https://markets.ft.com/data/equities/tearsheet/summary?s=F34:SES>
- 131 57.71 billion SGD, see: <https://markets.ft.com/data/equities/tearsheet/profile?s=F34:SES>
- 132 Amnesty International, 2016. Indonesia: the great palm oil scandal: Labour abuses behind big brand companies: Executive summary, <https://www.amnesty.org/en/documents/asa21/5243/2016/en/>
- 133 SPOTT, 2016: www.sustainablepalmoil.org/company/wilmar-international-ltd/
- 134 SPOTT, 2016: www.sustainablepalmoil.org/company/wilmar-international-ltd/
- 135 SPOTT, 2016: www.sustainablepalmoil.org/company/wilmar-international-ltd/
- 136 Regarding Wilmar's operations in Indonesia, see for example: "Wilmar fails to resolve conflicts with communities in West Kalimantan and West Sumatra", Forest Peoples Programme, <http://www.forestpeoples.org/topics/palm-oil-rspo/news/2016/02/wilmar-fails-resolve-conflicts-communities-west-kalimantan-and-wes>; Regarding Wilmar's operations in Nigeria, see for example: Friends of the Earth Europe, 2015. Exploitation and Empty Promises: Wilmar's Nigerian land grab, http://webiva-downton.s3.amazonaws.com/877/22/9/6057/FOE_ExploitationAndEmpty_LOWRES_rev.pdf; Regarding Wilmar's operations in Liberia and Uganda, see for example: Friends of the Earth, 2014. Continuing to exploit and deforest: Wilmar's ongoing abuses, <http://www.foeeurope.org/sites/default/files/publications/foee-wilmar-factsheet-220514.pdf>
- 137 Wilmar has violated the rights of the Kapa indigenous community of West Sumatra, concludes RSPO, Forest Peoples Programme press release, <http://www.forestpeoples.org/topics/palm-oil-rspo/news/2017/02/press-wilmar-has-violated-rights-kapa-indigenous-community-west-su>
- 138 Amnesty International, 2016. Indonesia: the great palm oil scandal: Labour abuses behind big brand companies: Executive summary, <https://www.amnesty.org/en/documents/asa21/5243/2016/en/>
- 139 RAN, 2015a, "Alarming Developments in Latin American Palm Oil Industry Spur Global Call to Action for Palm Oil Traders", https://www.ran.org/alarming_developments_in_latino-american_palm_oil_industry_spur_global_call_to_action_for_palm_oil_traders
- 140 Greenomics, 2011, Wilmar Touts Concern for Orangutan, Facts Reveal Different Story, http://www.greenomics.org/docs/Report_201107_Concerns_for_Orangutan.pdf; "Illegal palm oil from an Indonesian national park used by Asian Agri, Wilmar, WWF report says", Mongabay, 5 July 2013, <https://news.mongabay.com/2013/07/illegal-palm-oil-from-an-indonesian-national-park-used-by-asian-agri-wilmar-wwf-report-says/#UFwROh6pj50HFkM.92>, and Friends of the Earth, 2015, Failures in Wilmar's promise to clean up the palm oil business. http://www.foeeurope.org/sites/default/files/corporate_accountability/2015/07_foe
- 141 http://www.foeeurope.org/sites/default/files/corporate_accountability/2015/07_foe
- 142 See for example: Greenomics, 2015, Wilmar's palm oil products continue to be associated with deforestation, http://www.greenomics.org/docs/IPOP_Implementation_Report-09_Greenomics.pdf
- 143 RAN, 2016, PT. Dua Perkasa Lestari Destroying the 'Orangutan Capital of the World', https://www.ran.org/pt_dua_perkasa_lestari_destroying_the_orangutan_capital_of_the_world
- 144 RAN, 2017, PT. Indo Sawit Perkasa caught destroying the lowland rainforests of Singkil-Bengkung, https://www.ran.org/pt_indo_sawit_perkasa_caught_destroying_the_lowland_rainforests_of_singkil_bengkung "Exclusive Look Into How Rare Elephants' Forests Are Disappearing", National Geographic, 8 March 2017, <http://news.nationalgeographic.com/2017/03/wildlife-watch-illegal-logging-palm-oil-indonesia-sumatran-elephants/>
