

GREENPEACE

**DIRTY
BANKERS** 

HOW **HSBC** IS
FINANCING FOREST
DESTRUCTION FOR
PALM OIL



April 2013, PT Ladang Sawit Mas:
A lone orangutan in the Bumitama oil palm
concession in Ketapang, West Kalimantan.
©ALEJO SABUGO/IAO INDONESIA



8 December 2016, PT Landang Sawit Mas:
1°33'48.94"S 110°22'6.78"E
Drone footage captures flooding and development on HCV and burnt areas in the Bumitama concession in Ketapang, West Kalimantan.
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PALM OIL: A RISK FOR THE ENVIRONMENT, PEOPLE, COMPANIES AND BANKS

Over the last two decades, the plantation sector has laid waste to Indonesia's forests and peatlands. Millions of hectares have been destroyed for pulp and oil palm concessions. This destruction created the volatile conditions for the forest and peatland fires that burn across Indonesia every year at great cost to wildlife, the climate and people.¹

A Harvard and Columbia University study estimates that during the 2015 forest fires crisis, more than 100,000 adults in the region died prematurely as a result of the pollution from the haze of burning forests and peatlands.²

The financial toll has also been enormous. The World Bank estimates the cost of the 2015 fires to Indonesia at US\$16 billion – twice the estimated value added from Indonesia's 2014 gross palm oil exports – and admits that 'adding in regional and global costs mean the actual figure is much higher'.³ In September and October 2015, daily greenhouse gas (GHG) emissions from the fires regularly surpassed the daily GHG emissions of the United States.⁴

This is indisputably a crisis – and companies in Indonesia's plantation sector are at the centre. Greenpeace analysis shows that in the key palm oil production provinces of Riau and West Kalimantan, around half the recorded 2015 fire hotspots were in identified pulp or oil palm concessions.⁵ In the frontier region of North Kalimantan, 48% were in oil palm concessions alone.⁶ Plantation expansion also threatens biodiversity. For example, in 2016 the International Union for Conservation of Nature (IUCN) changed the classification of the Bornean orangutan from 'endangered' to 'critically endangered', citing 'destruction, degradation and fragmentation of their habitats', including conversion to plantations, as a main reason for the decline in population.⁷ Some parts of the industry have also been implicated in exploitation, including child labour, as well as takeover of land without consent of local inhabitants and destruction of livelihood, for example through clearance of sago groves (see case studies).

THE FINANCIAL SECTOR IS FAILING TO SUPPORT ACTION TO TACKLE DEFORESTATION

In recent years, many palm oil growers, traders and consumer companies have introduced policies attempting to free their supply chains from palm oil linked to rogue companies involved in destructive expansion and social exploitation. But it is questionable how effectively these 'No Deforestation, No Peat, No Exploitation' (NDPE) policies are being implemented. In September 2016, a Greenpeace report⁸ showed how suppliers to some of the world's largest palm oil traders are linked to deforestation, peatland destruction, exploitation of workers – including children – and community conflicts or oppressive measures such as use of state security forces. Similarly, in December 2016 Amnesty International reported that human rights abuses were endemic in plantations controlled by Wilmar, the world's largest palm oil trader.⁹

Nonetheless, there is at least a clear consensus that companies that use, sell or trade palm oil (and other high-risk commodities) should take meaningful action to ensure their supply chains are not driving deforestation or human rights abuses. The same cannot be said for the banks that continue to provide financial services to and invest in the palm oil sector. Although financial institutions have raised concerns about the environmental and social impacts of palm oil production,¹⁰ in the banking sphere this has yet to translate into the comprehensive NDPE commitments adopted by other sectors. By providing financing without proper diligence on sustainability, banks enable the palm oil sector's destructive practices to continue, while acquiring for themselves long-term financial risks (see 'Forest destruction – a risky business').

It is difficult to measure the scale of banks' funding for the palm oil sector, due to lack of disclosure by both the banks and the companies, but what evidence there is suggests it is significant. Data from Bloomberg and the companies' annual reports show that since 2012, the 18 global banks listed in the table 'Other banks' links to case study companies' have been involved in providing at least US\$23.6bn in financing to the six companies profiled in this report in the form of loans and other credit facilities.

With this level of exposure comes the responsibility for financial institutions to use their influence with the companies they finance or invest in to improve their environmental and social performance.

This report primarily focuses on the role of banks as the providers of credit facilities and other financial services to the companies whose damaging practices are outlined here. It also sets out principles for institutional investors to adopt in the closing section, 'Model for responsible banking'.



DON'T BANK ON IT

HSBC Holdings plc, headquartered in the UK, is currently one of the largest providers of financial services to the palm oil industry.¹¹ HSBC has detailed policies on forestry and agricultural commodities (including specific sections on palm oil). It claims these policies 'prohibit the finance of deforestation', although many of the companies it funds are destroying forests.

HSBC's policies have been ranked highly compared to those of other banks,¹² but come up short when compared to the NDPE policies that have become the standard in other sectors. The bank's agricultural commodities policy fails to exclude companies involved in deforestation, and it relies solely upon Roundtable on Sustainable Palm Oil (RSPO) membership and certification as marks of sustainability compliance¹³ despite widespread criticism of RSPO standards and enforcement (see 'RSPO – no proxy for compliance'). Interestingly, a 2013 report by HSBC's own analysts showed that the bank was aware of the weakness of the RSPO and the need to strengthen its policies, notably by requiring more than RSPO membership as proof of commitment to sustainability, making peatlands 'no go areas' and ensuring full supply chain traceability and transparency.¹⁴ These recommendations do not appear to have been taken into account when HSBC's policies were revised in 2014.

HSBC IS SUPPORTING ENVIRONMENTAL DESTRUCTION AND EXPLOITATION

Despite its claimed commitment to sustainability, in recent years HSBC has begun or maintained financial relationships (including providing or arranging loans) with companies and groups operating palm oil concessions in Indonesia associated with the most unsustainable aspects of palm oil development. Since 2012, it has been involved in arranging loans and other credit facilities totalling US\$16.3bn for the six companies profiled in this report, as well as nearly US\$2bn in corporate bonds. As these case studies show, not only are HSBC's policies inadequate, but it is providing services to companies that breach them. Its links to some of the most damaging companies in the sector leave HSBC exposed to serious reputational risk, in addition to the financial risks associated with the palm oil industry.

Evidence that these companies were responsible for unacceptable activities was in the public domain: they have been subject to RSPO complaints or suspension, been cited by the Indonesian government for unrestrained fires¹⁵ and/or been the subject of critical reports from social and environmental non-governmental organisations (NGOs).

Even the most basic due diligence on these companies should have set alarm bells ringing, which raises the question: is HSBC failing to apply its policies altogether, or just failing to apply sufficient scrutiny when assessing whether current or prospective customers comply?

Bumitama, Goodhope, Indofood, IOI, and Noble are RSPO members, yet all these companies' growth strategies for palm oil are still dependent on conversion of peatland and forest, including HCV areas. HSBC's use of RSPO certification as a proxy for sustainability may have meant these companies received loans without further examination, although in all cases there is evidence of contravention of the RSPO's Principles and Criteria (P&C) for Sustainable Palm Oil Production (see case studies). POSCO Daewoo is not even an RSPO member, and it appears HSBC ignored its palm oil operations and their impact when agreeing loans to other sections of the conglomerate.

HSBC's October 2016 statement on climate change does claim that the bank has 'stopped providing banking services to some customers (such as some forestry companies)' based on the bank's standards, but does not say who these companies are.¹⁶ When Greenpeace put the allegations in this report to HSBC it refused to talk about specific customers, stating that 'customer confidentiality restricts us from commenting on specific relationships'.¹⁷

Given its exposure to companies with a proven record of environmental and human rights abuses, HSBC must explain how it intends to revise its existing policies to bring them into line with the 'No Deforestation, No Peat, No Exploitation' standards that have become the norm for other sectors. HSBC must be transparent about the palm oil companies (and conglomerates with palm oil interests) within its client base, engage with these companies and set a deadline for them to apply NDPE policies that cover their entire operations.

Companies that are unwilling to adopt strong standards to prevent environmental and human rights abuses should be excluded from refinancing and from receiving new or renewed financial services.

BUMITAMA

HSBC provided loans (as part of bank consortia) to palm oil subsidiary.

PT Andalan Sukses Makmur (PT ASMR), Central Kalimantan; PT Karya Bakti Agro Sejahtera (PT KBAS) and PT Ladang Sawit Mas (PT LSM), West Kalimantan

- Deforestation for plantation development (PT ASMR, PT KBAS, PT LSM)
- Destruction of HCV forest (PT ASMR, PT LSM)
- Development on peatland (PT ASMR, PT LSM), notably a Ramsar wetland (PT ASMR)
- Illegal operations: permit irregularities including development without permits (PT KBAS)
- Failure to meet timetables for RSPO certification (company level)

GOODHOPE / CARSON CUMBERBATCH

HSBC provided loans (as part of bank consortia) to palm oil subsidiary.

PT Nabire Baru (PT NB), Papua

- Deforestation for plantation development
- Destruction of HCV forest
- Plantation development on peat
- Illegal operations: permit irregularities including development without an environmental impact assessment (AMDAL)
- Exploitation: taking over indigenous land without free, prior and informed consent (FPIC) and using state security forces to repress local opposition
- Failure to meet timetables for RSPO certification (company level)

IOI

HSBC provided bonds (as part of bank consortia) to parent group.

PT Berkat Nabati Sejahtera (PT BNS), PT Bumi Sawit Sejahtera (PT BSS) and PT Sukses Karya Sawit (PT SKS), West Kalimantan; Pelita, Sarawak, Malaysia

- Deforestation for plantation development
- Destruction of HCV forest
- Development on peatland
- Fires: extensive fires in 2014 and 2015, and planting observed in previously burned areas
- Illegal operations: permit irregularities including development without permits and planting outside concession boundaries
- Breach of community land rights
- Temporary suspension of RSPO certification
- Failure to meet timetables for RSPO certification (company level)

NOBLE GROUP

HSBC provided loans (as part of bank consortia) to parent group.

PT Henrison Inti Persada (PT HIP), West Papua; PT Pusaka Agro Lestari (PT PAL), Papua

- Deforestation for plantation development (PT HIP, PT PAL)
- Clearance of HCV forest (PT PAL)
- Violation of the rights of local communities and lack of FPIC (PT HIP)
- Significant social conflict (PT HIP, PT PAL)
- Failure to meet timetables for RSPO certification (company level)

POSCO DAEWOO

HSBC provided loans (as part of bank consortia) to sections of the conglomerate.

PT Bio Inti Agrindo (PT BIA), Papua

- Deforestation for plantation development
- Clearance of HCV forest
- Apparent use of fire for land clearance
- Violation of the rights of local communities and lack of FPIC
- Not a member of RSPO

SALIM GROUP/INDOFOOD

HSBC provided loans as sole lender; parent company also received loans from HSBC.

Isuy Makmur/Kedang Makmur and PT Gunta Samba Jaya (PT GSJ), East Kalimantan; PT Lonsum concessions, North Sumatra

- Deforestation for plantation development (Isuy Makmur/Kedang Makmur, PT GSJ)
- Clearance of HCV forest (Isuy Makmur/Kedang Makmur, PT GSJ)
- Possible deforestation on peatland (Isuy Makmur/Kedang Makmur)
- Rampant fires during 2014 and 2015, including in cleared primary forest areas (Isuy Makmur/Kedang Makmur)
- Exploitation: use of child labour, paying below minimum wage and breaches of health and safety standards (PT Lonsum concessions)
- Failure to meet timetables for RSPO certification (company level)

HSBC AT A GLANCE

Headquarters: UK, offices in 71 countries¹⁸
Listed: UK
Value: US\$2,557b at end September 2016¹⁹

HSBC was ranked among the world's 10 biggest banks in 2016, and the largest European-based bank.²⁰ It was also ranked as the 14th-largest public company in the world.²¹

The bank has had sustainability policies covering forests and agriculture since 2004, and in 2016 recognised the need to transition to a low-carbon economy.²² It has also been ranked highly for its environmental and deforestation policies in surveys by other organisations, most recently by the Global Canopy Programme's Forest 500 initiative.²³ However, the bank continues to fund companies and projects in high-carbon sectors including coal²⁴ and palm oil.

HSBC'S 2014 POLICIES

NO DEFORESTATION

Before 2014, HSBC had a single 'Forest land and forest products policy', which stated that 'HSBC will not finance plantations converted from natural forest since June 2004 ... unless they are independently certified or confirmed as not having impacted adversely on HCVF [high conservation value forest]'.²⁵

In 2014, this was replaced by two separate policies: one on agricultural commodities, which covers palm oil, and one on forestry, which covers businesses involved in logging, timber processing, and pulp and paper.

HSBC's agricultural commodities policy states, in relation to 'Prohibited Business':

*HSBC will not knowingly provide financial services to growers and mills involved in: illegal operations; land clearance by burning; the conversion of areas (often forests) necessary to protect high conservation values; harmful or exploitative child labour or forced labour; the violation of the rights of local communities, such as the principle of free prior and informed consent; and operations where there is significant social conflict. HSBC extends this policy to refiners and traders where checks can be made.*²⁶

By only protecting areas of high conservation value, HSBC's policy falls short of the No Deforestation standards adopted by leading palm oil growers, traders and end users, which protect all natural forests, as defined using the High Carbon Stock Approach.²⁷

However, it is also notably weaker than HSBC's forestry policy. This lists 'forests being converted to plantation or to non-forest use (deforestation)' under 'Prohibited business'.²⁸ The RSPO P&C also exclude plantings replacing primary forest.²⁹

HSBC's October 2016 statement on climate change ignores this contradiction and states that 'Our 2014 Forestry and Agricultural Commodities Policies prohibit the finance of deforestation'.³⁰ It recognises deforestation as 'particularly important' as a source of emissions and a carbon sink as well as for biodiversity.³¹

PEATLAND PROTECTION

The introduction to HSBC's agricultural commodities policy correctly states that 'the draining of peat swamps can encourage climate change by releasing large quantities of greenhouse gases'.³² Despite this, the policy that follows contains no specific provisions against plantations on peatland, although Indonesian peat over 3m deep is automatically classed as high conservation value.³³

Furthermore, when it comes to implementation, HSBC's agricultural commodities policy is entirely reliant on membership

of and certification under the RSPO. The bank requires all customers to be RSPO members by 20 June 2014, to have at least one management unit certified by 31 December 2014 and to have a time-bound plan for 100% certification of management units by 31 December 2018. This effectively incorporates the RSPO P&C into policy standards.

The P&C direct companies to avoid 'extensive planting on ... fragile soils, including peat' in new developments,³⁴ with accompanying guidance suggesting this should amount to no more than 100ha in a development.³⁵ The standards also stress that the use of fire for preparing land should be avoided.³⁶

A separate HSBC policy covers World Heritage Sites and internationally important wetlands listed under the 1971 Ramsar Convention. This policy states that 'HSBC does not wish to support projects which could result in ... [the] special characteristics of a Ramsar Wetland being threatened.'³⁷ While the list of Ramsar wetlands does not include the vast majority of Indonesia's peatland, Indonesia has nine Ramsar sites which include important peatland areas in regions with extensive palm oil development, such as Central Kalimantan and Jambi Province (Sumatra) – making this issue relevant to the bank's relations with palm oil companies.³⁸

HSBC's failure to include drainage of and development on peatland under the heading of 'prohibited business' is at odds with its 2016 statement on climate change, which indicates that it aims to avoid funding 'infrastructure ... which could "lock in" additional greenhouse gas emissions for many years'.³⁹ Peat over 3 metres deep has long been protected by Indonesian law,⁴⁰ and Ministry of Agriculture regulations⁴¹ do not allow permits to be issued on areas of peatland over 3 metres deep, though the laws are poorly enforced. Since 2011, Indonesia has had a moratorium on the issuance of new concessions covering primary forest or peatland.⁴² An explicit ban on any new development of peat of any depth, including in existing concessions, was communicated to the plantation industry via letters issued by the Minister for Environment and Forestry dated 3 November 2015⁴³ and by her Secretary General two days later.⁴⁴ Indonesia's December 2016 revision to the peat regulations⁴⁵ reiterates this via a moratorium on any new peatland development, including in existing concessions, while mapping of peatlands is underway and a system of zoning for conservation or development is being established. This is a process that could take years, which means that any development on peatland is illegal for the foreseeable future.

Given HSBC's climate commitments, its explicit acknowledgement that 'the draining of peat swamps' is one of the negative impacts of palm oil development⁴⁶ and the RSPO standards through which it implements its policy, the case studies in this report treat development on peatland as a breach of HSBC policy.

POLICY IMPLEMENTATION AND RESPONSIBILITY – THE GROUP QUESTION

Existing frameworks for sustainability in the financial sector, such as the Equator Principles⁴⁷ and most individual banks' policies, look at sustainability on a project level, with the aim of avoiding specific projects with large negative impacts. This approach fails to assign responsibility for those impacts to the companies and groups behind the projects and allows banks to continue relationships with other parts of the organisations. It also ignores the complex group arrangements which may be designed to evade responsibility.

In this context, it is not enough to say that a particular segment or subsidiary of a company is not involved in damaging practices. Responsibility needs to be assigned at the group level, and beyond that to controlling shareholders, to discourage the creation of damaging yet profitable company divisions. This means screening for applying banks' policies should treat a conglomerate as a single unit based on control and ownership links rather than looking no further than a specific name, branding or location.

The principle of group-level responsibility is shown in the 2015 decision of Norway's Government Pension Fund Global to exclude Korean group POSCO and its subsidiary Daewoo from its investments following evidence of Daewoo palm oil subsidiary PT Bio Inti Agrindo clearing primary forest in Indonesia:

The Council follows the guiding principle that if a parent company is the controlling owner of a subsidiary, the parent company must also be excluded if the subsidiary breaches the guidelines. As the controlling owner, the parent company has deciding influence on the activities of the subsidiary.⁴⁸

In the palm oil industry, some traders (such as Wilmar⁴⁹) and consumer companies have included the principle of group-level responsibility in their sustainability policies when applying these policies to third-party suppliers' operations. Implementation is still problematic, with traders and consumer companies not yet effectively excluding non-compliant suppliers, but the principle is being introduced and it is important for banks not to fall behind the curve.

HSBC RESPONSE

When presented with the financial data and evidence of policy breaches documented in this report, HSBC stated that it was preparing a review of the bank's exposure to the palm oil sector following requests from interested parties, including Greenpeace.⁵⁰ Preliminary figures from the review show that since 2014 the bank has closed relationships with 93 customers in the palm oil sector, in most of these cases because the customers 'do not or do not wish to meet HSBC's policy'. However, HSBC was unwilling to name any of these customers, stating that 'customer confidentiality restricts us from commenting on specific relationships'.⁵¹ A further 83 customers were judged to have met or be 'on a credible path' toward complying with its policies. HSBC did not state how many customers overall it has in the palm oil sector.

HSBC reaffirmed the prohibited businesses listed in its agricultural commodities policy,⁵² stating that it 'does not provide financial services which directly support palm oil companies which do not comply with our policy'.⁵³ No details were provided of any actions taken in response to policy breaches committed by the six companies highlighted in this report.

With regard to financial services provided to conglomerates with palm oil divisions, HSBC laid out a number of options that are considered, including imposing conditions that the financing not be used for palm operations that do not comply with its policy or that steps being taken to meet sustainability are made public by the customer, or, in some cases, closing the relationship. Again, HSBC did not state which or how many companies it had imposed any of these conditions upon, nor whether they had been met.

It also confirmed that it relies on the RSPO for the standards HSBC expects from its customers, and that 'certification decisions are ultimately taken by our customers'. However, it stated that engagement is made at 'the highest levels of executive management to advocate the benefits of a sustainable approach'. No details were provided about such engagement with any of the palm oil companies named in this report.⁵⁴

RSPO – NO PROXY FOR COMPLIANCE

*'RSPO membership in and of itself is not enough to ensure companies are performing well in sustainability or that their part of the palm oil value chain is sustainable.'*⁵⁵
– HSBC Global Research

Many major international banks have adopted palm oil policies which accept RSPO standards as a proxy for sustainability. This is in spite of major issues with RSPO standards and implementation:

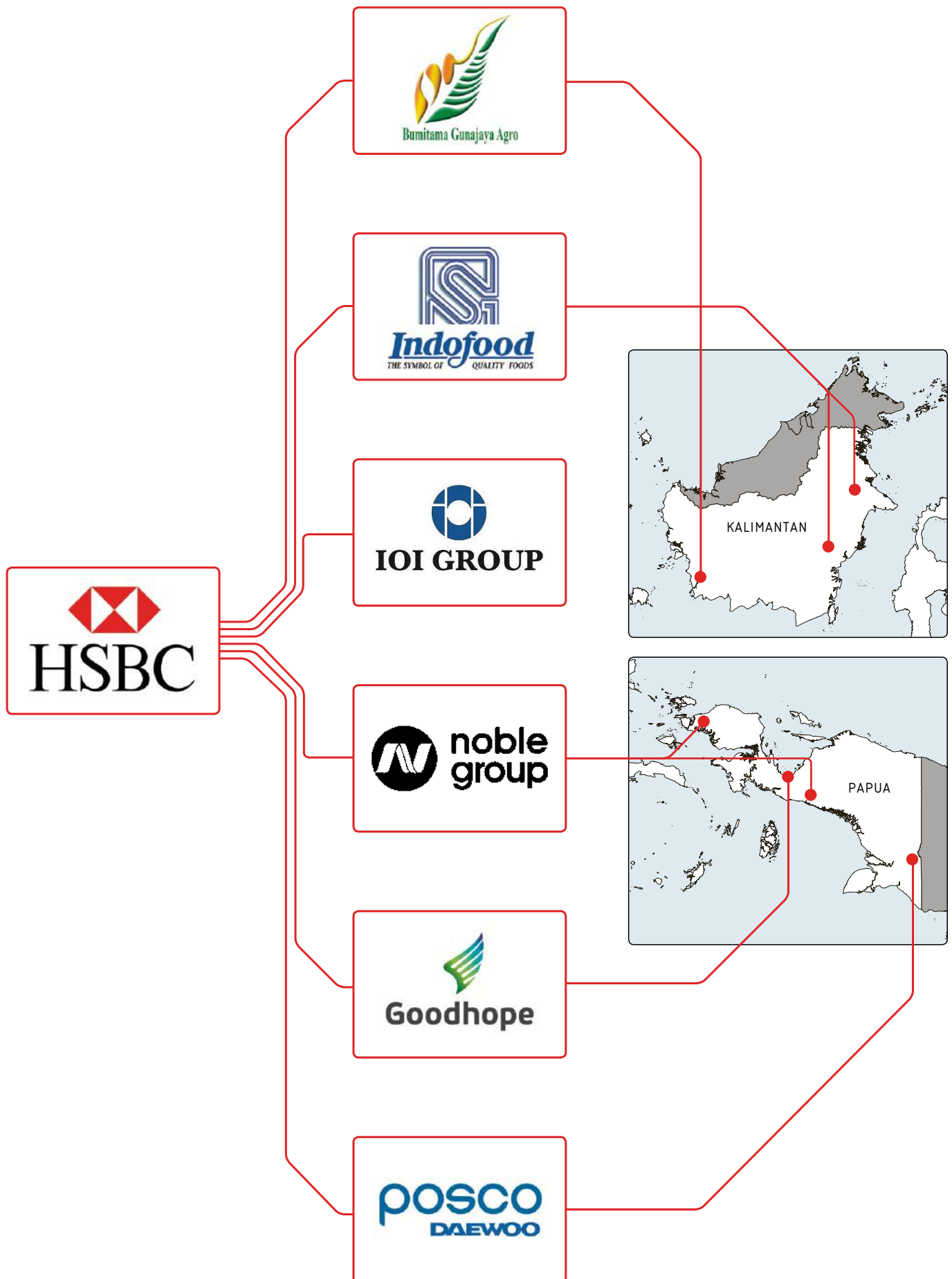
- **RSPO standards do not equal NDPE policies.**⁵⁶
- **Most RSPO members do not yet have all their operations certified.**⁵⁷
- **Enforcement is lax, the complaints process can take years⁵⁸ and some companies are massively breaching standards, eg by developing in primary forest areas without having filed New Planting Procedure (NPP) documents (see case studies).**

RSPO membership does not mean a company is practising sustainability, and plantations may achieve certification in spite of clearing forest or peatland. Banks using RSPO membership as a proxy for palm oil sustainability are deceiving themselves and their other customers.

In spite of transparency commitments, the RSPO itself chronically fails to provide public access to key documents, including concession maps, complaints lodged against members for non-compliance and development plans, which impedes stakeholders' ability to hold companies to account.

It may be that HSBC (along with some other players in the palm oil industry) sincerely wants the RSPO to be a reliable industry-wide sustainability standard. However, pretending that the RSPO is performing adequately, in defiance of evidence to the contrary, hints at banks' desire to avoid responsibility for monitoring their customers' actions.

HSBC'S LINKS TO DESTRUCTIVE PALM OIL GROUPS





April 2013, PT Ladang Sawit Mas:

International Animal Rescue Indonesia and government conservation staff rescue four orangutans, including a pregnant adult and a baby, from Bumitama's oil palm concession in Ketapang, West Kalimantan.

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CASE STUDIES

FINANCIAL DATA METHODOLOGY

Loan and bond data in this report was acquired via licence from Bloomberg and is limited to the available information for deals arranged since 2012.⁵⁹ Additional information, including information about other financial services, was taken from company annual reports and financial statements. Total loan and bond amounts detailed in this report are for all known deals arranged since 2012, including those that have matured. HSBC loans and bonds itemised for each palm oil company are those arranged since 2012 that have yet to mature. HSBC loans and other financial services that are no longer active have also been detailed where they illustrate direct financial links to palm oil subsidiaries of conglomerates in the recent past.

In many cases, there is no obligation to reveal loan details: privately held companies are not required to disclose deals, loans arranged by a single bank as opposed to a consortium may not be made public and in some cases only the loan total is available rather than the amounts contributed by each bank. This means that information on financial services provided by particular banks described in this report is likely to be incomplete. Actual amounts contributed by HSBC to individual companies are listed where known; otherwise the total amount of known loans in which HSBC is involved (as either agent, coordinator, arranger, or bookrunner⁶⁰ as well as lender) is given. Other financial services (eg principal account holder) are often mentioned in company annual reports. Share and bond holdings have not been analysed for this report.

LOANS AND BONDS SUMMARY

HSBC performs different services for the groups detailed in this report, depending on the arrangements of each deal, including bookrunner and arranger. It has acted as lender on various loans to all six groups. All loans and bonds were provided as part of a consortium of banks, some of which are listed in the table 'Other banks' links to case study companies', except where stated. In some cases (Bumitama and Goodhope), loans have been provided directly to the palm oil grower subsidiaries; in others loans and financial services in connection with the issue of corporate bonds have been provided to the parent company (IOI, Noble, Indofood) or subsidiaries operating in other sectors (POSCO Daewoo).

LEGAL PERMITS REQUIRED TO ESTABLISH AND DEVELOP AN OIL PALM PLANTATION

PERMIT PROCESS

Industrial-scale oil palm plantations in Indonesia require permits both to establish land rights and to develop the land. The process includes the following permits, guidelines and legal documents:

1. Usually, an Indonesian **limited company** (*Perseroan Terbatas*; PT) must be established. Regulations limit the area of oil palm plantation held per company or group of companies nationally to 100,000ha. The maximum total area is doubled to 200,000ha for operations in Papua. Exceptions are made for cooperatives, state-owned companies and publicly listed companies where the majority of shares are held by the public.⁶¹
2. District governments may issue preliminary documents with names such as **in-principle permit** (*Izin Prinsip*) or **land information permit** (*Izin Info Lahan*), indicating that a company is allowed to survey the land and to consult with landowners.
3. A **location permit** (*Izin Lokasi*; IL) is issued by the district head (or by the provincial governor where the permit area falls across two districts).⁶² Regulations state that neither *Izin Lokasi* nor *Izin Prinsip* may be issued outside areas where plantation development is permitted within the district spatial plan.⁶³ The location permit gives the holder permission over a three-year period to seek to acquire land, with the agreement of and compensation of the landowners,⁶⁴ within an identified area. The acquisition should be based on consultations with the current landowners, including the Ministry of Environment and Forestry (MoEF), other plantation companies and local communities. The company must acquire at least 51% of the land within the concession within three years or the permit expires.
4. State Forest (*Kawasan Hutan*) is a legal designation and does not indicate the actual physical presence of natural forest in an area. Where the area includes State Forest, the MoEF must approve the release of forestland through a **State Forest Release Letter** (*SK Pelepasan Kawasan Hutan*), and the land area must be delineated and its status converted to Other Land Uses (*Areal Penggunaan Lain*; APL). Land clearing and other operations within State Forest prior to the completion of the release process is a criminal offence under forestry law.

5. An **environmental permit** (*Izin Lingkungan*) is issued when the regional environmental impact assessment commission (*Komisi AMDAL Daerah*) is satisfied with the environmental impact assessment (*Analisis Mengenai Dampak Lingkungan*; AMDAL). An AMDAL consists of an Environmental Impact Study (*Analisis Dampak Lingkungan Hidup*; ANDAL), an Environmental Monitoring Plan (*Rencana Pemantauan Lingkungan Hidup*; RPL) and an Environmental Management Plan (*Rencana Pengelolaan Lingkungan Hidup*; RKL). It is a criminal offence under environmental law to operate without this permit.
6. A **plantation business permit** (*Izin Usaha Perkebunan*; IUP) is issued by the district head or provincial governor (where the area falls across more than one district). It allows a company to develop a nursery and carry out land preparation and clearing on undisputed land within the area covered by the location permit. It cannot be issued prior to the issuance of an environmental permit⁶⁵ and must not be issued covering indigenous lands (*Tanah Hak Ulayat Masyarakat Hukum Adat*), except with the consent of traditional landowners.⁶⁶
7. Plasma is the name for community plantations, the development of which a company is obliged to facilitate for the benefit of people living in the area surrounding its plantation. Their extent must equal at least 20% of the total IUP area.⁶⁷ Funding assistance is to be provided in the form of credit, profit sharing or similar.
8. Under Indonesian land law, **land cultivation right** (*Hak Guna Usaha*; HGU) should be secured before a company commences full-scale plantation operations, although preliminary operations may already have begun in undisputed land acquired within the area of the location permit. It is a temporary title in the form of a certificate issued by the National Land Agency (*Badan Pertanahan Nasional*; BPN)⁶⁸ and is valid for up to 35 years, extendible for up to a further 25 years. After that, it can be reissued to the same company if the land is still being put to the same use. It is usable as collateral for loans and is transferable to another company.
9. A **timber utilisation permit** (*Izin Pemanfaatan Kayu*; IPK) must be obtained by a plantation company or its contractor prior to clearing any forest with remaining, commercially viable timber stand. The IPK is not directly connected to the land acquisition permits and IUP; it needs to be obtained once the right to cultivate (IUP) is secured but can still be applied for when the HGU has already been obtained, so long as there is undeveloped forest.

To obtain an IPK, a timber stand survey must be conducted to determine due taxes. With the introduction of Ministry of Forestry Decree Nr. 59/2009 on stumpage fees⁶⁹ for land development and/or tree plantations, payment of provincial forestry taxes and Reforestation Fund (*Dana Reboisasi*; DR) contributions is required when the proposed area contains more than 50m³ of trees of diameter 30cm and above. If the survey establishes that such is the case, the company must deposit a bank guarantee for 100% of the expected yield. Thereupon, and if an environmental permit and (if applicable) a forestland release approval has been submitted, the IPK will be issued by the local Forestry Office.

Principle 2 of the RSPO's P&C requires 'compliance with applicable law and regulations', including acquiring the necessary legal permits.⁷⁰



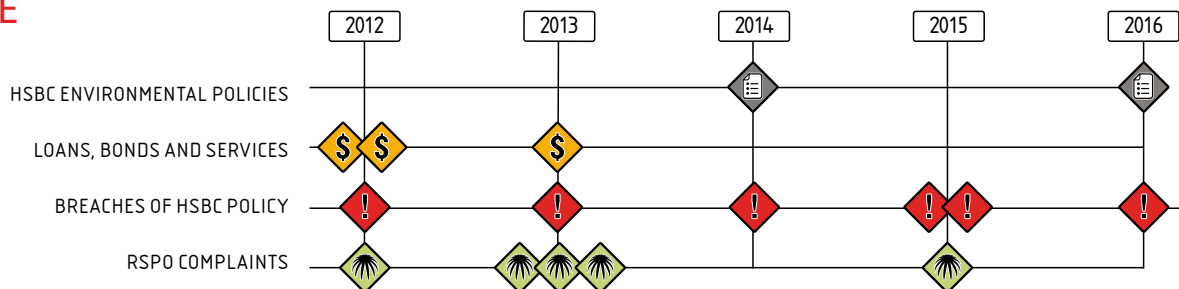
Companies: Bumitama Gunajaya Agro (BGA) and Bumitama Sawit Lestari (BSL)
Group: Bumitama Agri Ltd (BAL)
Headquarters: Singapore
Stocklisted: Singapore Stock Exchange
RSPO member: Yes

Bumitama Agri Ltd (BAL) is a group comprising the oil palm plantation companies Bumitama Gunajaya Agro (BGA) and Bumitama Sawit Lestari (BSL).⁷¹ BAL was listed on the Singapore Stock Exchange on 12 April 2012.⁷² As of March 2015 BAL's principal owners were the Hariyanto (Lim) family (51.45%)⁷³ and IOI Corporation (30.48%).⁷⁴ IOI CEO Dato' Lee Yeow Chor is a Director of BAL.⁷⁵ This makes Bumitama closely linked to IOI, and associated with other Hariyanto family interests.

CURRENT KNOWN LINKS WITH HSBC

| FACILITY | TOTAL VALUE | VALUE OF HSBC CONTRIBUTION | BORROWER | SIGNED | HSBC ROLE(S) |
|---------------------------|-----------------|----------------------------|-------------------|------------|--|
| Refinance fixed term loan | US\$120m | Unknown | Bumitama Agri Ltd | 11/11/2012 | One of seven lenders, coordinator, arranger, agent |
| Refinance fixed term loan | US\$70m | Unknown | Bumitama Agri Ltd | 05/08/2013 | One of seven lenders, coordinator, arranger, agent |
| TOTAL | US\$190M | Unknown | | | |

TIMELINE



BREACHES OF HSBC POLICY

PT Andalan Sukses Makmur (PT ASMR) concession, Central Kalimantan; PT Karya Bakti Agro Sejahtera (PT KBAS) and PT Ladang Sawit Mas (PT LSM) concessions, West Kalimantan

- Deforestation for plantation development (PT ASMR, PT KBAS, PT LSM)
- Destruction of HCV forest (PT ASMR, PT LSM)
- Development on peatland (PT ASMR, PT LSM), notably a Ramsar wetland (PT ASMR)
- Involvement with illegal (unlicensed) operations (PT KBAS)
- Failure to meet timetables for RSPO certification (company level)



OTHER BANKS LINKED TO BUMITAMA



PLANTATIONS

As of December 2015, Bumitama controlled a total of 23 plantation companies⁷⁶ and 12 crude palm oil (CPO) mills.⁷⁷ At the same time, it owned and/or controlled a landbank of 207,000ha in Central Kalimantan, West Kalimantan and Riau,⁷⁸ of which 164,177ha were planted (including 44,498ha of plasma scheme plantation).⁷⁹ At this point, the company reported that 'only 49.5% of our planted area has reached peak production age'.⁸⁰

PAST CONCERNS AND COMPLAINTS

Greenpeace investigations in 2012 and 2013 documented destructive or illegal activity in Bumitama concessions in Kalimantan, including extensive deforestation, peatland conversion in new concession areas supposedly covered by the Indonesian Government's moratorium and destruction of HCV forest including orangutan habitat.⁸¹ This had a lasting impact on the landscapes in which Bumitama operates. In 2015, a Greenpeace investigation highlighted how severe fires had broken out in Bumitama's PT Andalan Sukses Makmur (PT ASMR) concession following the sustained conversion of peatland and forest areas, including HCV forest and orangutan habitat.⁸² The concession is immediately adjacent to – and at one point in its permit history partially overlapped areas of – Tanjung Puting National Park, which has been designated a Ramsar site.⁸³ HSBC policy prohibits 'knowingly provid[ing] financial services directly supporting projects which threaten the special characteristics of ... Ramsar Wetlands'.⁸⁴

Complaints were made to the RSPO in 2013 over destruction of HCV forest threatening orangutan populations in three of Bumitama's concessions,⁸⁵ and the RSPO suggested that such infractions by the group 'may not be ad-hoc but systemic in nature'.⁸⁶

At the time, Bumitama showed little effort to rectify the problems. Early in 2013, the company claimed to have stopped all development in one concession – PT Ladang Sawit Mas (PT LSM) – having been alerted to the presence of orangutans, although their presence had already been noted in a 2009 environmental impact assessment (AMDAL). However, despite this undertaking being reinforced by a request from the RSPO to suspend operations following complaint proceedings being initiated, Greenpeace analysis of satellite images revealed that some 1,150ha of forest were cleared between December 2012 and October 2013, 160ha of this after July 2013. This included significant areas of peatland forest.

Until November 2013, only one of Bumitama's two main palm oil subsidiaries (BGA) was a member of the RSPO; the other (BSL) was not. Bumitama transferred RSPO membership to the parent group following pressure from NGOs and the RSPO itself,⁸⁷ after previously trying to deflect an RSPO complaint against a BSL concession (PT ASMR) on the grounds that BSL was not an RSPO member.⁸⁸

HSBC contributed to a US\$70m loan to Bumitama in August 2013. At this date, the group had three outstanding RSPO complaints against it (see 'RSPO complaints relating to Bumitama'), one relating to legality and two relating to destruction of HCV

forest, any one of which would put Bumitama in clear breach of HSBC's 2008 'Forest land and forest products sector policy'.⁸⁹ What due diligence did HSBC carry out before making this loan?

RSPO COMPLAINTS RELATING TO BUMITAMA

1 July 2012 (PT Hati Prima Agro) – complaint by Sawit Watch – license validity, illegal operations – complaint closed 21 April 2015.⁹⁰

10 March 2013 (PT Nabatindo Karya Utama) – complaint by Centre for Orangutan Protection – clearance of HCV forest including orangutan habitat – complaint closed 17 September 2015.⁹¹

7 April 2013 (PT Ladang Sawit Mas) – complaint by Friends of Borneo and International Animal Rescue – clearance of HCV forest and endangering lives of orangutans – complaint closed for monitoring 13 August 2014, final closure 2 September 2015.⁹²

18 September 2013 (PT Andalan Sukses Makmur) – complaint by Friends of Borneo, Friends of the National Parks Foundation, Indonesia, Siesfund, Australia – clearance of HCV forest and illegal planting – complaint closed 14 August 2015.⁹³

13 November 2015 (Bumitama Gunajaya Abadi) – complaint by Sawit Watch – illegal operations, failure to pay compensation – complaint closed for monitoring 13 June 2016.⁹⁴

ENVIRONMENTAL POSITION

In 2015, Bumitama introduced a 'No Deforestation, No Peat and No Exploitation' policy⁹⁵ and three earlier RSPO complaints against the company (see 'RSPO complaints relating to Bumitama') were closed.

CERTIFICATION AND TRANSPARENCY

Bumitama has stated that it plans to have its remaining concessions RSPO-certified by 2020.⁹⁶ This fails to meet HSBC's policy deadline of full certification by 2018.⁹⁷ Bumitama submitted 2015 Annual Communications of Progress to the RSPO, but it has not disclosed maps of its concessions, stating 'unclear legal standing on eMap. Risk of violating local regulations in sharing maps (refer to letter from DG Plantations, Indonesia Ministry of Agriculture on 13 Feb 2015)'.⁹⁸

MARKET LINKS

According to company data, Apical,⁹⁹ Cargill,¹⁰⁰ Golden Agri-Resources (GAR),¹⁰¹ IOI,¹⁰² Musim Mas¹⁰³ and Wilmar¹⁰⁴ are customers of Bumitama.

GAR, Wilmar and – via these traders – IOI are known to be supplied by PT LSM and (GAR and IOI) PT KBAS.¹⁰⁵

AAK refused to confirm or deny any trade relations with Bumitama.¹⁰⁶ Astra Agro Lestari failed to confirm or deny any trade relations with Bumitama.

CASE STUDY: BUMITAMA AGRI LTD 2012 INITIAL PUBLIC SHARE OFFERING ADMITS ILLEGALITY

POLICY VIOLATION

- **Illegal development without permits**

On 12 April 2012, Bumitama launched its initial public offering (IPO) on the Singapore Stock Exchange.¹⁰⁷ HSBC and DBS Bank were bookrunners for the IPO.¹⁰⁸

The IPO prospectus states that Bumitama 'owned and/or controlled an aggregate of 191,948 hectares of land'.¹⁰⁹ However, the prospectus warns potential investors that 'Our Group may face prohibitions and constraints in its ownership and acquisition of land'.¹¹⁰ In fact, nearly 80% of its landbank was described as 'uncertified' – explained as 'land for which title ... has not been conferred on the landholder'.¹¹¹ According to the prospectus, 120,504ha was on lands where even the initial permits to obtain land title from the current landowners (*Ijin Prinsip* or *Ijin Lokasi*) had already expired.¹¹² In other words, Bumitama no longer had any formal legal relation with these areas, let alone the right to acquire or develop the land for plantations.