- 145 See: <http://www.wilmar-international.com/sustainability/progress/traceability/traceability-back-to-plantation/> and <http://www.wilmar-international.com/sustainability/grievance-procedure/grievance-list-with-progress-updates/>
- 146 Eyes on the Forest, 2016, Investigative Report: No-one is safe, <http://wwf.panda.org/2264971/Eyes-on-the-Forest-report-Global-supply-chains-still-tainted-with-illegal-palm-oil>
- 147 36.79 trillion IDR of 3 Apr 2017, see: <https://markets.ft.com/data/equities/tearsheet/profile?s=INKP:JKT>
- 148 13.36 trillion IDR as of 3 Apr 2017, see: <https://markets.ft.com/data/equities/tearsheet/profile?s=TKIM:JKT>
- 149 7.22 trillion IDR, see: <https://markets.ft.com/data/equities/tearsheet/summary?s=INKP:JKT>
- 150 2.74 trillion IDR as of 3 Apr 2017, see: <https://markets.ft.com/data/equities/tearsheet/summary?s=TKIM:JKT>
- 151 Rainforest Alliance, 2015, An Evaluation of Asia Pulp & Paper's Progress to Meet its Forest Conservation Policy (2013) and Additional Public Statements, <http://www.rainforest-alliance.org/sites/default/files/uploads/4/150205-Rainforest-Alliance-APP-Evaluation-Report-en.pdf>
- 152 APP, 2017, Forest Conservation Policy: 4th Anniversary Report, https://www.asiapulppaper.com/system/files/170313_fcp_progress_updates_-_march2017v2_0.pdf
- 153 APP, 2013, Forest Conservation Policy, <https://www.asiapulppaper.com/sustainability/vision-2020/forest-conservation-policy>
- 154 Hutan Kita Institute, 2017, Local Communities Reject PT. Bangun Rimba Sejahtera, Potential Supplier to APP's OKI Mill, <http://hutaninstitute.org/local-communities-reject-pt-bangun-rimba-sejahtera-potential-supplier-apps-oki-mill/>; RAN, 2017, "Proposed Wood Source for APP's Controversial OKI Mill Sparks Community Conflict and Protest", <https://www.ran.org/proposed-wood-source-for-app-s-controversial-oki-mill-sparks-community-conflict-and-protest>
- 155 Wetlands International, Koalisi Anti Mafia Hutan, Woods & Wayside International, Hutan Kita Institute, WWF, WALHI, Eyes on the Forest, Auriga, Forest Peoples Program, Jikalahari, Elsam, Rainforest Action Network, (Joint NGO report) 2016, Will Asia Pulp & Paper default on its "zero deforestation" commitment? <https://www.wetlands.org/publications/will-asia-pulp-paper-default-on-its-zero-deforestation-commitment/>
- 156 Green Groups want paper giant to stop using drained peat in Indonesia', Mongabay, 23 January 2017, <http://bit.ly/2oizOl6>
- 157 Joint NGO report, 2016.
- 158 RAN, 2016a, Press release: Asia Pulp and Paper Has a Long Way to Go Before It Can Be Considered a Non-controversial Supplier https://www.ran.org/asia_pulp_and_paper_has_a_long_way_to_go_before_it_can_be_considered_a_non_controversial_supplier_conservation
- 159 Joint NGO report, 2016.
- 160 Joint NGO report, 2016.; see also <http://www.ucsusa.org/clean-energy/coal-and-other-fossil-fuels/coal-air-pollution>
- 161 Not Much Protection and No Commitment to Restoration in APP Forest Promises', WWF Indonesia, 3 April 2013, <http://www.wwf.or.id/en/227800/Not-Much-Protection-and-No-Commitment-to-Restoration-in-APP-Forest-Promises>
- 162 See: <https://ic.fsc.org/en/what-is-fsc/what-we-do/dispute-resolution/current-cases/asia-pulp-and-paper-app>
- 163 APP, Roadmap Vision 2020, <https://www.asiapulppaper.com/sustainability/vision-2020>
- 164 Joint NGO report, 2016..
- 165 APP Monitoring Dashboard, <https://www.asiapulppaper.com/monitoring-dashboard>
- 166 Joint NGO report, 2016.
- 167 'As accusations fly, paper giant appears to stand by its replanting of burned peat in Sumatra', Mongabay, 22 December 2016, see: <https://news.mongabay.com/2016/12/as-accusations-fly-paper-giant-appears-to-stand-by-its-replanting-of-burned-peat-in-sumatra/>
- 168 RAN, 2015.