According to the prospectus, Bumitama had in 2004 'commenced an aggressive planting programme'.¹¹³ Between 2004 and 31 December 2011, it planted 98,229ha with oil palms;¹¹⁴ by the time of the IPO, a total of 119,162ha of land that Bumitama claimed to own or control had been planted.¹¹⁵ However, Bumitama only had certified land titles (to use its term) over about 44,500ha.¹¹⁶ Assuming that all of the land for which the company had titles had been developed, it was claiming control of approximately 76,000ha – an area larger than Singapore – that had been planted without full land title, and much of it on areas with expired permits.

Further, the explicit objective of the IPO was to fund further deforestation and potentially unlawful development. The prospectus trumpets the company's ambition 'to increase the size of our land bank and planted area through selective external acquisitions and additional concessions from the Indonesian government'.¹¹⁷ Bumitama pledged to set aside S\$142m (US\$99.5m) to enable it to 'cultivate our existing land bank over the next four years with new plantings covering approximately 13,000 hectares ... per year ... and [to] clear existing vegetation in such uncultivated land bank for planting'.¹¹⁸

On the basis of what Bumitama is presenting in its prospectus, HSBC was operating as the bookrunner for a company that was admitting to have developed tens of thousands of hectares of oil palm plantations in violation of Indonesian laws and regulations – and, if successful, would use the money it raised to fund more of the same. All shares offered were sold.¹¹⁹

CASE STUDY: PT KARYA BAKTI AGRO SEJAHTERA

Location: Ketapang District, West Kalimantan

POLICY VIOLATIONS

- **Deforestation for plantation development**
- **Illegal development without permits**

MAPPING ANALYSIS

- **MoEF landcover maps show significant forest loss between 2011 and 2013 in the northern block of PT KBAS-3**
- **One block of KBAS-3 saw numerous fire hotspots during 2015**
- **Recent satellite imagery shows considerable development in a central block of KBAS-3 in line with and connected to other development within the KBAS concession.**

The RSPO New Planting Procedure documents for PT Karya Bakti Agro Sejahtera – 3 (PT KBAS-3),¹²⁰ West Kalimantan, made available for public consultation on 4 October 2016, include a reference to 1,414ha planted within the permit area since 2010. Since 2010, RSPO members have been required to make development plans available for public consultation through the publication of NPP documents.

Bumitama has owned PT KBAS since at least 2012,¹²¹ and possibly since 2007 via associated Hariyanto family interests.¹²² The apparent retrospective submission of the NPP documents calls into question the legality of the permit and the development history for the entire PT KBAS permit area, and whether the correct maps and submissions were made available to the RSPO.

According to the NPP documents:

- **On 4 December 2009, PT KBAS-1 received a plantation business permit (IUP) for development of 3,550ha of plantation plus a palm oil mill with capacity to process 30 tonnes of fresh fruit bunches (FFB) per hour.**
- **On 22 April 2013, KBAS-2 received an IUP for development of 2,325ha.**
- **On 14 August 2015, PT KBAS-3 was issued a location permit (IL) for a total of 6,680ha.**
- **On 29 January 2016, an environmental permit was issued for plantation development of PT KBAS [sic] covering 6,680ha with a palm oil mill with capacity to process 45 tonnes FFB/hour.**
- **On 15 February 2016, a revised environmental permit was issued for palm oil plantation development and palm oil mill development, covering a total area of 12,600ha with palm oil mill capacity of 75 tonnes FFB/hour.**
- **On 15 February 2016, an IUP was issued for PT KBAS (combining PT KBAS 1, 2 and 3) for 12,555ha of development.¹²³**

No NPP documents appear to have been submitted for either KBAS-1 or KBAS-2. However, significant palm oil development has taken place in the current PT KBAS permit area since 2010 despite the apparent lack of legally required permits covering the entire area of development. According to the HCV assessment produced

by Aksénta and peer reviewed by the HCV Network in February 2016, PT KBAS-3 'is an expansion of oil palm plantations PT KBAS 1 and KBAS 2, which have been in operation since 2010. The activities of oil palm cultivation in the study locations have been ongoing since 2010 when PT KBAS 1 started operation.'¹²⁴

It is unclear from the NPP documents whether either KBAS-1 or KBAS-2 had environmental permits prior to 2016. Either the submission fails to provide a clear and accurate permit history for the development or it glosses over the extent of illegal development within the permit area. What is explicit in Bumitama's 2012 IPO Prospectus is that the location permit for PT KBAS had expired without any plantation business permit having been issued,¹²⁵ effectively meaning that Bumitama had lost its rights to acquire and develop the area. Additionally, a 2014 district court ruling found that PT KBAS had illegally developed a nursery in an area zoned as production forest covered by a permit to Sampoerna Agro's PT Hutan Ketapang Industri (PT HKI).¹²⁶ PT KBAS had 'acquired' the land from local communities who were unaware of its status.¹²⁷

Development in the KBAS-3 permit area appears to have proceeded prior to any issue of an environmental permit – or indeed other relevant permits – covering the 2015 location permit area. KBAS-3 is contiguous with KBAS-1 and KBAS-2, and the only public reference to separate estates is in the NPP documents; further, the permit areas were unified in February 2016. Given that NPP documents were only submitted in August 2016 and published in October 2016, and given that no NPP documents were ever submitted for PT KBAS-1 or PT KBAS-2, it is unclear why the NPP documents only cover KBAS-3 – a permit area that no longer exists. From the information provided, retrospective approval and compensation would appear to be required for the entire KBAS permit area, including a review of potentially illegal development. Such illegal operations put the company in breach of RSPO P&C¹²⁸ and HSBC's agricultural commodities policy.¹²⁹

STATEMENTS

PRODUCER COMPANY

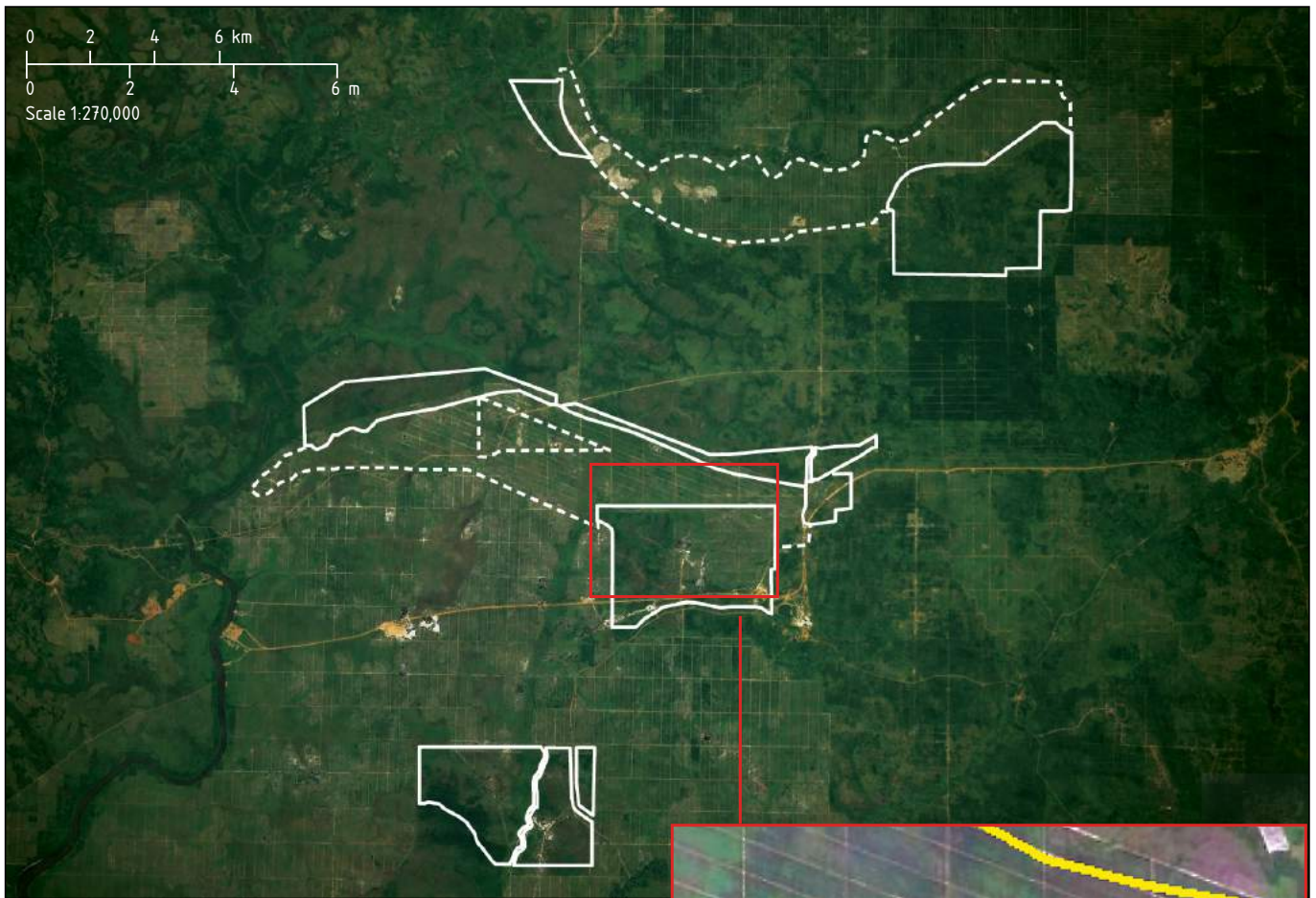
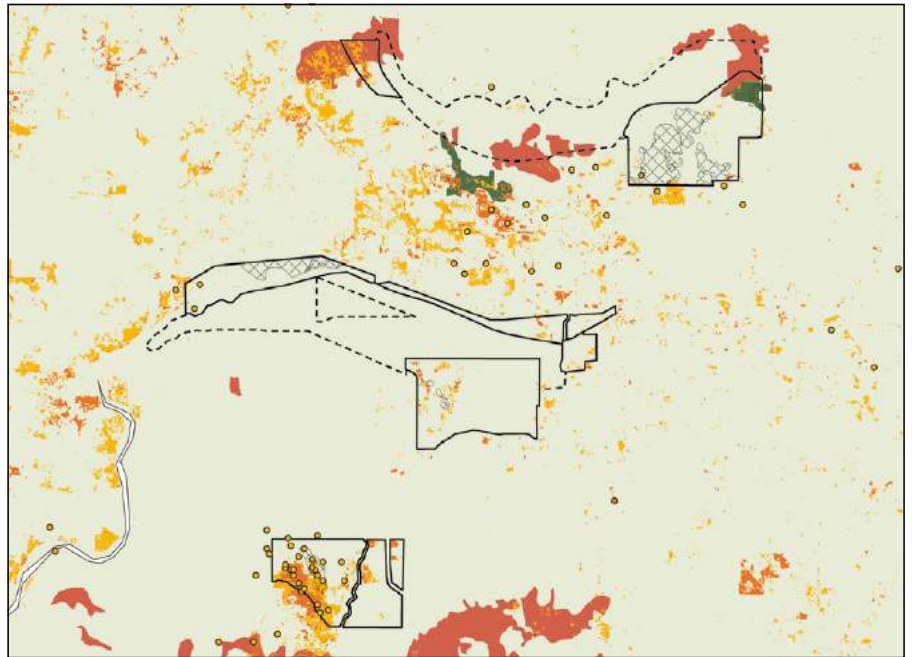
Prior to the publication of this report, Greenpeace contacted Bumitama to seek confirmation of the finance HSBC and other banks have provided, and to verify the report's findings of deforestation and other activities that would violate HSBC's policies. In email replies,¹³⁰ the company stated:

In 2013 and 2014 we were faced with a number of formal complaints and grievances from civil society. We realised that our policies and practices on sustainability did not meet stakeholders' and RSPO's expectations. Since then the Group has been working closely with RSPO with the intention of full compliance with RSPO Principles & Criteria. This led to a trial of the HCS on approximately 55,000 ha prior to reviewing and reformulating the Group's environmental and social policies between 2014 and 2015 ... We have not always been faultless in the implementation of the latest sustainability standards, however these gaps provided us as a lesson to learn and improve. We believe that the industry transformation would greatly benefit if Greenpeace acknowledged the countless challenges and recognized the initial conservation results that are being achieved by us.¹³¹

With regard to loans to Bumitama from HSBC, the company confirmed that since 2012 it had received the two loans included in

PT. KBAS

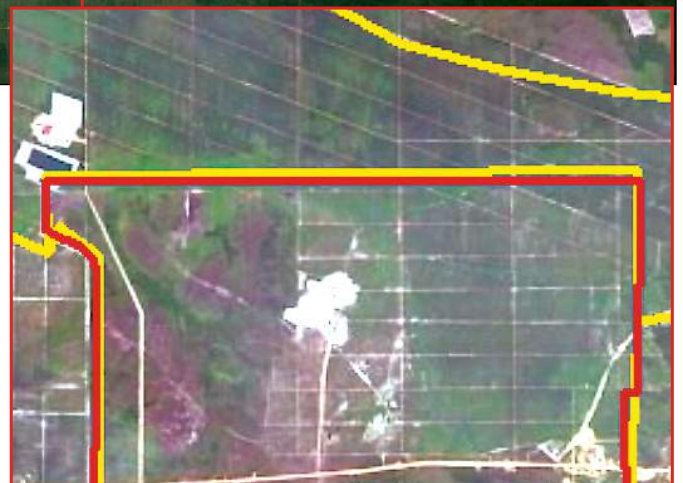
- PT Karya Bhakti Sejahtera
- PT Karya Bhakti Sejahtera 3
- Primary Forest
- Secondary Forest
- Deforestation 2011-12
- Deforestation 2013-15
- FHS 2015
- FHS 2016
- GLAD 2015
- GLAD 2016
- HCV area



this report and two additional loans that were set to have matured in 2015 and 2016 respectively. However, Bumitama stated that it had repaid all of its loans from HSBC in 'very early 2015'.¹³² Greenpeace stands by the findings presented in this report.

BANK

In January 2017, Greenpeace wrote to HSBC to confirm financial links with Bumitama and to ask it what action had been taken in response to the policy breaches that have been identified. HSBC said that 'customer confidentiality restricts us from commenting on specific relationships'.¹³³





Carson Cumberbatch PLC

Company: Goodhope Asia Holdings Ltd
Group: Carson Cumberbatch PLC
Headquarters: Sri Lanka (Goodhope Asia Holdings Ltd is incorporated in Singapore)
Stocklisted: Carson Cumberbatch is listed on the Colombo Stock Exchange (Sri Lanka)
RSPO member: Yes¹³⁵

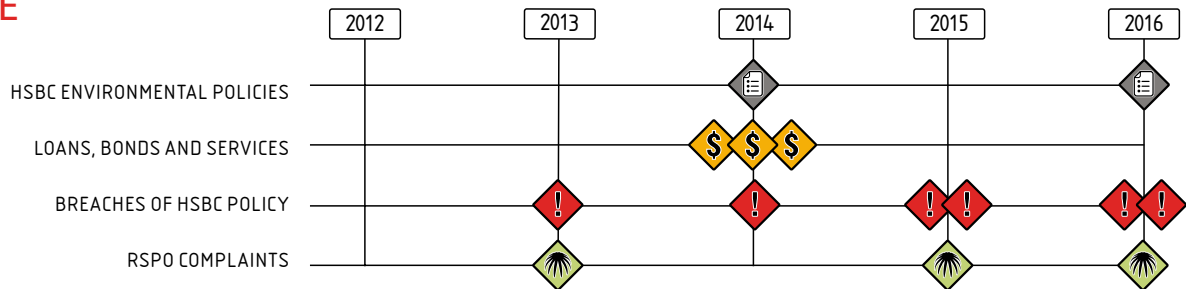
Goodhope is the palm oil plantations subsidiary of Carson Cumberbatch, a conglomerate that began as a 19th-century Sri Lankan coffee and rubber producer and now holds interests across Southeast Asia including hotels, real estate and breweries.¹³⁶ Carson Cumberbatch PLC holds a 53.3% stake in Goodhope Asia Holdings Ltd, with another Carson Cumberbatch Group company, Bukit Darah PLC, holding a 35.6% stake. Bukit Darah is a holding company which itself owns 45.7% of Carson Cumberbatch.¹³⁷

CURRENT KNOWN LINKS WITH HSBC

| FACILITY | TOTAL VALUE | VALUE OF HSBC CONTRIBUTION | BORROWER | SIGNED | HSBC ROLE(S) |
|--|-----------------|----------------------------|----------------------------|------------|--|
| Refinance / working capital loan | US\$200m | Unknown | Goodhope Asia Holdings Ltd | 19/03/2014 | One of eight lenders, bookrunner, arranger, collateral agent |
| Refinance / working capital loan | US\$150m | Unknown | Goodhope Asia Holdings Ltd | 19/03/2014 | One of eight lenders, bookrunner, arranger, collateral agent |
| Refinance / working capital revolving credit | US\$50m | Unknown | Goodhope Asia Holdings Ltd | 19/03/2014 | One of eight lenders, bookrunner, arranger, collateral agent |
| TOTAL | US\$400m | Unknown | | | |

- Annual and quarterly reports list HSBC Bank Malaysia Berhad as banker (2010–30/6/2016).¹³⁴
- All loans should be covered by current HSBC policies (revised March 2014).

TIMELINE



BREACHES OF HSBC POLICY

- PT Nabire Baru concession, Papua**
- Deforestation for plantation development
 - Destruction of HCV forest
 - Plantation development on peat
 - Permit irregularities including development without an environmental impact assessment (AMDAL)
 - Exploitation: taking over indigenous land without free, prior and informed consent; state security forces repressing local opposition
 - Failure to meet timetables for RSPO certification (company level)



OTHER BANKS LINKED TO GOODHOPE



PLANTATIONS AND MILLS

Goodhope holds 15 oil palm concessions in Indonesia, in the provinces of West, South, Central and East Kalimantan and Papua.¹³⁸ The company has four further concessions in Malaysia.¹³⁹

Landbank: 132,463ha

Planted area: 69,502ha

Mature area: 54,961ha

Immature area: 14,542ha¹⁴⁰

Goodhope's two concessions in Papua, PT Nabire Baru and PT Sariwana Adi Perkasa, cover 17,000ha and 8,190ha respectively.¹⁴¹ Timber extraction in the two concessions is carried out by a company called PT Sariwana Unggul Mandiri, which is not listed as a subsidiary of Carson Cumberbatch PLC in its annual report¹⁴² or on the Goodhope website.¹⁴³

Goodhope also owns edible oils and fats processing plants in Malaysia and India.¹⁴⁴

Goodhope stated that it produced 234,270 tonnes of CPO during the financial year 2014/15.¹⁴⁵

Carson Cumberbatch PLC, as well as its agribusiness and oils and fats divisions, is involved in portfolio and asset management, breweries, real estate, hotels and management services.¹⁴⁶

ENVIRONMENTAL POSITION

The environmental policies on Goodhope's website are limited to implementing good environmental management practices in plantation areas and mills and a commitment to identify and maintain high conservation value areas. The company makes no public commitment to avoid developing plantations on forested areas or peatlands, nor to implement a rigorous FPIC process with indigenous or other affected communities.¹⁴⁷

Goodhope's 2015 Annual Communication of Progress (ACOP) to the RSPO refers to a 'Sustainability Code of Conduct',¹⁴⁸ but no document using that title could be found in the public domain, including in annual reports or on company websites or the RSPO website.

CERTIFICATION AND TRANSPARENCY

Goodhope has been a member of the RSPO since 2 December 2014.¹⁴⁹

Three palm oil estates have received RSPO certification,¹⁵⁰ and two processing facilities in Malaysia have received supply chain certification.¹⁵¹

Goodhope has stated that it plans to achieve full RSPO certification by 2019.¹⁵² This fails to meet HSBC's policy deadline of full certification by 2018.¹⁵³

Goodhope has submitted information to the RSPO under the New Planting Procedures for its plantations in Kalimantan, but no concession maps or management plans for the Papuan concessions are publicly available, although the company claims to have submitted them to the RSPO. Neither of the Papuan concessions are listed as subsidiary companies on Goodhope's page on the RSPO website.¹⁵⁴

A complaint against PT Nabire Baru (PT NB), which was submitted to the RSPO in April 2016, was only listed on the RSPO website's case tracker facility¹⁵⁵ after numerous questions from NGOs, despite the RSPO having discussed the case in its complaints committee and sought meetings with the company.¹⁵⁶

Goodhope's 2015 ACOP to the RSPO omits important and relevant information. It claims that no land disputes exist, despite a high-profile ongoing dispute in PT NB's concession (see below).¹⁵⁷

MARKET LINKS

According to company data, Apical,¹⁵⁸ Cargill,¹⁵⁹ GAR,¹⁶⁰ IOI,¹⁶¹ KLK,¹⁶² Musim Mas¹⁶³ and Wilmar¹⁶⁴ are customers of Goodhope.

AAK refused to confirm or deny any trade relations with Goodhope.¹⁶⁵ Astra Agro Lestari failed to confirm or deny any trade relations with Goodhope.

In emails to Greenpeace on 20 September 2016, GAR and Wilmar confirmed that they have ongoing commercial relationships with Goodhope.¹⁶⁶ Wilmar stated that it has engaged with the company, and that monitoring shows that development has stopped since 2015, though this case is not registered on its current grievance list.¹⁶⁷ GAR stated that the case study is new information. Musim Mas stated that it does not purchase from Goodhope's Papuan operations, but would 'follow up on the process of engagement regarding the Central Kalimantan and South Sumatran operations'.¹⁶⁸

CASE STUDY: PT NABIRE BARU

Location: Nabire District, Papua

POLICY VIOLATIONS

- **Deforestation for plantation development**
- **Destruction of HCV forest**
- **Plantation development on peat**
- **Permit irregularities including development without an environmental impact assessment**
- **Exploitation: taking over indigenous land without free, prior and informed consent (FPIC) and using state security forces to repress local opposition.**

MAPPING ANALYSIS

- **MoEF landcover maps show that in 2011 PT NB was predominantly forested.**
- **By 2013, MoEF maps show several thousand hectares of mostly primary forest, including peat forest, had been cleared in PT NB.**
- **MoEF maps show extensive clearance continued in PT NB, including clearance of peat forest, between 2013 and 2015. The maps also show important clearance in the neighbouring Goodhope concession PT Sariwana Adi Perkasa (PT SAP), which was also predominantly forested in 2011.**

DEFORESTATION

As of mid-2016 deforestation appeared to be ongoing, with Landsat images showing at least 70% of PT Nabire Baru's concession cleared or divided into plantation blocks.¹⁶⁹

PEAT

The concession includes several thousand hectares shown as peat on maps published in 2011 by the Indonesian Ministry of Agriculture.¹⁷⁰ Much of this peat area was deforested between 2011 and 2013.

PERMIT IRREGULARITIES INCLUDING LACK OF ENVIRONMENTAL IMPACT ASSESSMENT

PT Nabire Baru commenced operations in 2010 using a licence issued in 2008. However, the company had not fulfilled all the requirements for such a permit to be issued under regulations in force at the time;¹⁷¹ in particular, no environmental impact assessment (AMDAL) had been carried out.¹⁷²

A location permit from the district head of Nabire¹⁷³ was issued 18 months later and the company commenced land clearing, still without an AMDAL.

The first public consultation for an AMDAL took place in April 2013.¹⁷⁴ PT Nabire Baru's environmental permit was finally approved by the provincial governor on 26 August 2014.¹⁷⁵

In October 2015 the Yerisiam Gua indigenous group launched a legal challenge to this permit in the State Administrative Court (*Pengadilan Tata Usaha Negara*; PTUN).¹⁷⁶ The judges did not make a decision about the legality of the permit, having declared the case inadmissible as the limit of 90 days to appeal a government decision had been exceeded.¹⁷⁷

On 25 March 2016, just one week before the court took its decision, the Sima village within PT Nabire Baru's concession area suffered severe flooding which inundated 56 houses, requiring the residents to evacuate the village.¹⁷⁸ Local people attributed the flooding to deforestation for the oil palm plantation, claiming that flooding had occurred repeatedly since forest clearance began,¹⁷⁹ years before the AMDAL was approved. A thorough environmental impact assessment would have been expected to anticipate flooding risk and only recommend going ahead with the plantation if a way could be found to mitigate this risk.

FREE, PRIOR AND INFORMED CONSENT

There has been sustained opposition to PT Nabire Baru and neighbouring Goodhope concession PT Sariwana Adi Perkasa's operations by the local indigenous Yerisiam people.¹⁸⁰ Indigenous activists maintain that PT Nabire Baru did not obtain the community's free, prior and informed consent, having only received permission for selective logging, which would have much less impact on local people.¹⁸¹

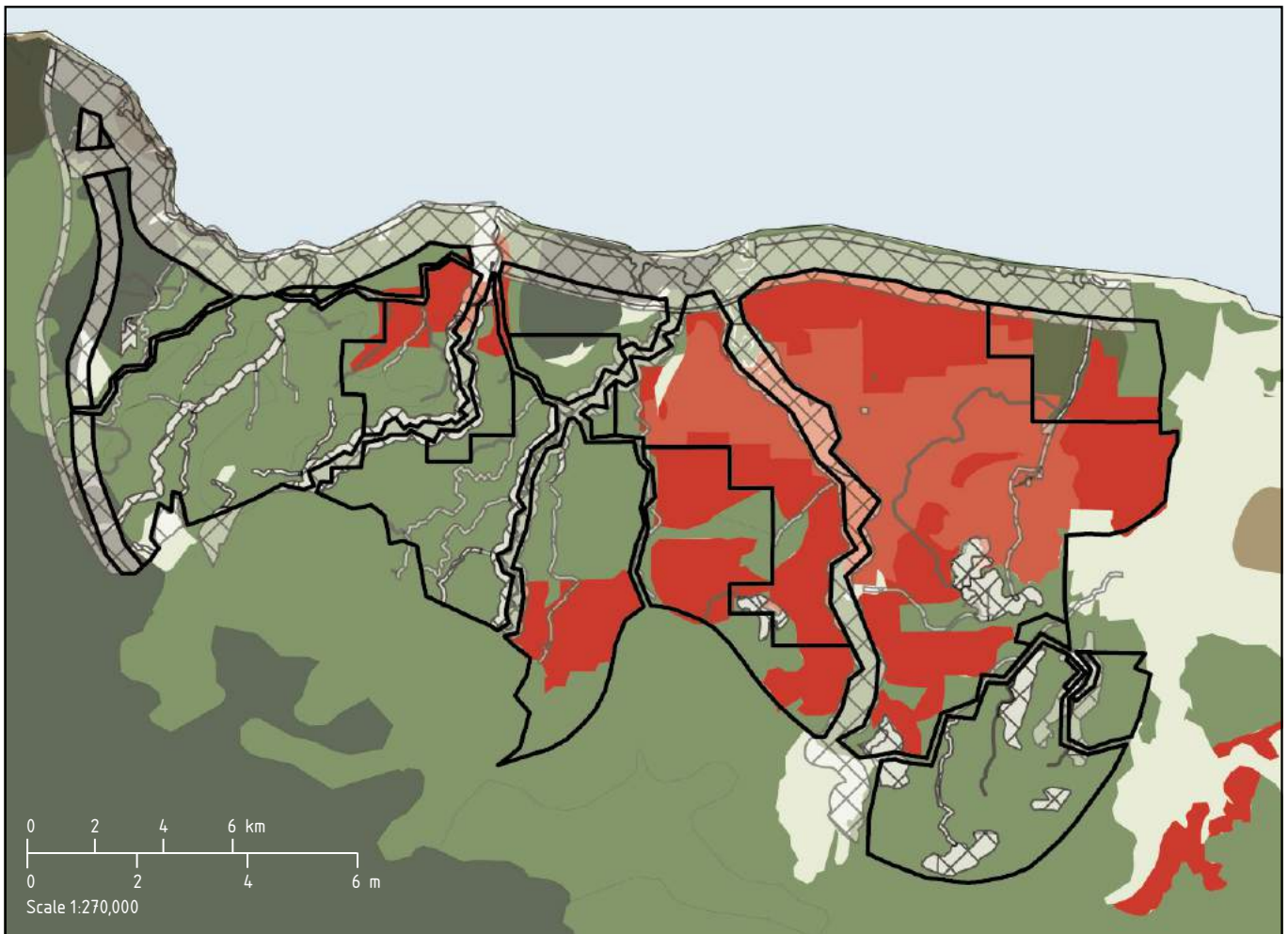
On 26 October 2015, members of the Waoha clan, together with other members of the Yerisiam people, erected banners and traditional markers to prohibit PT Nabire Baru from clearing 1,000ha of forest, using a customary law practice known as *sasi*. It appears that individuals from the clan had signed over this area to PT Nabire Baru without first bringing the matter to a consensus meeting.¹⁸²

On 12 April 2016 a further dispute emerged when the company started clearing land for plasma, including the Jarai and Manawari sago groves, which are sacred sites for the Yerisiam people as well as being important food sources.¹⁸³ Fully armed state security force guards were reportedly present when the sago groves were cut down.¹⁸⁴

HSBC's agricultural commodities policy states that 'HSBC will not knowingly provide financial services to growers and mills involved in ... the violation of the rights of local communities, such as the principle of free prior and informed consent' or 'operations where there is significant social conflict'.¹⁸⁵

PT. NB AND PT. SAP

- PT. Nabire Baru
- PT. Sariwana Adi Perkasa
- Primary Forest
- Secondary Forest
- Peat
- Forested Peat
- Deforestation 2011–12
- Deforestation 2013–15
- ▨ HCV area



EXCESSIVE USE OF FORCE INCLUDING USE OF STATE SECURITY FORCES

*'Company policy should prohibit the use of mercenaries and para-militaries in their operations. Company policy should prohibit extrajudicial intimidation and harassment by contracted security forces.'*¹⁸⁶

Specific Guidance for RSPO P&C 2.2.6, 2013

PT Nabire Baru has used state security forces to provide security on its plantation, and this has resulted in a series of violent or intimidating incidents, which have often reportedly targeted community members who oppose the plantation.¹⁸⁷

Allegations include:

1. In June 2013, customary landowner and employee Titus Money was handcuffed and assaulted after protesting that his wages were late.¹⁸⁸
2. State security forces pointed guns at and threatened to

shoot Immanuel Monej, an indigenous landowner, when he complained that PT Nabire Baru was not honouring a memorandum of understanding promising to employ local people in construction work.¹⁸⁹

3. State security forces smashed up local resident Yunus Money's house, causing his family to flee to the forest in fear, possibly as a response to his involvement in previous community protests against the aggressive approach of state security forces.¹⁹⁰

RSPO COMPLAINT

These issues of taking land without consent, deforestation, flooding, the destruction of sacred sites and the use of state security forces as company guards are the subject of an RSPO complaint against Goodhope brought by NGO Yayasan Pusaka and members of the Yerisiam ethnic group on 19 April 2016. After numerous questions from NGOs about the failure of the Complaints Panel to list this case in the case tracker,¹⁹¹ on 19 December 2016 the case was finally escalated to a formal complaint,¹⁹² although it is listed under PT Nabire Baru rather than Goodhope.

STATEMENTS

PRODUCER COMPANY

Prior to the publication of a report in September 2016,¹⁹³ Greenpeace contacted Goodhope to seek confirmation of its findings. In an email reply,¹⁹⁴ the company failed to respond to allegations of primary forest clearance but claimed to have adopted a No Peat commitment in 2010. Goodhope also supplied a Conservation and New Development policy,¹⁹⁵ signed by Sustainability Director (and RSPO Vice President) Edi Suhardi. This group-wide policy is dated 4 May 2013 and predates Goodhope's membership of RSPO by over 18 months; nonetheless, the policy goes well beyond RSPO P&C and states that no development shall take place in 'forest areas with high carbon stock and peat areas'. Policies that protect 'high carbon stock' are normally described as No Deforestation, in that they protect all natural forest, including primary forest, secondary forest and regenerating forest areas. Taken at face value, this would make Goodhope one of the earliest adopters of these standards. However, in subsequent emails, Suhardi claimed that Goodhope did not have a No Deforestation policy and that the document provided to Greenpeace 'stipulates "no develop on primary forest and peat land" and that 'we [Goodhope] primarily focus on "no development of **primary forest**"'¹⁹⁶ [emphasis in original]. There is no reference to 'primary forest' in the policy provided to Greenpeace; it is unclear what document was being quoted.

The company's response does not address allegations of peatland development in PT Nabire Baru, but does provide the 2011 New Planting Assessment report. The report, which uses Indonesia's 1990 national soil survey maps to identify peat, finds no peat soils in the area to be developed but notes that 'a more detail soil survey will follow before plantation development commence'.¹⁹⁷ Goodhope subsequently conceded that no detailed survey had been done as of November 2016,¹⁹⁸ although plantation development had commenced several years earlier.

Goodhope also claimed to respect the principle of FPIC and to be seeking the approval of the communities affected by its operations in Papua. Indeed, according to the 2011 New Plantings

Assessment report for PT Nabire Baru, 'PT NB is in the process of negotiating with customary landowners to acquire land for plantation expansion. This process commenced in 2011 and agreements are in the process of being negotiated then will be finalised before planting finalises. The FPIC component has been integrated into the land acquirement process (the description of the awareness session on both positive and negative aspects of development), with cooperation of an independent neutral parties including Local Politicians, District Officers, Local Police and Army units'.¹⁹⁹ It should be noted that this contravenes RSPO P&C 2.2.6.²⁰⁰ When asked by Greenpeace about the use of state security forces, the company claimed that the situation was complex and included concerns about regional security. Goodhope representatives stated that, as part of the FPIC process, communities admitted that the presence of security forces was not repressive or intimidating but rather served to maintain everyone's safety and security.²⁰¹

In relation to the RSPO grievance brought by Pusaka, when asked about this case by Greenpeace, Goodhope claimed that the root of the dispute was not about FPIC or a genuine community land dispute, but about personal demands which could not be agreed to by the company.²⁰² In an email, the company stated: 'With regards to above issues and concerns related to grievances made by Pusaka and raised by FPP [Forest Peoples Programme], the RSPO has been playing a role as facilitator in the settlement of the grievances and allegations by organizing several meetings and planned a field verification scheduled on 26–29 September 2016'.²⁰³

In terms of transparency, Goodhope answered: 'Please note that due to the issuance of the letter from the DG Plantations of the Ministry of Agriculture and latest letter from the Minister of Agrarian and Spatial Planning as clarification to previous minister's letter ... the sharing and publication of e-maps or georeference locations are prohibited or should be approved by the authority. Goodhope must abide by the Indonesian government policy and regulations'.²⁰⁴

Prior to the publication of this report, Greenpeace contacted Goodhope to seek confirmation of the finance HSBC and other banks have provided, and to verify the report's findings of deforestation and other activities that would violate HSBC's policies. In an email reply, the company denied developing on primary forest, and stated that 'all identified HCV areas have been protected'.²⁰⁵

Regarding allegations of exploitation, development without obtaining free, prior and informed consent, and the use of state security forces, the company stated: 'This claim has been found untrue even by the organization which first published this allegation'. Regarding permit irregularities including development without an environmental impact assessment, the company stated: 'We have clarified many times this misunderstanding over our Papua project AMDAL but we see it is being repeated'.²⁰⁶ Greenpeace stands by the findings presented in this report.

Regarding its loans from HSBC, the company stated: 'indeed, Goodhope has been a recipient of HSBC loan at corporate level'.²⁰⁷

BANK

In January 2017, Greenpeace wrote to HSBC to confirm financial links with Goodhope and to ask it what action had been taken in response to the policy breaches that have been identified. HSBC said that 'customer confidentiality restricts us from commenting on specific relationships'.²⁰⁸



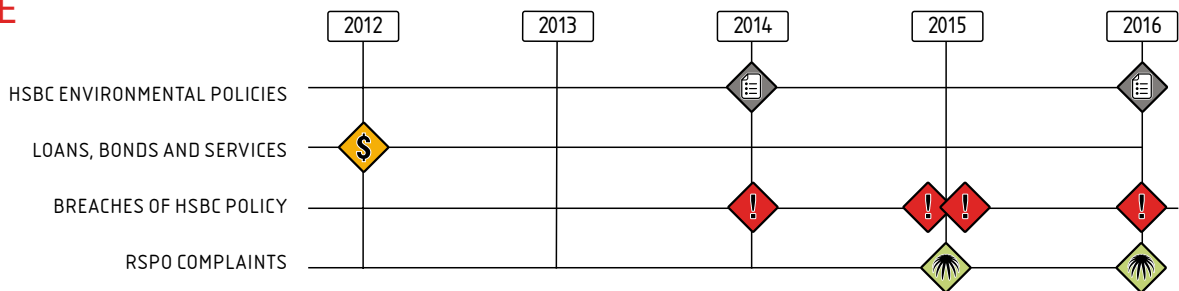
Company: IOI Group (IOI Corporation Berhad)²⁰⁹
Headquarters: Malaysia
Stocklisted: Malaysian Stock Exchange²¹⁰
RSPO member: Yes

Headquartered in Malaysia, IOI is reportedly the world's third-largest palm oil company.²¹¹ It is a vertically integrated company that manages palm oil plantations; processes FFB from both its own plantations and those of other companies; and manufactures palm oil derivatives, specialty ingredients and oleochemicals. IOI is one of the leading traders of palm oil to the international market. In 2015, IOI traded and/or processed 1,527,696 tonnes of palm oil and palm oil-derived products.²¹² IOI Loders Croklaan is a downstream subsidiary.

CURRENT KNOWN LINKS WITH HSBC

| SECURITY | TOTAL VALUE | VALUE OF HSBC CONTRIBUTION | ISSUER NAME | SIGNED | HSBC ROLE(S) |
|----------------------|-------------|----------------------------|----------------------|------------|---|
| Corporate bond issue | US\$600m | n/a | IOI Investment L Bhd | 27/06/2012 | Joint lead manager with three other banks |

TIMELINE



OTHER BANKS LINKED TO IOI



BREACHES OF HSBC POLICY

PT Berkat Nabati Sejahtera (PT BNS), PT Bumi Sawit Sejahtera (PT BSS) and PT Sukses Karya Sawit (PT SKS) concessions, West Kalimantan; Pelita concession, Sarawak, Malaysia

- Deforestation for plantation development
- Destruction of HCV forest
- Development on peat
- Fires: extensive fires in 2014 and 2015, and planting observed in previously burned areas
- Illegal operations including development without the proper legal permits and planting outside concession boundaries
- Breach of community land rights
- Temporary suspension of RSPO certification
- Failure to meet timetables for RSPO certification (company level)



PLANTATIONS

IOI has the controlling stake (67%) in four Indonesian plantation companies in West Kalimantan: PT Bumi Sawit Sejahtera (PT BSS), PT Berkat Nabati Sejahtera (PT BNS), PT Sukses Karya Sawit (PT SKS) and PT Ketapang Sawit Lestari (PT KSL).²¹³ These are jointly owned with Bumitama Agri Ltd,²¹⁴ which has a 28% stake. IOI also part-owns Bumitama Agri Ltd (31.4%),²¹⁵ which is listed on the Singapore Stock Exchange. In addition, IOI controls the Indonesian plantation company PT Kalimantan Prima Agro Mandiri.²¹⁶

ENVIRONMENTAL POSITION

IOI has produced a string of commitments to protect peatland and forest since 2009,²¹⁷ most recently in July 2016.²¹⁸ However, investigations by NGOs have shown the company's persistent failure to implement its policies on the ground.

IOI has said it plans to obtain RSPO certification for all plantations by 2020.²¹⁹ This fails to meet HSBC's policy deadline of full certification by 2018.²²⁰

MARKET LINKS

According to company data, Olam is a customer of IOI.²²¹

AAK refused to confirm or deny any trade relations with IOI.²²² Astra Agro Lestari failed to confirm or deny any trade relations with IOI.

Cargill confirmed that 'Cargill continues to suspend IOI. As part of our grievance process, we are engaging IOI in committing to time-bound milestones and demonstrate tangible actions in the areas of environmental protection, labor practices, 3rd party supply chain transparency and the IOI Pelita community dispute.'²²³

CASE STUDY: RSPO COMPLAINTS PROCEDURE IS NOT FIT FOR PURPOSE

Location: Ketapang District, West Kalimantan and Sarawak, East Malaysia

*'When HSBC is approached by a concerned stakeholder about companies in this sector, we suggest they refer complaints to RSPO. The complaints will then be fully and openly investigated.'*²²⁴

– Letter to BankTrack in response to allegations of human rights abuses by the IOI Group

POLICY VIOLATIONS

- **Deforestation for plantation development**
- **Destruction of HCV forest**
- **Development on peatland**
- **Extensive fires in 2014 and 2015, and planting observed in previously burned areas**
- **Illegal operations including development without the proper legal permits and planting outside concession boundaries**
- **Breach of community land rights**
- **Temporary suspension of RSPO certification**

DEFORESTATION, PEATLAND DEVELOPMENT AND ILLEGAL OPERATIONS

Greenpeace first raised issues with IOI's plantations in Kalimantan in 2008, highlighting deforestation and drainage of peatland and clearance of forested orangutan habitat.²²⁵

Eleven NGOs submitted a complaint to the RSPO in 2010, covering issues in IOI's Ketapang concessions PT Berkat Nabati Sejahtera (PT BNS), PT Bumi Sawit Sejahtera (PT BSS) and PT Sukses Karya Sawit (PT SKS) including clearance of peatland since 2009, clearance of high conservation value forest areas and illegal encroachment into production forest outside the boundaries of the PT BNS concession. The complaint also covered breaches of community land rights in IOI's Pelita concession in Sarawak, Malaysia. The RSPO grievance panel concluded there was insufficient evidence to prove the sections of the complaint relating to Ketapang,²²⁶ but the Pelita/Long Teran Kanan land dispute is still in a conflict resolution process.²²⁷

In March 2015 the not-for-profit consultancy Aidenvironment made a new complaint to the RSPO accusing IOI of breaching RSPO standards and its own environmental policies in its concessions in Ketapang.²²⁸ This included specific evidence of:

- **Commencing development prior to obtaining the proper legal permits**
- **The construction of a drainage canal through an area of HCV forest**
- **Clearance of areas of forest on deep peat, continuing after the company had been informed of this breach of standards**
- **Further illegal planting outside the boundaries of PT BNS**

In response to this complaint, on 14 March 2016, the RSPO Complaints Panel decided to suspend IOI Group based on breaches of RSPO principles, with certification suspended for all the company's international operations.²²⁹

The suspension quickly lost IOI major customers, with companies including Unilever, Nestlé, Mars, Kellogg²³⁰ and General Mills²³¹ announcing moves to other suppliers. IOI responded by taking (and then abandoning) legal action against the RSPO.²³²

NGOs had first raised some of the issues identified by Aidenvironment in the 2010 complaint. Had the RSPO acted properly then, much of IOI's subsequent destruction in Ketapang might have been averted. Nonetheless, the Complaints Panel did not insist that IOI resolve its non-compliance as a precondition for regaining its certification. Instead, the only requirements placed on IOI were to publish an action plan and have its HCV studies peer reviewed.²³³ IOI duly published an action plan and submitted its HCV assessments to Daemeter to review.