- 169 Greenpeace & RAN, 2015, Joint Media Statement: Greenpeace, RAN Warn of Forest Certification Greenwash, <http://m.greenpeace.org/international/Global/international/briefings/forests/2015/Greenpeace-RAN-Statement-on-PEFC.pdf> & WWF, 2013, Certification scheme PEFC urged to follow Forest Stewardship Council lead on APRIL deforestation, http://wwf.panda.org/wwf_news/2209691/Sustainability-certifiers-urged-to-follow-Forest-Stewardship-Council-lead-on-APRIL-deforestation
- 170 Caught red-handed, APP company orders an end to burned peat replanting, [foresthins.org](http://www.foresthins.org), 27th February 2017, <http://www.foresthins.org/news/caught-red-handed-app-company-orders-an-end-to-burned-peat-replanting>
- 171 525.45 billion JPY as of 3 Apr 2017, see: <https://markets.ft.com/data/equities/tearsheet/summary?s=3861:TYO>
- 172 1.41 trillion JPY, see: <https://markets.ft.com/data/equities/tearsheet/profile?s=3861:TYO>
- 173 See: <https://www.sojitz.com/jp/news/2006/03/20060329.php> & <https://prw.kyodonews.jp/>

- opn/release/200601113590/
- 174 Oji Group 2016 presentation, see: http://events.risiinfo.com/asian-conference/sites/default/files/presentations/2016/Hirokazu%20Yasui_EN_0.pdf
 - 175 Oji Group, 2016, Annual Report, http://www.ojiholdings.co.jp/content/files/english/ir/annual/e_2016_all.pdf
 - 176 Oji Group, 2015, Wood raw material procurement report, https://www.ojiholdings.co.jp/Portals/0/resources/content/files/english/sustainability/partnership/procurement_report_2014.pdf
 - 177 Hunt, 2014, Analysis of FSC Certification of Oji LPFL Plantation Watch, <http://plantation-watch.org/wp-content/uploads/2015/06/Analysis-of-FSC-Certification-of-Oji-LPFL-2014.pdf>
 - 178 Hunt, 2014.
 - 179 See: <http://pwironline.com/daerah/wartawan-pwiri-kunjungi-desa-batu-ampar-lamandau/>
 - 180 AidEnvironment, forthcoming. The logging and pulpwood operations of Korindo.
 - 181 Hunt, 2014.
 - 182 See: <https://firms.modaps.eosdis.nasa.gov/>
 - 183 See: <https://business-humanrights.org/en/laos-forest-stewardship-council-terminates-certification-of-japanese-funded-tree-planting-project>
 - 184 See: <http://www.borneonews.co.id/berita/27271-pembekuan-izin-melumputkan-pt-korintiga-hutani>
 - 185 SGS, 2014, Forest Management: Controlled Wood Certification Report, PT Korintiga Hutani, <http://fsc.force.com/servlet/FileDownload?file=00P3300000hq3WhEA1>
 - 186 See: NEPCON, <http://www.nepcon.org/newsroom/fsc-controlled-wood-system-undergoes-major-change>
 - 187 Oji Group Partnership Procurement Policy, see: <https://www.ojiholdings.co.jp/Portals/0/resources/content/files/english/sustainability/partnership/partnership.pdf>
 - 188 RAN, 2016b. Shareholders Beware: How major Japanese companies are misreporting sustainability under the corporate governance code, see: https://d3n8a8pro7vnmx.cloudfront.net/rainforestactionnetwork/pages/16092/attachments/original/1464709963/SHAREHOLDERS_BEWARE_WEB.pdf?1464709963
 - 189 RAN, 2016b.
 - 190 AidEnvironment, 2016, Burning Paradise: The oil palm practices of Korindo in Papua and North Maluku: <http://www.aidenvironment.org/wp-content/uploads/2016/09/2016-08-25-FINAL-Korindo-report-English.pdf>
 - 191 AidEnvironment, forthcoming.
 - 192 JBIC Press Release, Oct 18 2012, <https://www.jbic.go.jp/a/information/press/press-2012/1018-6037>.
 - 193 AidEnvironment, 2016.
 - 194 AidEnvironment, 2016.