By the end of May 2016, Daemeter had completed its peer reviews of the HCV assessments for PT BNS, PT BSS and PT SKS. Despite the RSPO's stated commitment to transparency, at the time of publication the three peer reviews had not yet been published on the case tracker. These did, however, identify major issues with each HCV assessment, including poor consultation with local communities, unclear mapping, inadequate identification of HCV areas and weak management plans to mitigate the impact of the company's operations.²³⁴ Daemeter also noted that the original PT BSS assessment team did not include a hydrology expert, even though the concession had been mapped as containing significant areas of peatland.²³⁵

With so many identified major and minor issues it is reasonable to conclude that IOI's original HCV assessments did not provide an adequate basis for ensuring the protection of HCV areas. If the Complaints Panel's aim in obtaining the reviews was to ensure that any HCV areas in IOI's concessions were identified and protected, then the next step should have been to ask IOI to redo the studies. However, the RSPO made no such request and the Complaints Panel instead recommended that the Board of Governors lift the suspension, on the grounds that IOI had 'met the conditions set out in its letter to IOI dated 14 March 2016'²³⁶ – ie it had published an action plan and had its HCV studies peer-reviewed.

The Board of Governors agreed and lifted IOI's suspension in August 2016,²³⁷ even though field visits to verify whether IOI was following through on its commitments had not yet taken place. At this stage, IOI had not given up its claim over 400ha of the 1,600ha of land outside its PT BNS concession boundaries that it had illegally developed and planted with oil palm.²³⁸

Greenpeace visited IOI's Ketapang concessions on several occasions in 2016, including after the Board of Governors had lifted its suspension. There were only limited efforts at restoration in the areas visited and token efforts to reduce the risk of fires, including a newly erected but unattended fire watch tower overlooking an HCV area that had already burned. Drainage canals were still flowing freely, including from an area of protected forest.

The case tracker records that on 12 October 2016, the independent report on IOI's action plan implementation was under assessment by the RSPO Complaints Panel. The field verification report for PT BSS was apparently submitted to the Complaints Panel by November 2016, but at the time of publication neither these reports nor the minutes of the Complaints Panel meetings in December 2016 had been made

public, which means there is currently no way for stakeholders (including financial institutions) to judge whether IOI is following through on its commitments. However, Aidenvironment stated in November 2016 that the independent verification team had failed to review 'the most important element of our complaint – plantation development without permits in PT SKS and PT BNS'²³⁹ and that it had not been consulted during this verification process. Aidenvironment threatened to leave the RSPO if the outstanding issues were not taken seriously, with complainant Eric Wakker telling Reuters that the RSPO secretariat was 'more interested in selling certified palm oil than they are in securing the credibility of their sustainability claim'.²⁴⁰

Aidenvironment and IOI issued a joint statement on 1 December 2016 in which they declared the complaint closed and stated that this had been achieved 'independent of RSPO's decisions'.²⁴¹ IOI agreed to surrender its claim to the remaining 434ha of land planted outside of the boundaries of PT BNS. The RSPO stated in response that this did not 'represent an official closure of the case, which remains under the purview of the RSPO Complaints Panel' and that it would 'continue the verification exercise by sending an independent verification team on the ground'.²⁴²

At the time of publication, the RSPO has yet to publish a timeline or even a Terms of Reference for the field visits it has yet to undertake. The IOI Pelita complaint remains unresolved.

HSBC's agricultural commodities policy states that 'Global Businesses must **close** relationships, as soon as possible, with **Non-Compliant** customers, including [c]ustomers expelled from RSPO ... or whose certification is withdrawn'²⁴³ [emphasis in original]. However, in spite of IOI's five-month suspension and the ongoing concerns about its operations, there is no evidence of the bank severing its ties.

STATEMENTS

PRODUCER COMPANY

Prior to the publication of this report, Greenpeace contacted IOI to seek confirmation of the finance HSBC and other banks have provided, and to verify the report's findings of deforestation and other activities that would violate HSBC's policies.

Regarding its loans from HSBC, the company stated: 'such information is normally privileged information under client-banker relationship which is also governed by specific clauses in the Master Agreement with the banks'.²⁴⁴

BANK

In November 2016, Greenpeace wrote to a number of banks identified as having financial links with IOI asking how they had responded to IOI's suspension from the RSPO and the ongoing criticisms of the company's sustainability record. DBS failed to answer the question,²⁴⁵ and UOB merely provided a summary of the RSPO complaint case.²⁴⁶ Sumitomo Mitsui said it could not comment due to customer confidentiality.²⁴⁷ Standard Chartered did not answer the question in writing but stated in a meeting with Greenpeace UK²⁴⁸ that it too could not discuss specific clients.

In January 2017, Greenpeace wrote to HSBC to confirm financial links with IOI and to ask it what action had been taken in response to the policy breaches that have been identified. HSBC said that 'customer confidentiality restricts us from commenting on specific relationships'.²⁴⁹

18 May 2011,
PT Henrison Inti Persada:
Recent forest clearance in the
Noble concession in Sorong,
West Papua, documented during
field work by the Environmental
Investigation Agency.
©EIA





Company: Noble Plantation Pte Ltd
Group: Noble Group Ltd
Headquarters: Hong Kong
Stocklisted: Singapore Stock Exchange
RSPO member: Yes

Noble Group is listed on the Singapore Stock Exchange. Founder Richard Elman is the largest shareholder with a 22% stake, and several institutional shareholders such as Best Investment Corporation, China Investment Corporation, Orbis Holdings and Franklin Resources also hold substantial stakes.²⁵² Noble Group has interests in commodities such as oil, gas, coal, metals and minerals, generally with a focus on trade and supply chain activities rather than the direct management of mines or other production facilities.²⁵³

CURRENT KNOWN LINKS WITH HSBC

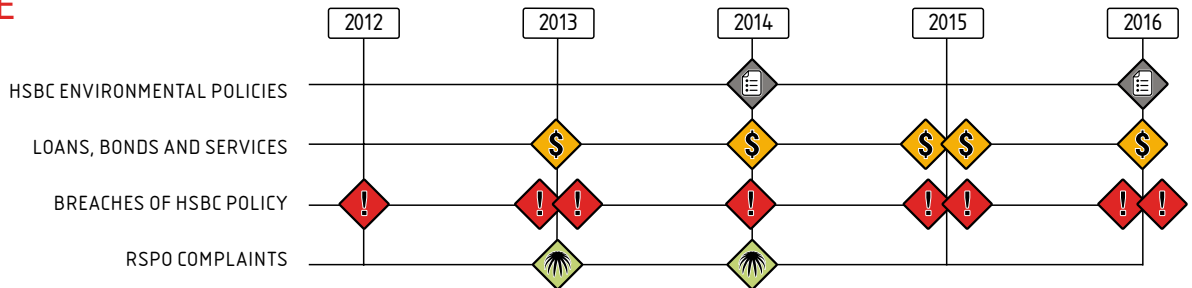
LOANS

| FACILITY OR SECURITY | TOTAL VALUE | VALUE OF HSBC CONTRIBUTION | BORROWER | SIGNED | HSBC ROLE(S) |
|--|------------------|----------------------------|-----------------|------------|--|
| Refinance and general corporate purposes fixed term loan | US\$650m | Unknown | Noble Group Ltd | 23/12/2013 | One of 11 lenders |
| Refinance and general corporate revolving credit | US\$1.1bn | Unknown | Noble Group Ltd | 18/05/2015 | One of 35 lenders, bookrunner, mandated arranger |
| Letter of credit | US\$1.1bn | Unknown | Noble Group Ltd | 15/07/2015 | Syndication agent |
| General corporate revolving credit | US\$1bn | US\$90m | Noble Group Ltd | 12/05/2016 | One of 25 lenders bookrunner, mandated arranger |
| TOTAL | US\$3.9bn | At least US\$90 | | | |

BONDS

| SECURITY | TOTAL VALUE | ISSUER | SIGNED | HSBC ROLE(S) |
|-----------------------|-------------|-----------------|------------|--------------|
| Corporate bond issuer | US\$400m | Noble Group Ltd | 24/06/2014 | Bookrunner |

TIMELINE



BREACHES OF HSBC POLICY

PT Pusaka Agro Lestari (PT PAL) concession, Papua; PT Henrison Inti Persada (PT HIP) concession, West Papua

- Deforestation for plantation development (PT PAL, PT HIP)
- Clearance of HCV forest (PT PAL)
- Violation of the rights of local communities and lack of FPIC (PT HIP)
- Significant social conflict (PT HIP, PT PAL)
- Failure to meet timetables for RSPO certification (company level)



OTHER BANKS LINKED TO NOBLE



Following the news in April 2016 that HSBC has been mandated as lead arranger for a US\$1bn unsecured revolving credit facility for Noble,²⁵⁰ the Environmental Investigation Agency pointed out that providing finance for Noble would violate HSBC's agricultural commodities and forestry policies, and that 12 of the banks involved in financing this deal have policies that may be incompatible with Noble's palm oil projects, leading to potential liquidity risk and credit rating downgrades.²⁵¹

PLANTATIONS

The group operates two oil palm plantations under Noble Plantations Pte Ltd.²⁵⁴ PT Henrison Inti Perkasa (PT HIP) operates a 32,546ha²⁵⁵ plantation and palm oil mill in Sorong District in West Papua Province. A plantation permit was issued in 2006, although there are indications that planting may have commenced illegally in 2003.²⁵⁶ Noble acquired the concession from the Kayu Lapis Indonesia Group in 2010.²⁵⁷

PT Pusaka Agro Lestari (PT PAL), with a concession in Mimika District, Papua Province, was bought by Noble Group in 2011 for US\$30.9 million.²⁵⁸ Land clearance commenced on the 38,360ha²⁵⁹ concession in 2012.

In its 2015 Annual Communication of Progress to the RSPO, Noble claimed to have planted 14,876ha of oil palm, of which 8,757ha were mature and 6,119ha immature.²⁶⁰

The palm oil concessions were previously part of Noble Agri, Noble's agricultural products and trading division. When a 51% stake in Noble Agri was sold to Chinese state-owned enterprise COFCO in April 2014,²⁶¹ the two plantations were excluded from the sale. Instead Noble Group issued a promissory note to Noble Agri which it will redeem should a buyer be found and a sale go through.²⁶² Noble Group stated in its 2015 Annual Report that this situation was unchanged, and that the Group was in discussion with potential buyers.²⁶³ No notice has since been given to the Singapore Stock Exchange to indicate that any sale has taken place.²⁶⁴ Noble divested its remaining 49% stake in Noble Agri to a COFCO subsidiary in March 2016.²⁶⁵

Noble Group's Annual Communication of Progress to the RSPO states that the company produced 21,500 tonnes of CPO and 3,100 tonnes of palm kernel oil (PKO) in 2015.²⁶⁶

ENVIRONMENTAL POSITION

Noble Group's website refers to a Sustainability Policy, but the actual document could not be found on the site or elsewhere in the public domain.²⁶⁷ A copy was provided to Greenpeace by Noble Group's PR agency Bell Pottinger; it contains no substantive environmental commitments and is not a 'No Deforestation, No Peat, No Exploitation' policy.²⁶⁸

An accompanying document from Noble Group states that the company had published Standard Operating Procedures for both PT PAL and PT HIP. This included the following commitments, attributed to 'Standard Operating Procedures (SOP) New Non-Compliant Land Clearance Guidelines' (published on March 2016):

- **Since November 2005 new plantings have not replaced primary forest or any area required to be maintained or enhanced as HCVs areas**
- **New plantings are planned and managed to best ensure the HCVs identified are maintained and, as appropriate, enhanced**

Further commitments were also provided, attributed to 'Standard Operating Procedures (SOP) – Conservation and Environment Guidelines' (published on August 2014):

- **We adhere to the RSPO Principles & Criteria and commit to applying a High Carbon Stock (HCS) method to all of our landholdings**
- **No new development will take place on peat, including all scheme smallholders**
- **We are committed to a strict policy of zero burning**

TRANSPARENCY

Documentation was submitted to the RSPO for PT PAL under the New Planting Procedure.²⁶⁹ PT HIP failed to provide information under the NPP for planting which was ongoing at the time Noble became an RSPO member in October 2011. This information was published in May 2014²⁷⁰ after a formal complaint against the company.²⁷¹

Noble Group has said it plans to obtain RSPO certification for PT HIP in 2016 and PT PAL by 2020.²⁷² This fails to meet HSBC's policy deadlines of having at least one management unit RSPO-certified by 2014 and all certified by 2018.²⁷³

MARKET LINKS

According to company data, Musim Mas appears to still be a customer of Noble; it claims to be 'discussing on a follow-up action plan that also takes the RSPO process into account. The engagement process will start with a workshop and on-site visit.'²⁷⁴

AAK refused to confirm or deny any trade relations with Noble.²⁷⁵ Astra Agro Lestari failed to confirm or deny any trade relations with Noble.

CASE STUDY: PT HENRISON INTI PERSADA, SORONG DISTRICT, WEST PAPUA, AND PT PUSAKA AGRO LESTARI, MIMIKA DISTRICT, PAPUA

POLICY VIOLATIONS

- **Deforestation for plantation development (PT PAL, PT HIP)**
- **Clearance of HCV forest (PT PAL)**
- **Violation of the rights of local communities and lack of FPIC (PT HIP)**
- **Significant social conflict (PT HIP, PT PAL)**

MAPPING ANALYSIS

- **MoEF landcover maps show that in 2011 PT HIP and PT PAL were predominantly forested.**
- **By 2013, MoEF maps showed considerable clearance in PT HIP and a swathe of clearance in PT PAL.**
- **MoEF maps show some clearance continued between 2013 and 2015 in PT HIP, and significant clearance in PT PAL.**
- **Recent satellite imagery shows that large-scale clearance and development has continued in PT PAL.**

DEFORESTATION

Before plantation work commenced, the vast majority of both concessions was shown as forest in Indonesian Ministry of Forestry landcover surveys. In the case of PT HIP, the forest cover was classed as secondary,²⁷⁶ PT PAL was mainly primary forest and primary swamp forest, with some secondary forest in the northern part of the concession.²⁷⁷ Around two-thirds of PT PAL was also classified as an Intact Forest Landscape in 2013,²⁷⁸ meaning it has particular value for conservation as an integral forested area.

By 2013, MoEF maps showed considerable clearance in PT HIP and a swathe of clearance in PT PAL. Deforestation appears to have slowed in PT HIP since 2014 and there are still significant areas of forest remaining.²⁷⁹ In PT PAL, however, rapid deforestation has continued during 2016.²⁸⁰

PEATLAND AT RISK OF DEVELOPMENT

Peat surveys show that peat of varying depth is found across around two-thirds of PT PAL's concession.²⁸¹ According to its HCV assessment, the company intends to cultivate most of this peatland, with the exception of 1,509ha of deep peat which will be set aside as an HCV area.²⁸² Only peat areas with a depth of over 3 metres will be set aside for conservation.²⁸³ This would be in breach of RSPO criteria which ban new planting on peat of any depth of more than 100ha in any concession.²⁸⁴

Noble Group has subsequently stated that it intends to comply with these criteria and that no new development on peat will take place.²⁸⁵ However, it has yet to publish a revised

management plan for PT PAL that ensures all peatland areas are protected.

FLOODING AND LOCAL CHALLENGES TO PT PUSAKA AGRO LESTARI

In October 2014 serious flooding took place in Miyoko and Aikawapuka villages, downstream from PT PAL.²⁸⁶ Kamoro indigenous people in the villages had to evacuate, and some had reportedly yet to return by mid-2015.²⁸⁷ Several local figures, including the bishop of Timika, blamed deforestation in PT PAL for the flood and urged the local government to take a strong stand to address the negative effects of the company's operation.²⁸⁸

The local bupati (elected district head), Eltinus Omaleng, followed up this criticism in December 2014 by visiting the site together with local police and military leaders, and informing the company that he was revoking its licence to operate.²⁸⁹ PT PAL announced its intention to contest that decision, claiming the support of the Director General of Plantations at the Ministry of Agriculture.²⁹⁰ As the company was in possession of a leasehold title for cultivation purposes (land cultivation right/*Hak Guna Usaha*), it could make a strong legal argument that the bupati would not have the legal authority to call a halt to a business in this way.

The bupati issued a new decree on 15 March 2015 authorising the plantation to resume work and stipulating certain conditions aimed at improving the ways the plantation could benefit the people of Mimika.²⁹¹ However, the continuing deforestation implies a risk that flooding could reoccur. In a meeting with local government in July 2016, PT PAL reportedly acknowledged its plantation had caused negative impacts along the Kamoro and Iwaka Rivers, but said that reforestation initiatives by the company would help to overcome the problem.²⁹²

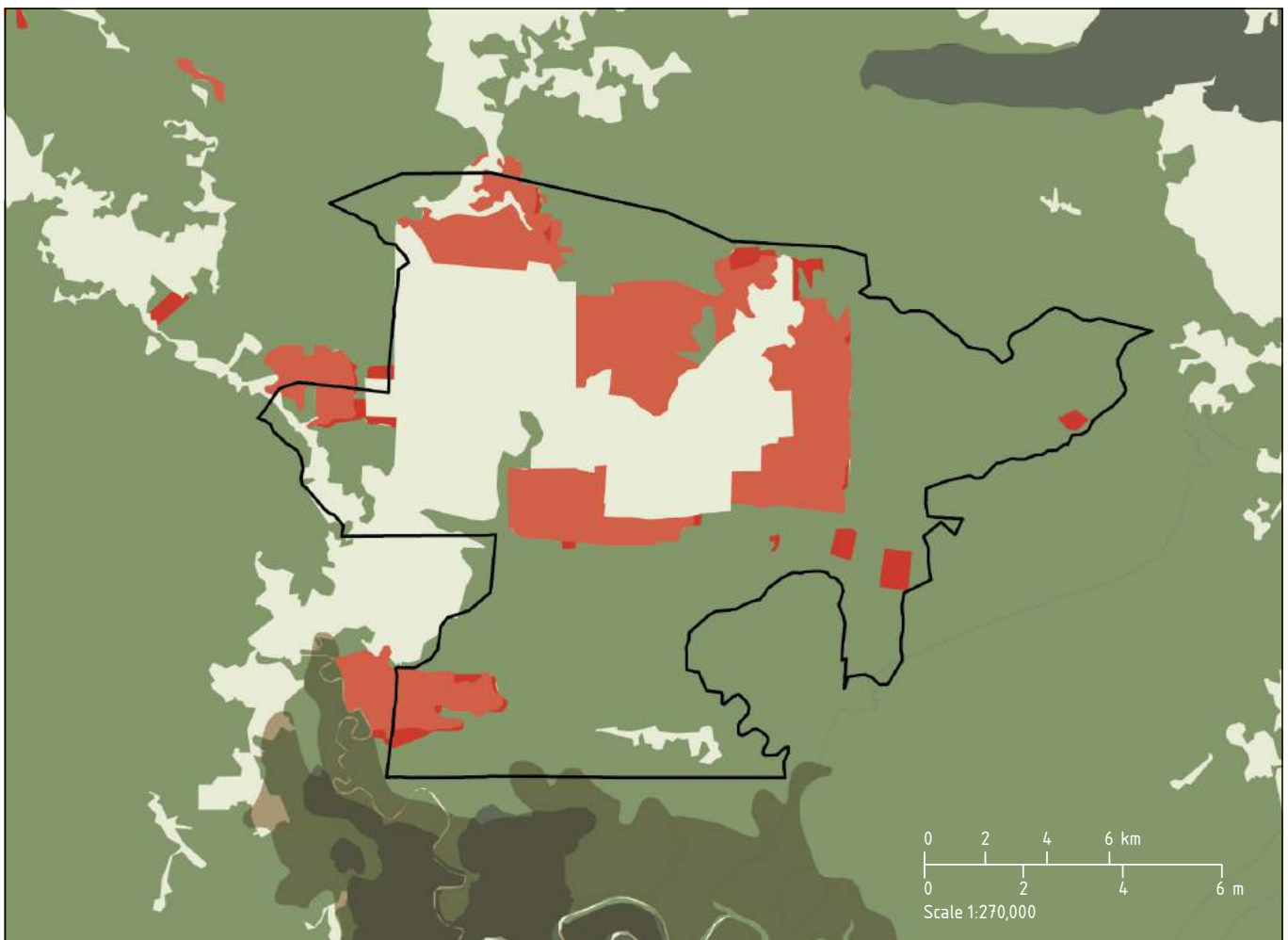
FREE, PRIOR AND INFORMED CONSENT

There has been substantial community opposition to PT HIP by the Moi Kelin indigenous people who live around the plantation area. Although clan leaders signed documents in around 2006 releasing their customary land to the company, research by the NGO Environmental Investigation Agency has indicated that these agreements were exploitative and that there are strong indications that communities were deceived.²⁹³ Compensation was very low – the Gilik clan was paid only Rp20,000 (US\$1.51) per hectare for 420ha of land,²⁹⁴ and the Klasibin clan were reportedly given Rp22,600 (US\$1.71) per hectare and the Do clan Rp33,000 (US\$2.50)²⁹⁵ per hectare.²⁹⁶ At the time PT HIP had promised to support education and healthcare, build new housing and provide clean water. In 2014 – some four years after Noble acquired the concession – community members reported that they had yet to see these programmes materialise – and claimed their access to clean water had actually deteriorated, as local streams had been polluted by the company.²⁹⁷

In the summary of its social impact assessment and NPP notification submitted to the RSPO, PT HIP does not claim that it has obtained the free, prior and informed consent of local communities.²⁹⁸ It does note more recent attempts to renegotiate terms of use of the land: 'In year 2012 and 2013, the company have made cooperation agreement with 12 clans to settle a land area of 27,526ha. Compensation awarded is a social contribution fund allocation, homes and smallholding program.'²⁹⁹ These agreements may address some of the problems of the original land negotiations,

PT. HIP

- PT. Henrison Inti Persada
- Primary Forest
- Secondary Forest
- Peat
- Forested Peat
- Deforestation 2011–12
- Deforestation 2013–15



but as they were established after plantation work started they clearly cannot be described as free, prior and informed consent. In September 2015, representatives of nine clans expressed their dissatisfaction with PT HIP’s approach to land acquisition, stating that PT HIP had not obtained their consent and that they were seeking compensation from the company.³⁰⁰ There have also been sporadic blockades and allegations of violations of customary law.³⁰¹

HSBC’s agricultural commodities policy stipulates that growers must obtain the FPIC of local communities and lists ‘operations where there is significant social conflict’ under the category of ‘Prohibited Business’.³⁰² RSPO P&C also require FPIC and fair compensation.³⁰³

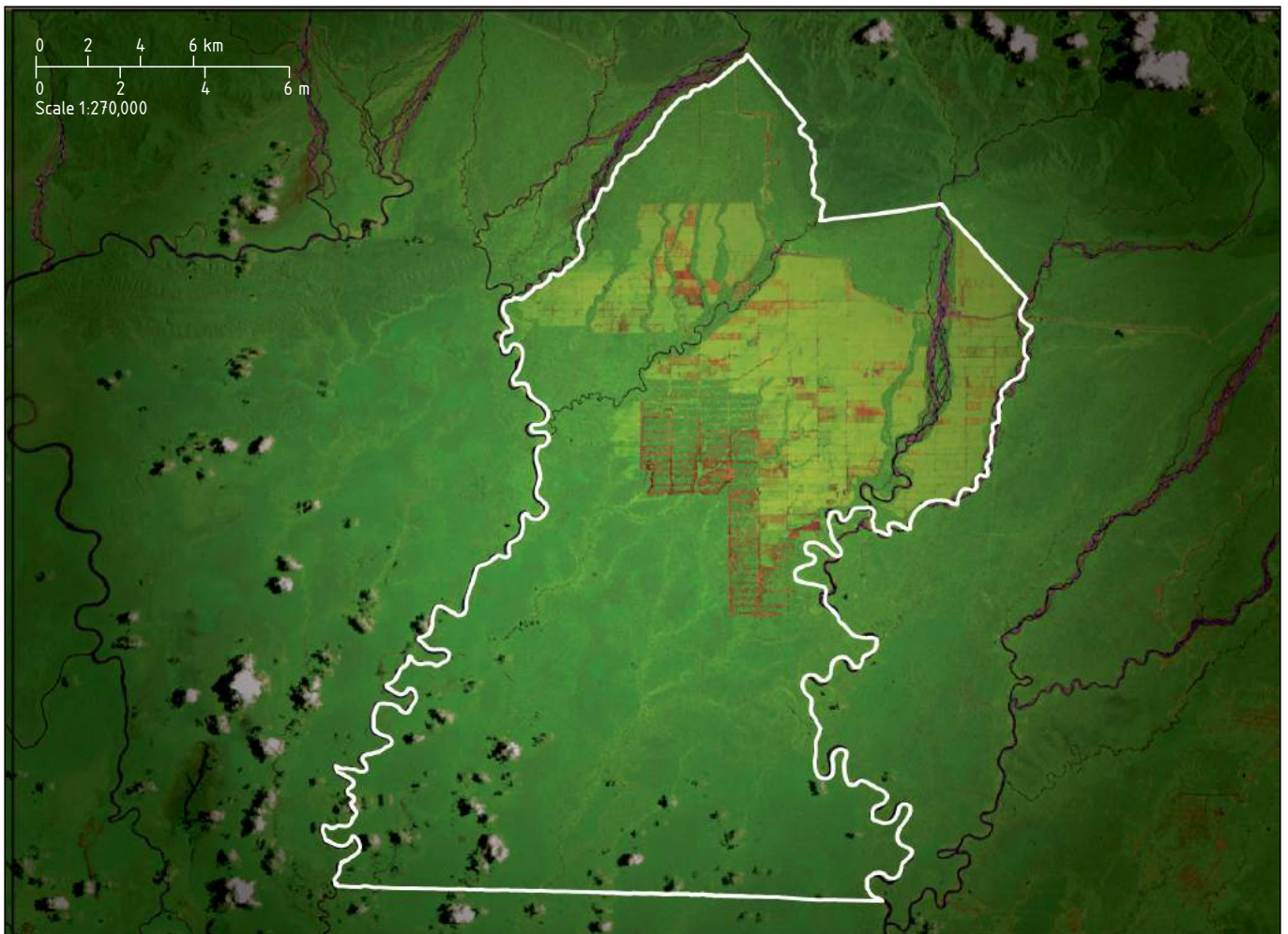
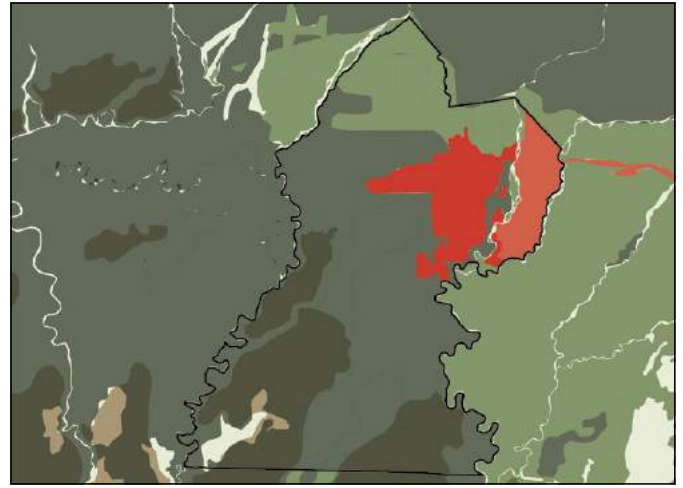
FINANCIAL IMPLICATIONS FOR NOBLE GROUP OF DEFORESTATION AND PEATLAND DEVELOPMENT

Palm oil production has been calculated to represent less than one percent of Noble Group’s total business;³⁰⁴ however, it has been causing problems for the group as some investors have excluded Noble on the basis of breach of sustainability policies.

In 2014 the Council on Ethics that advises the Norwegian Government Pension Fund Global (GPF) recommended against any future investment in Noble Group. Its main justification was an analysis of HCV assessments published for the two concessions; these were judged to be insufficiently thorough to ensure important habitats would be conserved. In both cases the assessments were deemed not to have considered the full range

PT. PAL

- PT. Pusaka Agro Lestari
- Primary Forest
- Secondary Forest
- Peat
- Forested Peat
- Deforestation 2011–12
- Deforestation 2013–15



of habitat types present in the concessions and omitted to study key elements of the ecosystem, such as invertebrates.³⁰⁵ KLP, a mutual life insurance and pension organisation from Norway, also announced its intention to exclude Noble in June 2015.³⁰⁶

STATEMENTS

PRODUCER COMPANY

Prior to the publication of this report, Greenpeace contacted Noble to seek confirmation of the finance HSBC and other banks have provided, and to verify the report's findings of deforestation and other activities that would violate HSBC's policies. In an email reply, the company's PR agency Bell

Pottinger stated: 'These statements are incorrect, apart from the fact the PT HIP's RSPO certification has slipped a few months, into 2017.'³⁰⁷

Greenpeace stands by the findings presented in this report.

Regarding Noble's loans from HSBC, Bell Pottinger stated: 'As a policy [Noble does] not provide potentially sensitive commercial information privately to 3rd parties.'³⁰⁸

BANK

In January 2017, Greenpeace wrote to HSBC to confirm financial links with Noble and to ask it what action had been taken in response to the policy breaches that have been identified. HSBC said that 'customer confidentiality restricts us from commenting on specific relationships.'³⁰⁹



Company: POSCO Daewoo Corporation
Group: POSCO
Headquarters: South Korea
Stocklisted: Both POSCO Daewoo Corporation and POSCO itself are listed on the Korean Stock Exchange

RSPO member: No

The POSCO Daewoo Corporation (renamed from Daewoo International Corporation in March 2016)³¹² was created when the trading wing of the Daewoo Corporation, a diverse Korean conglomerate hit hard by the Asian Financial Crisis,³¹³ was spun off in 2000.³¹⁴ In 2010 it was bought by POSCO, which currently holds a 61.13% stake.³¹⁵

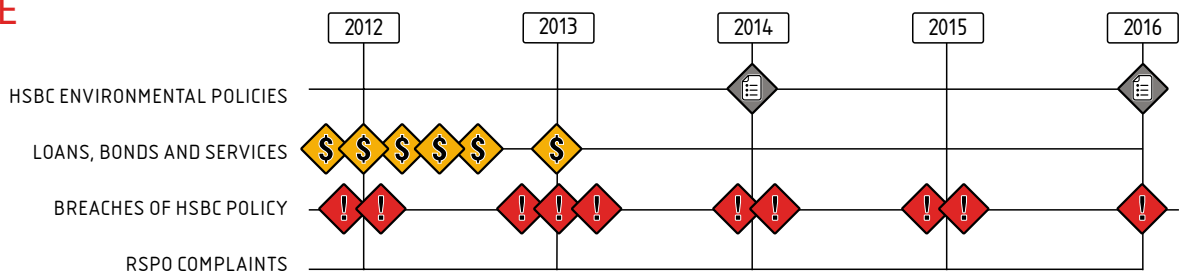
POSCO is a South Korean multinational, and one of the largest steel producers in the world. Important shareholders at year-end 2015 included the Korean National Pension Service (9.04%), Nippon Steel and Sumitomo Metal Corporation (5.04%), Pohang University of Science and Technology (2.18%), Government of Singapore Investment Corporation Pte Ltd (2.14%) and KB Financial Group Inc and subsidiaries (2.1%).³¹⁶ POSCO Daewoo's core business is as a trading company, but it also has a significant involvement in resource industries other than palm oil, including oil and gas production and mining.³¹⁷

CURRENT KNOWN LINKS WITH HSBC

| FACILITY | TOTAL VALUE | VALUE OF HSBC CONTRIBUTION | BORROWER | SIGNED | HSBC ROLE(S) |
|--|------------------|----------------------------|---------------------------------|------------|---|
| Project finance fixed term loan | US\$500m | US\$78M | Krakatau POSCO PT | 14/02/2012 | One of seven lenders, mandated arranger |
| Project finance fixed term loan | US\$700m | Unknown | Krakatau POSCO PT | 14/02/2012 | Mandated arranger |
| Project finance fixed term loan | US\$529M | US\$82M | Krakatau POSCO PT | 14/02/2012 | One of seven lenders, mandated arranger |
| Capital expenditures fixed term loan | US\$243M | US\$50M | POSCO maharashtra steel PVT LTD | 04/04/2012 | One of five lenders, mandated arranger |
| General corporate and capital expenditures fixed term loan | US\$209M | US\$30M | POSCO assan tst celik sanayi as | 24/04/2012 | One of five lenders, mandated arranger |
| Capital expenditures fixed term loan | US\$243M | US\$50M | POSCO Vietnam CO LTD | 03/07/2013 | One of seven lenders, mandated arranger |
| TOTAL | US\$2.4BN | AT LEAST US\$269M | | | |

Financial statements from 2014³¹⁰ and 2015³¹¹ list a currency forwards contract with a maximum credit amount of US\$20m provided by HSBC.

TIMELINE



BREACHES OF HSBC POLICY

PT Bio Inti Agrindo (PT BIA) concession, Papua

- Deforestation for plantation development
- Clearance of HCV forest
- Apparent use of fire for land clearance
- Violation of the rights of local communities, lack of FPIC, and other significant social conflicts
- Not a member of RSPO



OTHER BANKS LINKED TO POSCO DAEWOO



PLANTATION

The company's sole palm oil plantation, located in Merauke District, Papua, is held by subsidiary PT Bio Inti Agrindo (PT BIA), of which POSCO Daewoo Corporation holds an 85% stake. POSCO Daewoo bought PT BIA from its former owner in 2011,³¹⁸ after the company had acquired the main permits needed to operate.³¹⁹ The 36,401ha³²⁰ concession is expected to have started producing palm oil in 2015 or 2016 as trees in the plantation reached maturity.³²¹

BANK LINKS

In 2015, POSCO Daewoo Corporation had loans from banks including Woori Bank and AKA Bank.³²² Credit facilities were maintained with Woori Bank and Korea Exim Bank and the company held currency forward contracts with the following banks: Woori Bank, Busan Bank, Kookmin Bank, Citibank Korea, SC Bank Korea, HSBC, UOB, Bank of Communications, China Construction Bank, JP Morgan, Deutsche Bank, Credit Agricole, KEB Hana Bank, Korea Exchange Bank, ANZ Bank, Societe Generale, SMBC and the Industrial and Commercial Bank of China.³²³ POSCO Daewoo is acting as guarantor for US\$59.5 million of loans to PT Bio Inti Agrindo from the Korea Exim Bank.³²⁴ Lead banks in POSCO's syndicated loans include Bank of America, HSBC, the Export-Import Bank of Korea and the Korea Development Bank.³²⁵

ENVIRONMENTAL AND HUMAN RIGHTS POSITION

Neither PT Bio Inti Agrindo nor any of its parent companies are members of the RSPO, and social and environmental impact assessments have not been placed in the public domain. POSCO Daewoo's 'Rules of Conduct'³²⁶ contains its group environmental policy statement. The environmental section (chapter 7, article 28) is devoid of specific commitments, instead using noncommittal terms such as 'will endeavor to' and 'will minimize', and makes no mention of avoiding deforestation or cultivation on peat or areas of high conservation value.

PT Bio Inti Agrindo's concession was entirely forested before plantation development began. Although some HCV areas have been set aside, the company has indicated that this was to meet the conditions required to obtain permits from the Indonesian government,³²⁷ although this is generally regarded as insufficient to ensure important habitats are protected. In the sustainability

section of its 2015 report, POSCO responds to criticism of its palm oil project but continues to defend itself, claiming its 2009 environmental impact assessment and the HCV areas contained within as an acceptable level of environmental protection.³²⁸

Some clauses in the articles on human rights (article 25) and sustainable business (article 26) in POSCO Daewoo's 'Rules of Conduct'³²⁹ are relevant to its oil palm business: eg 'The Company ... will maintain work environment that respects political, economical, social and cultural diversity', 'The Company will support and respect internationally recognized standards such as Universal Declaration of Human Rights, and establish clear policy and system for protection of human rights and endeavor not to violate human rights in its management activities' and 'The Company shall not engage in any act that may ... cause disharmony among the public'.

TIMELINES

POSCO Daewoo stated to the Council on Ethics for the Norwegian Government Pension Fund Global in 2015 that it planned to obtain Indonesian Sustainable Palm Oil (ISPO) certification by 2016 and RSPO certification thereafter.³³⁰ However, as of December 2016 it was still not a member of the RSPO. This is a breach of HSBC's policy deadline of RSPO membership by June 2014.³³¹

MARKET LINKS

According to company data, Cargill 'had a one-time purchase from Daewoo earlier in 2016 and will review future commercial relationships on the basis of the supplier's compliance with our sustainable palm oil policy'.³³²

AAK refused to confirm or deny any trade relations with Daewoo.³³³ Astra Agro Lestari failed to confirm or deny any trade relations with Daewoo.

CASE STUDY: PT BIO INTI AGRINDO, PAPUA

Location: Ulilin, Merauke

POLICY VIOLATIONS

- **Deforestation for plantation development**
- **Clearance of HCV forest**
- **Apparent use of fire for land clearance**
- **Violation of the rights of local communities and lack of FPIC.**

MAPPING ANALYSIS

- **MoEF landcover maps show that in 2011 PT BIA was almost entirely forested**
- **By 2013, nearly half of the northern block had been cleared**
- **By 2015, virtually all of the northern block and about one-third of the main concession area had been cleared**
- **Recent satellite imagery shows clearance continued throughout 2016, with about half of the main concession block now cleared**
- **The concession saw numerous fire hotspots during 2015, predominantly in recently cleared forest area in the main concession block.**

DEFORESTATION

More than 19,000ha of primary and secondary forest has been cleared in the PT Bio Inti Agrindo concession since work started in 2011. Around 16,000ha of forest is still standing within the concession, including 9,000ha classed as primary forest.³³⁴

Aside from the localised habitat loss caused by deforestation, the plantation risks wider disruption of an important conservation landscape. Much of the eastern part of the concession was identified as an Intact Forest Landscape in 2013.³³⁵ The concession is divided into two blocks, separated by a protected forest and wetland area, the Bian Lake Nature Reserve (Cagar Alam Danau Bian). There is no buffer zone between the plantation and the reserve, and several tributaries of the Bian River flow through the concession into the reserve, which means plantation-related activities could potentially cause pollution or flooding. Further downstream, residents in nearby villages reported in 2012 that they had stopped drinking the river water and bathing in the river since work started on PT BIA and other nearby oil palm plantations. They claimed that fish and turtles had died and that children suffered from skin and respiratory problems after bathing in the river.³³⁶ A 2015 documentary showing community members saying they now can only drink bottled water indicated pollution continued to be a problem.³³⁷

The Council on Ethics, which evaluates the Norwegian Government Pension Fund Global's investments, concluded that PT BIA's environmental impact assessment did not include an adequate survey of biodiversity within the concession. Only eight tree species, four species of mammal, two reptile species, eight bird species and five fish species were mentioned in the report, and there was insufficient information on

methodology.³³⁸ Some of the species that were mentioned, however, are listed as endangered on the IUCN Red List.³³⁹ Given that the rainforests of Southern Papua are ecologically rich but poorly surveyed, basing a major development on inadequate research entails a severe risk that important habitat is being lost. As a result of the Council on Ethics report, the GPFG decided to divest from both its US\$9 million stake in Daewoo and its US\$198 million stake in POSCO.³⁴⁰

FIRES

An unusual number of hotspots were observed in PT BIA's concession during 2012–2015. Many of these correlated with areas that were cleared by the company in successive years,³⁴¹ giving rise to the suspicion that the company may have used fire deliberately to clear the forest, or may otherwise be responsible for gross mismanagement. This is illegal under Indonesian law and a breach of HSBC policy.³⁴² A similar pattern was seen in nearby plantations owned by the Korindo company, which has close links to PT BIA and gives advice to the company,³⁴³ but no other plantation concessions in Papua had anywhere near the same number of hotspots.