 - 195 Rainforest Action Network field investigation 2016 & TuK INDONESIA, 2016, <http://bit.ly/2aQSlv3>
 - 196 Mighty, 2017, Satellite Data Shows Korindo Violates Deforestation Moratorium, <http://bit.ly/2ksPuod>
 - 197 1.23 trillion JPY, as of 3 Apr 2016 see: <https://markets.ft.com/data/equities/tearsheet/summary?s=8002:TYO>
 - 198 6.9 trillion JPY, see: <https://markets.ft.com/data/equities/tearsheet/profile?s=8002:TYO>
 - 199 Marubeni, April 26 2005, Divestiture of Chandra Asri Project and Acquisition of Majority Interest in Musi Pulp Project, https://www.marubeni.com/dbps_data/material/marucn_en/data/news/2005/pdf/n050426.pdf (accessed April 2 2017)
 - 200 See: SMB Kenzai, http://www.smb-kenzai.com/en/pdf/about_SMBKZ20170101.pdf
 - 201 See: <http://www.mhp.co.id/profile.html>
 - 202 PT Tel, Declaration of PEFC Chain of Custody Commitment, http://www.telpp.com/userfiles/files/DECLARATION_of_PEFC.pdf
 - 203 WALHI, Nov. 24 2016, Perhutanan Sosial, Sebuah Tawaran Penyelesaian Konflik di Kawasan Hutan Kasus Cawang Gumilir VS PT. Musi Hutan Persada (Marubeni Group): Rekomendasi Masyarakat Cawang Gumilir dan CSO dalam Penyelesaian Konflik (unpublished)
 - 204 Forest Management Controlled Wood Certification Report, see: <http://bit.ly/2olx7iG>
 - 205 FoE Japan, JATAN, NINDJA, Sept. 30 2016, Petition to Call for Prompt Resolution for Cawang Gumilir, http://www.foejapan.org/forest/library/pdf/160930_Petition.pdf. See also CNN Indonesia, 31 December 2016, Penggusuran Petani Rasa Marubeni, <http://bit.ly/2oTse3B>
 - 206 Based on an interview of WALHI South Sumatra representative Mr. H (Aug 11, 2016) and an interview of a majority of Cawang Gumilir village residents, (August 12 and 13, 2016)
 - 207 See: <http://bit.ly/2oLNPjO>
 - 208 Collins, 2001, Multinational Capital, New Order" Development," and Democratization in South Sumatra. Indonesia, (71), 121, see: <http://bit.ly/2pzFwjD>
 - 209 "Paperworkers Strike Indonesian Pulp Mill; Pressure Brings Marubeni to Table" Industriall Global Union, 1 August 2011, <http://bit.ly/2pz180S>
 - 210 "Security Workers Union of Indonesia Pulp and Paper continue strike for a month", SPS PT. TEL, 16 February 2013, <http://bit.ly/2o1xNOm>
 - 211 KPMG Performance Registrar Inc., Report on APRIL Group's Implementation of Sustainable Forest Management Policy 2.0, December 2016, p. 52 and 56, <http://bit.ly/2peXg6W>
 - 212 Human Rights Commission of Malaysia, 2013, Report Of The National Inquiry Into The Land Rights Of Indigenous Peoples, pp. 112-128, <http://bit.ly/2olus8M>
 - 213 Global Witness, 2015a, Japan's links to rainforest destruction in Malaysia, www.globalwitness.org/en/reports/shinyang/
 - 214 Forest Management Controlled Wood Certification Report, p. 28, see: <http://bit.ly/2olx7iG>
 - 215 Greenomics Indonesia, 2013, Marubeni Group Subsidiary, PT Tanjungenim Lestari Pulp and Paper, Uses Wood Chips Sources from Sumatran Tiger Habitat, see: <http://bit.ly/2oloLYh>
 - 216 WWF, 2015, Timeline of deforestation by APP and APRIL, <http://bit.ly/2oTzrk4>
 - 217 Council on Ethics for the Norwegian Government Pension Fund, Recommendation of December 3, 2012, to exclude the company Ta Ann Berhad Holdings, <http://bit.ly/2oqP0f6>
 - 218 Global Witness, 2016, Wilful Ignorance: How Japan's voluntary approach is failing to stop the trade in illegal timber, see https://www.globalwitness.org/documents/18360/Japan_English_briefing-ONLINE3.pdf & Global Witness, 2015a.
 - 219 Global Witness, 2016.
 - 220 RAN, 2015.
 - 221 "East Kalimantan burns and starves", Down to Earth, May 1998, <http://www.downtoearth-indonesia.org/story/east-kalimantan-burns-and-starves>
 - 222 Saharjo, B.H, 1999, 'Forest Fire Threaten Indonesia Forest Plantation: A Case Study in Acacia mangium Plantation'. Jurnal Manajemen Hutan Tropika, <https://core.ac.uk/download/pdf/32356131.pdf>
 - 223 RAN, 2016b.