SOCIAL CONFLICT

PT BIA is one of six large oil palm plantations in this part of Papua that have started clearing forest since 2011, causing a major upheaval in the lives of the indigenous Marind community in the area. This has also caused conflict between the community and the companies. There have been allegations that PT BIA did not obtain the free, prior and informed consent of the entire community before starting work.³⁴⁴ Community members have also claimed that they were not properly involved in a decision-making process, that they had no access to relevant company documents and that compensation payments were inadequate. Sacred places have reportedly been cleared and conflict has broken out between different clans.³⁴⁵

Some clans have used customary law in an attempt to prevent the company from using their land, claiming that the recipients of compensation for the land were not the actual customary landowners.³⁴⁶ HSBC policy prohibits providing financial services to companies whose operations result in significant social conflict and where there is evidence of violation of the rights of local people, including failure to obtain FPIC.³⁴⁷

STATEMENTS

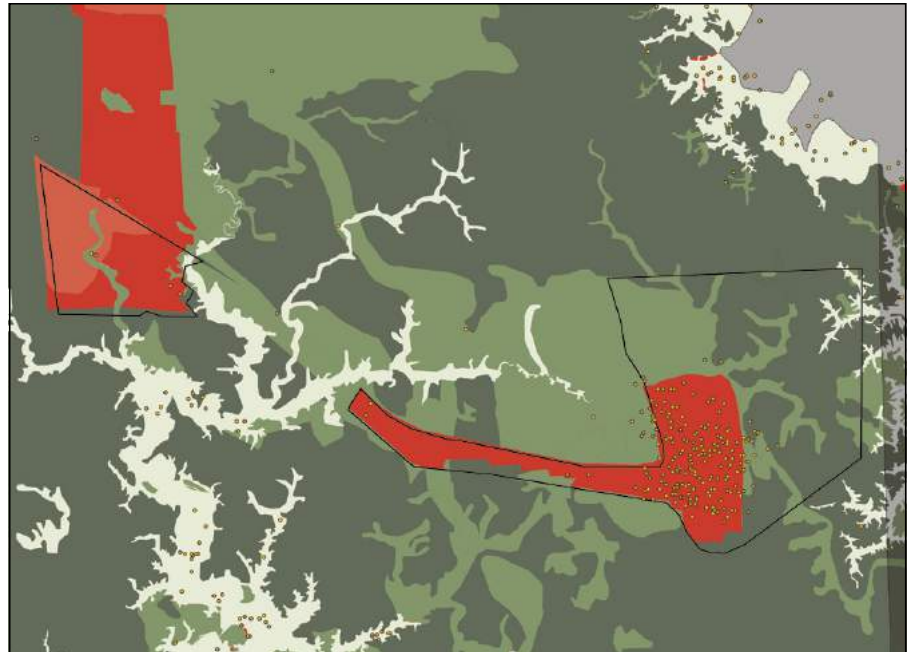
PRODUCER COMPANY

Prior to the publication of this report, Greenpeace contacted POSCO Daewoo to seek confirmation of the finance HSBC and other banks have provided, and to verify the report's findings of deforestation and other activities that would violate HSBC's policies. The company failed to reply.

BANK

In January 2017, Greenpeace wrote to HSBC to confirm financial links with POSCO Daewoo and to ask it what action had been taken in response to the policy breaches that have been identified. HSBC said that 'customer confidentiality restricts us from commenting on specific relationships'.³⁴⁸

PT. BIA



- PT. Bio Inti Agrindo
- Primary Forest
- Secondary Forest
- Peat
- Forested Peat
- FHS 2015
- FHS 2016
- Deforestation 2011–12
- Deforestation 2013–15





Company: Indofood
Group: Salim Group
Headquarters: Indonesia
Stocklisted: Singapore Stock Exchange (Indo Agri) and Jakarta Stock Exchange (Indofood)
RSPO member: IndoAgri subsidiaries PT PP London Sumatra Indonesia and PT Salim Ivomas Pratama, but no other Salim Group companies

PT Indofood CBP Sukses Makmur (Indofood) is a major vertically integrated food conglomerate, with interests from palm oil plantations to flour mills and a consumer products division that ranks as one of the world's largest instant noodle manufacturers (Indomie), as well as interests including dairy, snack foods and beverages.³⁵² Indofood is a joint-venture partner with PepsiCo as the sole producer of PepsiCo branded products in Indonesia³⁵³ and has a 50/50 joint venture with Nestlé, PT Nestlé Indofood Citarasa Indonesia.³⁵⁴ Indofood is part of the Salim Group, headed by Anthoni Salim, who holds a controlling interest in Indofood via First Pacific Company and CAB Holdings.³⁵⁵ The loosely structured Salim Group also holds extensive palm oil concessions via other companies (see below).

CURRENT KNOWN LINKS WITH HSBC / LOANS

| FACILITY | TOTAL VALUE | VALUE OF HSBC CONTRIBUTION | BORROWER | SIGNED | HSBC ROLE(S) |
|--|-----------------|----------------------------|---------------------|------------|---|
| Refinance and general corporate purposes fixed term loan | US\$160m | Unknown | FP Finance 2013 Ltd | 16/05/2013 | One of seven lenders, mandated arranger |
| Refinance fixed term loan | US\$200m | US\$40M | FP Finance 2014 Ltd | 25/09/2014 | One of five lenders, mandated arranger |
| TOTAL | US\$360M | At least US\$40M | | | |

BONDS

| SECURITY | TOTAL VALUE | ISSUER | SIGNED | HSBC ROLE(S) |
|----------------------|-----------------|-----------------|------------|--------------------------------|
| Corporate bond issue | US\$400M | FPC FINANCE LTD | 28/06/2012 | Joint lead manager, bookrunner |
| Corporate bond issue | US\$400M | FPC FINANCE LTD | 16/04/2013 | Joint lead manager, bookrunner |
| TOTAL | US\$800M | | | |

HSBC is listed in the 31 March 2016 financial statement for Indofood Sukses Makmur as holding cash deposits of Rp108.1bn (US\$8.2m), suggesting financial services were provided.³⁴⁹ HSBC has also previously been sole lender to Indofood Sukses Makmur, including an investment and refinancing long term loan of Rp106bn (US\$7.6m, repaid by 31/12/2015)³⁵⁰ and a US\$10m loan for refinancing, investment and working capital listed in accounts for 2013.³⁵¹



BREACHES OF HSBC POLICY

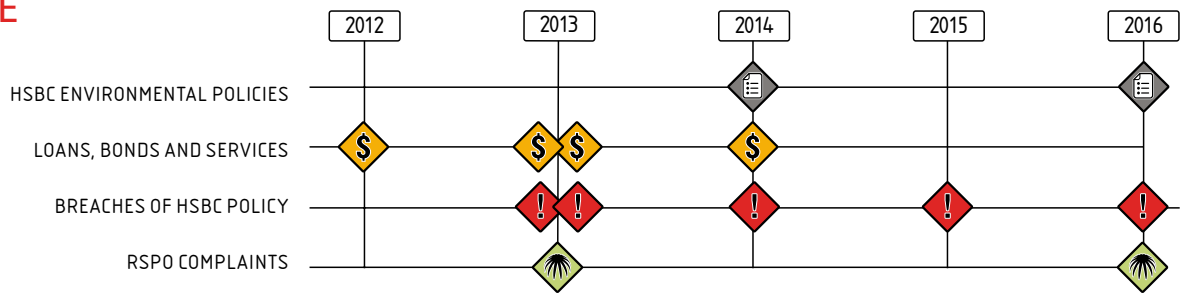
Isuy Makmur/Kedang Makmur and PT Gunta Samba Jaya (PT GSJ) concessions, East Kalimantan; PT Lonsum concessions, North Sumatra

- Deforestation for plantation: considerable clearance in 2013–2014, including 1,000ha of primary forest; satellite-based alerts suggest active clearance continuing in 2016 (Isuy Makmur/Kedang Makmur, PT GSJ)
- Clearance of HCV forest (Isuy Makmur/Kedang Makmur, PT GSJ)
- Possible deforestation on peat (Isuy Makmur/Kedang Makmur)
- Rampant fires during 2014 and 2015, including in cleared primary forest areas (Isuy Makmur/Kedang Makmur)
- Exploitation: child labour on plantations, paying below minimum wage and breaches of health and safety standards (PT Lonsum concessions)
- Failure to meet timetables for RSPO certification (company level)

OTHER BANKS LINKED TO SALIM



TIMELINE



PLANTATIONS AND MILLS

Indofood's agriculture subsidiary Indofood Agri Resources Ltd (IndoAgri) is one of the largest vertically integrated palm oil companies in Indonesia. IndoAgri is headquartered in Indonesia and listed on the Singapore Stock Exchange. IndoAgri has two operating subsidiaries: PT Salim Ivomas Pratama (SIMP) and PT PP London Sumatra Indonesia (Lonsum), reported as a subsidiary of SIMP in its financial statements.³⁵⁶

IndoAgri holds plantations in North Sumatra, South Sumatra, Riau, and West, Central and East Kalimantan.³⁵⁷

The company had 246,000ha of oil palm planted in Indonesia as of the end of 2015, plus 90,000ha of plasma (this includes an unspecified area of rubber plantation).³⁵⁸

As of 31 December 2015, IndoAgri owned and operated 24 palm oil mills with a combined FFB processing capacity of 6.4 million tonnes per annum.³⁵⁹ It has an annual FFB output of 4.7m tonnes³⁶⁰ and CPO output of 1m tonnes.³⁶¹

ENVIRONMENTAL POSITION

IndoAgri is the largest private Indonesian palm oil company that does not yet have a comprehensive 'No Deforestation, No Peat, No Exploitation' policy. Its own sustainability policy is weak in comparison to those of some of its peers. Its policy for its own plantations includes commitments to no HCV clearance and no peatland cultivation, but lacks any pledges to protect high carbon stock forest or proper provision for labour rights such as International Labour Organisation (ILO) conventions or UN guiding principles.³⁶² IndoAgri's sourcing policy for its third-party suppliers allows for planting on peat of up to 3 metres in depth and fails to extend provisions for FPIC, thereby making it weaker than its sustainability policy for its own plantations.³⁶³

CERTIFICATION AND TRANSPARENCY

IndoAgri subsidiaries Lonsum³⁶⁴ and SIMP³⁶⁵ are members of the RSPO, but other Salim Group companies are not. Both companies submitted 2015 Annual Communications of Progress to the RSPO,³⁶⁶ but they have not disclosed maps of their concessions.

RSPO CERTIFICATION

IndoAgri produced 377,000 tonnes of certified CPO in 2015.³⁶⁷ 27 of its 82 concessions and 9 of its 24 palm oil mills were certified as of 2015.³⁶⁸ IndoAgri is aiming for full certification of its plantations and smallholders in 2019.³⁶⁹ This fails to meet HSBC's policy deadline of full certification by 2018.³⁷⁰

The RSPO returned the submitted New Planting Procedures report for Isuy Makmur due to incomplete documentation.³⁷¹ At the time of writing, this document (if re-submitted) was not available on the RSPO website, although evidently non-compliant development of the concession had begun in 2013 (see case study below).

MARKET LINKS

According to company data, Apical,³⁷² Cargill,³⁷³ GAR,³⁷⁴ IOI,³⁷⁵ Musim Mas³⁷⁶ and Wilmar³⁷⁷ are customers of Salim-associated companies including Indofood, PT Gunta Samba and PT Gunta Samba Jaya.

Musim Mas stated that it has 'started an engagement process and engagements have taken place in June and August 2016, between the Musim Mas Executive Chairman with the top management of the Salim Group. The Salim Group was urged to go through RSPO's grievance mechanism and stay as a proactive member in the process, and continue to engage with all stakeholders to review the situation and possible actions. The engagement will continue and we will review implementation steps and responses.'³⁷⁸

AAK refused to confirm or deny any trade relations with Salim Group-associated companies.³⁷⁹ Astra Agro Lestari failed to confirm or deny any trade relations with Salim Group-associated companies.

In an email to Greenpeace of September 2016, Wilmar stated that it has engaged Indofood on issues of land clearance since September 2015, but asserted that no further land clearance by the company has taken place since late 2015, according to its unnamed 'independent partner'. In response to the labour issues, while monitoring the case and engaging, Wilmar stated that it prefers to let the RSPO process 'run its course'.³⁸⁰

In an email to Greenpeace in September 2016, GAR stated that it has 'initiated engagement with RAN, OPPUK and Indoagri/Lonsum',³⁸¹ and the company has updated its grievance dashboard³⁸² with this case.

CASE STUDY: ISUY MAKMUR/ KEDANG MAKMUR

Location: West Kutai, East Kalimantan

POLICY VIOLATIONS

- Recent deforestation, including primary forest
- Development on peatland
- Extensive fires, raising questions about mismanagement

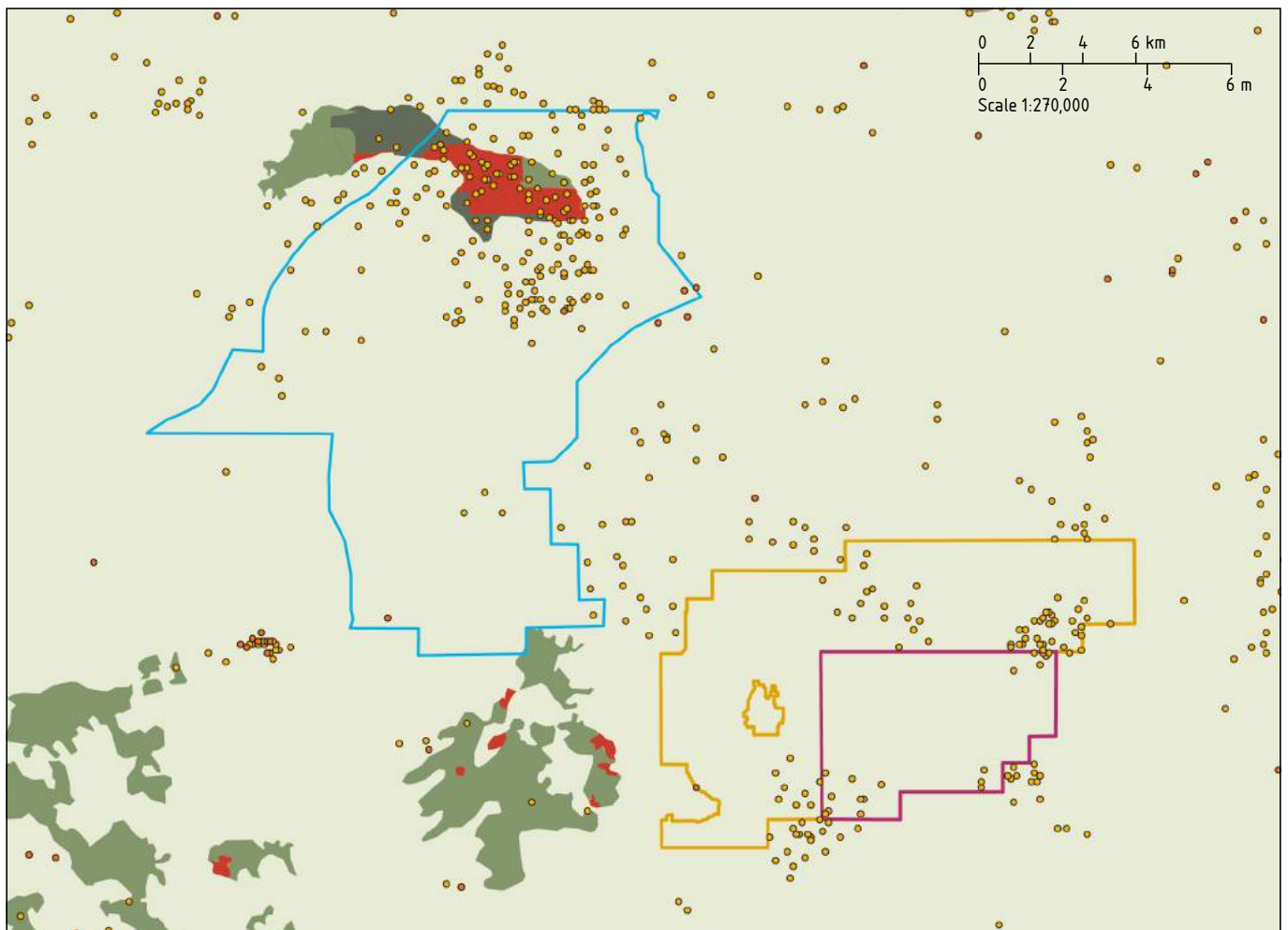
MAPPING ANALYSIS

- GFW satellite-based plantations mapping from 2013–2014 shows large areas of recently cleared land in the concession and beyond the northwest boundary, including areas shown as primary swamp forest in 2013 MoEF landcover mapping.
- The concession saw over 100 fire hotspots during 2015, including in the cleared primary forest area.
- GLAD alerts suggest ongoing clearance in the concession in 2016.
- Most of the concession is mapped as peat of unknown depth.

DEFORESTATION

A 2015 investigation by Aidenvironment found that during 2013 and 2014, PT Lonsum had cleared around 1,000ha of land in the Isuy Makmur/Kedang Makmur³⁸³ concession that was shown as primary forest on Ministry of Forestry landcover maps. IndoAgri claimed the land was secondary forest, but did not disclose evidence for this claim. Aidenvironment’s analysis suggests total clearance of around 4,600ha of forest of all types in the concession, as well as rampant fires.³⁸⁴ Deforestation puts the company in breach of HSBC’s agricultural commodities policy.³⁸⁵

- Isuy Makmur Estate
- Pahu Estate
- Kedang Makmur Estate
- Primary Forest
- Secondary Forest
- Peat
- Forested Peat
- Deforestation 2011–12
- Deforestation 2013–15
- FHS 2015
- FHS 2016



CASE STUDY: PT LONSUM CONCESSIONS

Location: North Sumatra

POLICY VIOLATION

Use of child labour and exploitation of workers

EXPLOITATION/MISTREATMENT OF WORKERS AND CHILD LABOUR

A 2015 investigation of two PT Lonsum plantations in North Sumatra (names confidential to protect workers) found evidence of a range of poor labour practices by IndoAgri, including child labour, workers being paid illegally low wages (lower than the regional minimum), workers using pesticides in violation of RSPO P&C and without proper safety equipment, and quota systems that encourage increased use of informal workers (including workers bringing along their wives and children to help meet the quota).³⁸⁶ This investigation was reported by OPPUK, Rainforest Action Network (RAN) and the International Labor Relations Forum (ILRF). IndoAgri has thus far declined to comment on the findings of the report, and downstream customers have been reluctant to engage the company on this matter or to require it to investigate the labour conditions on its own plantations.

An RSPO Compliance Assessment was completed at a third Lonsum-owned mill and supply base in North Sumatra to assess the issues raised. This assessment of Gunung Malayu mill and its supply base of Gunung Malayu and Sei Rumbiya estates confirmed breaches of health and safety standards, particularly around pesticide use, including one worker consistently detailed to spraying activity for at least three months in spite of health concerns. The assessment also found indirect evidence of use of informal workers including harvesters' family members, as well as gender discrimination in employees' benefits and failure to pay some workers the minimum wage.³⁸⁷

HSBC policy prohibits providing financial services to companies engaging in 'harmful or exploitative child labour or forced labour'.³⁸⁸ RSPO P&C prohibit exploitation or employment of children and all forms of discrimination.³⁸⁹

CASE STUDY: PT GUNTA SAMBA JAYA

Location: East Kutai, East Kalimantan

POLICY VIOLATION

- Clearance of HCV forest (orangutan habitat)

MAPPING ANALYSIS

- MoEF landcover maps show that in 2011 the southwest block of PT GSJ was predominantly forested.
- By 2013, MoEF maps show about half of this area had been cleared.
- By 2015, MoEF maps show almost all remaining forest had been cleared.
- Recent satellite imagery shows that forest remaining in 2015 has now been cleared.

In February 2013 the NGO Centre for Orangutan Protection filed an RSPO complaint against Indofood subsidiary SIMP alleging destruction of orangutan habitat in the PT Gunta Samba Jaya concession.³⁹⁰ Two baby orangutans were rescued, which locals who had been caring for them said came from the concession area. Photos with the complaint show forest containing orangutan nests being bulldozed.

IDENTIFICATION PROBLEMS: WHO IS RESPONSIBLE FOR PT GUNTA SAMBA JAYA'S FOREST DESTRUCTION?

Indonesian tycoon Anthoni Salim maintains control of a complex network of companies known as the Salim Group. The true management of some Salim Group companies is deliberately obscured through pyramids of companies and an opaque interplay between public and private businesses. This is a common characteristic of Asian businesses run by a single family or mogul;³⁹¹ the effect is often to keep destructive or controversial operations separate from the more well-known, public face of the empire. One consequence is that sustainability standards are not applied universally.