 - 224 2.61 trillion JPY as of Apr 6 2017, <https://markets.ft.com/data/equities/tearsheet/summary?s=8001:TYO>
 - 225 5.08 trillion JPY, <https://markets.ft.com/data/equities/tearsheet/summary?s=8001:TYO>
 - 226 Sources: The Jakarta Post, APP joins Japan Business Federation, Dec. 14, 2016, <http://www.thejakartapost.com/news/2016/12/14/app-joins-japan-business-federation.html>; Sri Trang Group Shareholding Structure, www.sritranggroup.com/en/about/shareholding-structure (accessed on Mar. 26 2017); Global Witness, 2016 & private communications with Itochu.
 - 227 See Fuji Oil Holdings, Responsible Palm Oil Sourcing Policy, <http://www.fujioilholdings.com/en/news/pdf/160310.pdf>
 - 228 Itochu, Product-by-Product Approaches to CSR Procurement, http://www.itochu.co.jp/en/csr/supply_chain/products/index.html
 - 229 RSPO reporting by Itochu, <http://www.rspo.org/members/63/itochu-corporation> & Fuji Oil, <https://www.rspo.org/members/54/fuji-oil-group>
 - 230 See Global Witness, 2016 & Fuji Oil, <http://www.fujioilholdings.com/en/news/161125.html>
 - 231 KPMG Performance Registrar Inc., Report on APRIL Group's Implementation of Sustainable Forest Management Policy 2.0, Dec. 2016, p. 52 and 56, <http://bit.ly/2peXg6W>
 - 232 Global Witness, 2015a.
 - 233 Finnwatch, 2015, Socially responsible medical gloves? Follow-up report on the working conditions at Siam Sempermed, www.finnwatch.org/images/pdf/Semperit_FU_EN.pdf
 - 234 See Global Witness, 2015, Guns, Cronies, and Crops, www.globalwitness.org/en/campaigns/land-deals/guns-cronies-and-crops/ & Oxfam, 2017, Whose Crops, at What Price? <http://bit.ly/2oK5mD5>
 - 235 Eyes on the Forest, 2012, Asia Pacific Resources International Limited (APRIL): Riau, Sumatra's biggest forest pulper 2009 to 2012. Questionable legality, social conflicts and global warming, <http://bit.ly/2peV1ka>
 - 236 Global Witness, 2015a.
 - 237 Global Witness, 2016.
 - 238 RAN, 2016, Protecting the Leuser Ecosystem: A Shared Responsibility, p27-29, <http://bit.ly/2pf3xzH>
 - 239 Woods, K, 2015, Commercial Agriculture Expansion in Myanmar: Links to Deforestation, Conversion Timber, and Land Conflicts, p38, <http://bit.ly/2pf8599> & 'Myanmar-Thailand road cuts through last wilderness', The Straits Times, 30 September 2015, updated 20 January 2016, <http://bit.ly/2oluq1G>
 - 240 "Growing demand for deforestation-free rubber as tire demand destroys native forests", Mongabay, 18 April 2016, <http://bit.ly/2oTv4FP>
 - 241 Global Witness, 2016.
 - 242 Indonesia: APRIL's punished for business-as-usual practices in peatlands, EcoDaily.org, 8 December 2016, <http://bit.ly/2pfcSre>
 - 243 See: Transparency International, 2016, <https://www.transparency.org/country/MMR>
 - 244 Global Witness, 2015.
 - 245 Myanmar Center for Responsible Business, Pwint Thit Sa Project: Transparency in Myanmar Enterprises, 2016, p. 22.
 - 246 Itochu, Product-by-Product Approaches to CSR Procurement, http://www.itochu.co.jp/en/csr/supply_chain/products/index.html
 - 247 Itochu, 2016, Sustainability Report, p. 66, <https://www.itochu.co.jp/en/files/16fulle64-71.pdf>



ForestsAndFinance.org - The banks and investors exposed to deforestation risks in Southeast Asia

PHOTO: ULET IFANSASTI / WILDLIFE ASIA / RAN / RACING EXTINCTION

Publication Date: April, 2017



425 Bush Street, Suite 300 | San Francisco, CA
94108
RAN.org