The challenge for financiers, traders and the RSPO is to examine the extent of the link between these companies and IndoAgri to determine whether the association is sufficiently strong that IndoAgri should be held accountable for their actions. Norway's Government Pension Fund Global has, on the advice of its Council of Ethics, accepted the principle of group-level responsibility to ensure it is not providing financing to groups whose plantation operations would violate its responsible lending policies.³⁹² The RSPO has taken a similar position in the past, with both Bumitama and GAR (see below).

IndoAgri has published sustainability policies that apply to its own plantations and to suppliers to its refineries.³⁹³ As a publicly listed company, it has obligations to transparency, including about group structure and control. As the face of the Salim Group's plantation interests and the parent company of two RSPO members – Lonsum and SIMP – it has an obligation to ensure that all Salim Group companies are held to the same sustainability standards. However, Salim Group plantation companies sharing the address of IndoAgri subsidiaries are not meeting IndoAgri's sustainability criteria or those of the RSPO.

THE CORPORATE STRUCTURE OF PT GUNTA SAMBA AND PT GUNTA SAMBA JAYA

PT Gunta Samba (PT GS) and PT Gunta Samba Jaya (PT GSJ) were established in 2005 and 2006 respectively, with the same initial owners: Sinarman Jonatan and Soenardi Winarto. Jonatan is currently President Director of Salim Group company Indomarco Prismatama.³⁹⁴ Winarto is currently President Director of the immediate parent company of PT GS, as well as President Director of PT GS itself and a Director of IndoAgri subsidiary (and RSPO member) PT SIMP.³⁹⁵

PT GS and PT GSJ are registered at the same office: the Duta Merlin Office Complex B/22, Jalan Gajah Mada 3–5, Gambir, Central Jakarta.³⁹⁶ The same address is also listed in SIMP's annual reports as the address of one of its main subsidiaries, PT Mega Citra Perdana, the parent of PT GS and PT Multi Pacific International.³⁹⁷

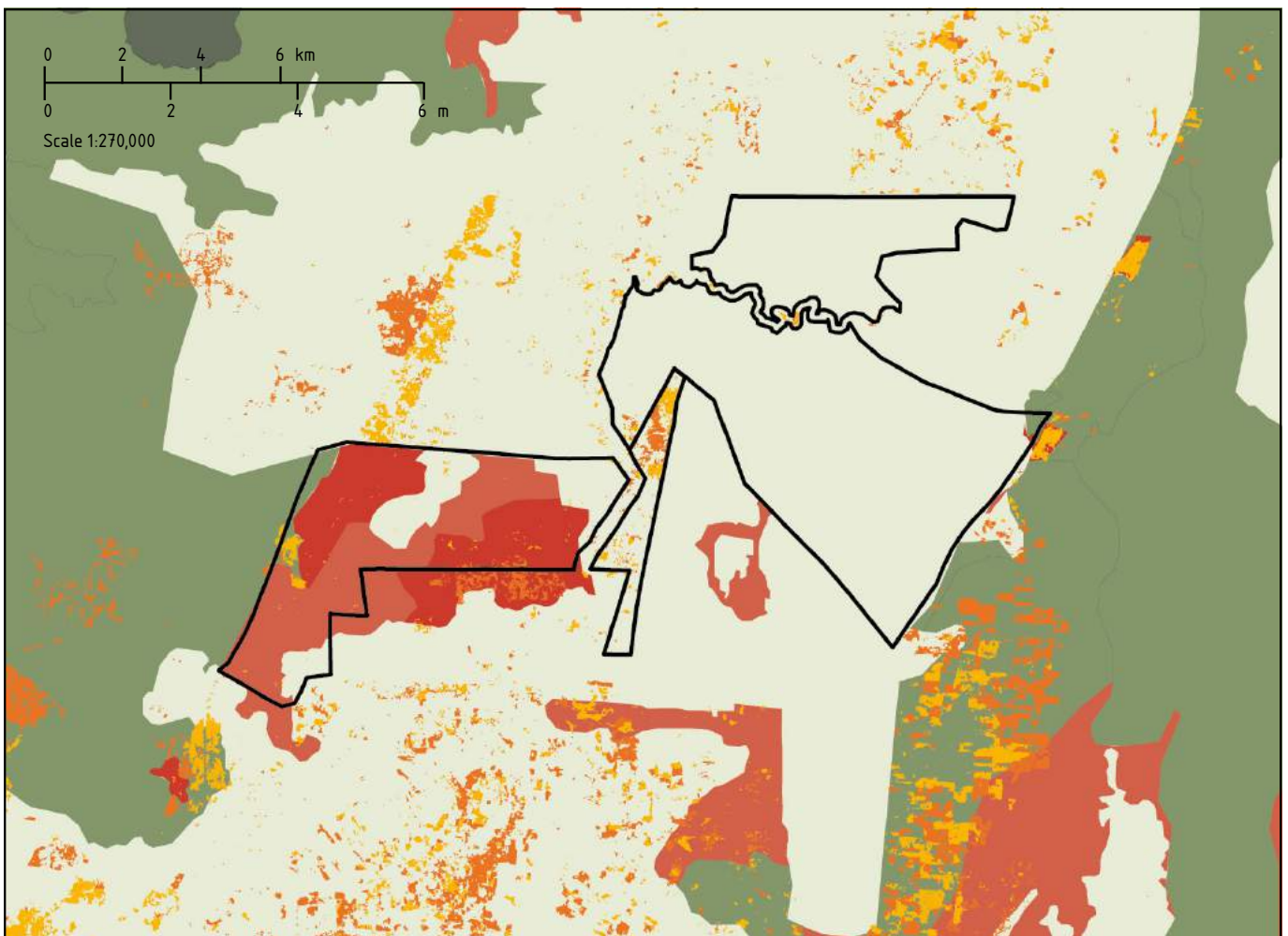
In 2006 PT GS was incorporated into IndoAgri through SIMP, along with the company that became its immediate parent, PT Mega Citra Perdana.³⁹⁸ It has retained the same position in the company hierarchy ever since, meaning IndoAgri is a parent company of PT GS.

As for PT GSJ, in 2007 there was an injection of capital and

the board of directors and company ownership structure were changed. PT Andhika Wahana Putra (PT AWP) became the new owner with a 99.95% share, and the shareholder structure has remained the same since then.³⁹⁹ PT AWP is also a parent of other suspected Salim Group plantation companies including PT Berau Sawit Sejahtera, PT Citra Palma Sejati, PT Duta Sejahtera Utama, PT Perdana Sawit Plantation and PT Wira Inova Nusantara,⁴⁰⁰ each of these shares senior management with PT GSJ or its parent companies.

PT AWP is registered at unit A/48 of the Duta Merlin Office Complex in Jakarta (a different unit from PT GS and PT GSJ).⁴⁰¹ The Duta Merlin Office Complex is also the registered address for many companies that are officially recognised as part of the Salim Group, as well as many suspected Salim Group companies. These include PT Mulia Abadi Lestari, which owns or has shares in PT Duta Rendra Mulya, PT Duta Sejahtera Utama, PT Sawit Timur Nusantara, PT Subur Karunia Raya and PT Wahana Tritunggal Cemerlang,⁴⁰² each of these shares senior management with PT GSJ or its parent companies.

In 2010 Indofood supermarket chain Indomaret made an Rp428bn (~US\$32m) investment in PT AWP, through the purchase of convertible bonds.⁴⁰³



- PT. Gunta Samba Jaya
- Primary Forest
- Secondary Forest
- Peat
- Forested Peat
- FHS 2015
- FHS 2016
- Deforestation 2011–12
- Deforestation 2013–15

Two companies each own 50% of PT AWP: PT Inova Cemerlang and PT Unitama Adiusaha Shipping.⁴⁰⁴ In terms of the companies controlling PT AWP, no further information on PT Inova Cemerlang could be found through internet searches, nor does it appear to be listed with SISMINBAKUM, the Indonesian government's business registry.

PT Unitama Adiusaha Shipping (PT UAS) is registered at unit A/48 of the Duta Merlin Office Complex in Jakarta (the same unit as PT AWP).⁴⁰⁵ One company holds 99.99% of PT UAS:⁴⁰⁶ PT Adi Mulya (the other 0.01% stake is held by PT Rahmat Timur Cemerlang (PT RTC)). One company owns 99.5% of PT Adi Mulya:⁴⁰⁷ PT Mega Inti Usaha (PT MIU) (the other 0.5% stake is held by PT RTC). One company owns 99.99% of PT MIU:⁴⁰⁸ PT RTC (the other 0.01% stake is held by Andree Hendrawan).

Efforts to uncover the ultimate management control and ownership of this pyramid line of companies were ongoing at the time of publication of this report.

However, Anthoni Salim's ultimate management control and ownership of one related company – PT Duta Rendra Mulya (PT DRM) – can be established and involves management control by individuals directly associated with PT GSJ and the host of other sister and parent companies named here.

PT DRM is owned by several companies including PT Adi Mulya and PT Mulia Abadi Lestari; a 50% stake is held by PT Citra Kencana Kasita.⁴⁰⁹ Two companies hold a 50% stake each in PT Citra Kencana Kasita:⁴¹⁰ PT Zamrud Indahpersada and PT Wahanamulia Wiranusa. Anthoni Salim holds a 99% stake in both companies.⁴¹¹

In addition to shared company addresses and joint investments in plantation companies, there has been a notable management overlap between PT GSJ and its parent companies and PT GS, SIMP and other Indofood interests (see box). However, PT GSJ is not a subsidiary of SIMP or IndoAgri, nor is IndoAgri a shareholder in PT GSJ.

SHARED MANAGEMENT OR OUTRIGHT CONTROL – IS ANTHONI SALIM CONTROLLING PT GUNTA SAMBA JAYA?

When PT GS and PT GSJ were established, they had the same founders: Sinarman Jonatan, Tjahjono Setiadi and Soenardi Winarto. All have spent their careers within the Salim Group. Shares were split evenly between Winarto and Jonatan:

Soenardi Winarto is currently President Director of both PT GS and sister company PT Multi Pacific International, as well as President Director of their immediate parent company PT Mega Citra Perdana and of PT Mitra Inti Sejati Plantation. He has been a Director of PT SIMP since 2008 and of PT Kayu Lapis Asli Murni since 1996.⁴¹²

Sinarman Jonatan is currently President Director of Indomarco Prismatama, the company that operates Salim Group minimarket chain Indomaret.⁴¹³

Current Directors and Commissioners of PT GSJ include the following individuals, some linked to other suspected Salim Group plantation companies (all data from company deeds unless indicated otherwise in footnotes):

Gunawan Sumantri (President Director) July 2007–present – former President Director of PT AWP and PT DRM. Current President Director of PT Berau Sawit Sejahtera, PT Citra Palma Sejati, PT Duta Sejahtera Utama, PT Perdana Sawit Plantation, PT Subur Karunia Raya, PT Wahana Tritunggal Cemerlang and PT Wira Inova Nusantara.

Fransiskus Xaverius Purwanto (Director) July 2007–present – former Director of PT AWP, PT Berau Sawit Sejahtera and PT Wira Inova Nusantara, and has also represented PT Sawit Khatulistiwa Lestari.⁴¹⁴ Current Director of PT Menara Wasior and PT DRM. Likely also Commissioner of PT Adi Mulya and PT Mega Inti Usaha (the Commissioner is named as 'Hermanto Boentoro, also known as Fransiscus Xaverius').⁴¹⁵

Nyoman Suryadhi (President Commissioner) July 2007–present – former President Commissioner of PT Berau Sawit Sejahtera, PT Perdana Sawit Plantation and PT Wira Inova Nusantara, former Commissioner of PT Perdana Sawit Plantation and current Director of PT AWP.

Junus Sutiono (Commissioner) July 2007–present – Commissioner of PT AWP, PT Berau Sawit Sejahtera, PT Citra Palma Sejati, PT Mulia Abadi Lestari (in which he holds a 60% stake), PT Perdana Sawit Plantation, PT Putra Palma Cemerlang, PT Sawit Timur Nusantara, PT Wahana Tritunggal Cemerlang and PT Wira Inova Nusantara.

Further evidence of the operational link comes from references to the 'Gunta Samba Group' and 'Indo Gunta Group' found online. A blog purporting to be from the Agronomy Audit and Advisory Team at the Gunta Samba Group provides a list of the companies they audited in 2013, which includes SIMP subsidiaries PT GS and PT Multi Pacific International as well as PT GSJ and related companies, including PT Berau Sawit Sejahtera, PT Citra Palma Sejati, PT Duta Rendra Mulya, PT Duta Sejahtera Utama, PT Perdana Sawit Plantation, PT Wahana Tritunggal Cemerlang and PT Wira Inova Nusantara.⁴¹⁶

In August 2015, job advertisements were circulated for positions in West Kalimantan and West Papua Provinces on PT GS headed paper, referring to the Indo Gunta Group.⁴¹⁷ However, PT GS is a SIMP subsidiary, and there are no known SIMP subsidiaries in West Papua. On the other hand, plantations such as PT Subur Karunia Raya in West Papua have links with the senior management of PT GSJ and its parent companies.

Moving up the organisational tree, PT UAS was reportedly acquired by Holdiko Perkasa in 2002 when the Salim Group went bankrupt, along with stakes in other Salim Group companies (PT Kayu Lapis Asli Murni, PT Melapi Timber and PT Duta Rendra Mulya).⁴¹⁸ Current company deeds record information from 2004. These show that Anthoni Salim was President Director until 2007, at which point the position passed to Soenardi Winarto, who has held the post since 2008. This coincides with the transfer of ownership of PT GSJ to PT AWP and the injection of capital into PT AWP from Indomaret.

In 2007, when PT UAS/PT AWP acquired PT GSJ, the Directors and Commissioners of PT UAS included the following individuals linked to other suspected Salim Group companies:

Benny Setiawan Santoso (Commissioner) – former President Commissioner of PT Indofood CBP Sukses Makmur Tbk and PT Indoritel Makmur Internasional Tbk; current Commissioner of PT Indofood CBP Sukses Makmur Tbk (since 2004) and Non-Executive Director of First Pacific, among other group-related interests⁴¹⁹

Sinarman Jonatan (Director) – see PT GSJ above for links

Soenardi Winarto (Director) – see PT GSJ above for links

Andree Halim (President Commissioner) – brother to Anthoni Salim

Beyond Soenardi Winarto, current Directors of PT UAS and their links to other suspected Salim Group companies are as follows:

Dedi Mulyadi (Director) – former President Director and shareholder of PT Perdana Sawit Plantation and PT Wahana Tritunggal Cemerlang (in which he currently holds a 0.1% stake), current Commissioner of PT Duta Sejahtera Utama and PT Subur Karunia Raya, former Commissioner and 20% shareholder in PT Bumi Surya Kencana, current Director of PT Mulia Abadi Lestari and PT Sawit Timur Nusantara (in which he holds a 2.5% stake)

Junus Sutiono (Commissioner) – see PT GSJ above for links

Current Directors of PT Adi Mulya and their links to other suspected Salim Group companies are as follows:

Andree Hendrawan (Director) – former Commissioner and current Director of PT Berau Sawit Sejahtera; former Commissioner of PT Wira Inova Nusantara; current Director of PT Citra Palma Sejati, PT Duta Sejahtera Utama and PT Wahana Tritunggal Cemerlang; former Director of PT Perdana Sawit Plantation, current Director of PT MIU. According to his profile on LinkedIn,⁴²⁰ he has been a manager at PT GS since 2005.

Hermanto Boentoro, aka **Fransiscus Xaverius** (Commissioner) – see PT GSJ above for suspected links

Current Directors of PT MIU and their links to other suspected Salim Group companies are as follows:

Andree Hendrawan (Director) – see PT Adi Mulya above

Hermanto Boentoro, aka **Fransiscus Xaverius** (Commissioner) – see PT Adi Mulya and PT GSJ above

Efforts to identify the current Directors of PT RTC and their links to other suspected Salim Group companies were still underway at the time of publication.

Company deeds list the original President Commissioner and President Director of PT DRM as Sinarman Jonatan and Sunardi Winarto [sic]. Current Directors and their links to other suspected Salim Group companies include:

FX Purwanto (Director) – see PT GSJ and other companies above

Gunawan Sumantri (President Director) – see PT GSJ above

Current administrators of PT Citra Kencana Kasita and their links to other companies mentioned above are as follows:

Anthoni Salim (Commissioner) – owner and Director of PT Zamrud Indahpersada, and owner and Commissioner of PT Wahanamulia Wiranusa; former President Director of PT UAS.

Phiong Phillipus Darma (Director) – Commissioner of PT Zamrud Indahpersada and Director of PT Wahanamulia Wiranusa; owns a negligible stake in both companies. He is described by Bloomberg as 'a Senior Executive of the Salim Group of companies'.⁴²¹ In 2010,⁴²² Darma was reportedly placed on Interpol's fugitive 'red list' for forging documents and transferring seized assets out of Indonesia.

In February 2013, when the Centre for Orangutan Protection submitted an official complaint to the RSPO after finding evidence that PT GSJ was clearing orangutan habitat in its concession (see above), the group supposed that PT GSJ was a subsidiary of SIMP.⁴²³ No further action was taken by the RSPO after an email from IndoAgri CEO Mark Wakeford dated 21 June 2013 denied any responsibility for resolving the complaint on the grounds that '[IndoAgri does] not have any shareholding in PT Gunta Samba Jaya and it is not part of the IndoAgri or SIMP Group.'⁴²⁴

However, both the RSPO complaints case tracker and Mongabay Indonesia have recorded that prior to this, on 19 March 2013, IndoAgri had met with the Centre for Orangutan Protection and agreed to take action to address the situation, including calling a temporary halt to land clearing and initiating evaluation of conservation areas.⁴²⁵

Despite its similar name and operating in an adjoining concession, unlike PT GS, PT GSJ does not appear to be a direct subsidiary of IndoAgri or SIMP; however, it is clearly managed by the Salim Group management. All Salim Group companies should be held to the same standard.

The case is very similar to that of Bumitama, where in 2013 the RSPO requested that a subsidiary's membership be transferred to the parent group on the grounds that 'the Panel is concerned that members of the public will not be able to distinguish between an RSPO member and a non-RSPO member within the Bumitama group.'⁴²⁶

The case is also similar to that of Golden Agri-Resources, where in 2010, following independent verification by BSI Group of Greenpeace investigations,⁴²⁷ the RSPO suspended membership of GAR subsidiary PT SMART given '[concerns] about the confusion in the public mind surrounding claims made by PT SMART's holding company Golden Agri Resources Ltd concerning membership by two of its subsidiaries of the RSPO and what implications that has for the sustainability of GAR as a whole', stating that 'the RSPO is inviting this to be resolved through GAR membership of the RSPO'.⁴²⁸

IndoAgri subsidiary PT Lonsum is already the subject of an RSPO complaint for human rights abuses (see case study). The official status of the RSPO complaint against PT GSJ is 'not resolved'.⁴²⁹

Given its previous actions with other plantation companies, including its decision to suspend PT SMART for actions elsewhere in the group, and the apparent deliberate attempt to mislead the RSPO about the extent of SIMP control over PT GSJ, the RSPO has no choice: if it does not want to face charges of watering down its principles, it must follow precedent and suspend all Indofood subsidiary members until such time as the entire Salim Group has joined the RSPO.

SUMMARY

Both PT GS and PT GSJ were initially owned by individuals closely connected with the Salim Group. However, since PT GS was incorporated into SIMP and the ownership of PT GSJ transferred to PT AWP, the ownership structure and boards of directors of the two companies are distinct.

PT AWP (PT GSJ's direct parent) is owned by two companies, PT Inova Cemerlang and PT Unitama Adiusaha Shipping. The latter of these companies is managed by Soenardi Winarto, who is also currently President Director of PT GS, its sister company PT Multi Pacific International and their immediate parent company PT Mega Citra Perdana, and has been a Director of PT SIMP since 2008. Indofood supermarket chain Indomaret has also invested in PT AWP.

Andree Hendrawan is a senior Director of many PT GSJ-related companies. He also claims to be a manager at PT GS.

Despite the official ownership being distinct, there are indications that PT GS and PT GSJ have the same operational management: the same agronomy audit team, letters on PT GS headed paper advertising positions in Papua for plantation companies likely to be closely linked to PT GSJ, and Indofood Agri's initial response to an RSPO complaint about PT GSJ.

Ultimately, one company related to PT GSJ – PT DRM – is known to be controlled by Anthoni Salim.

Taken together, this evidence suggests that Anthoni Salim has deliberately structured his businesses in a way that obscures ownership and responsibility. Doubtless this has tax advantages, as well as making it difficult to ensure sustainability commitments in a uniform manner across the entire empire under Salim's control. A clear marketing advantage of the separation of official subsidiaries and hidden but related companies in the Salim Group is that it allows Indofood brands to appear clean while the dirty aspects of the business take place at arm's length.

STATEMENTS

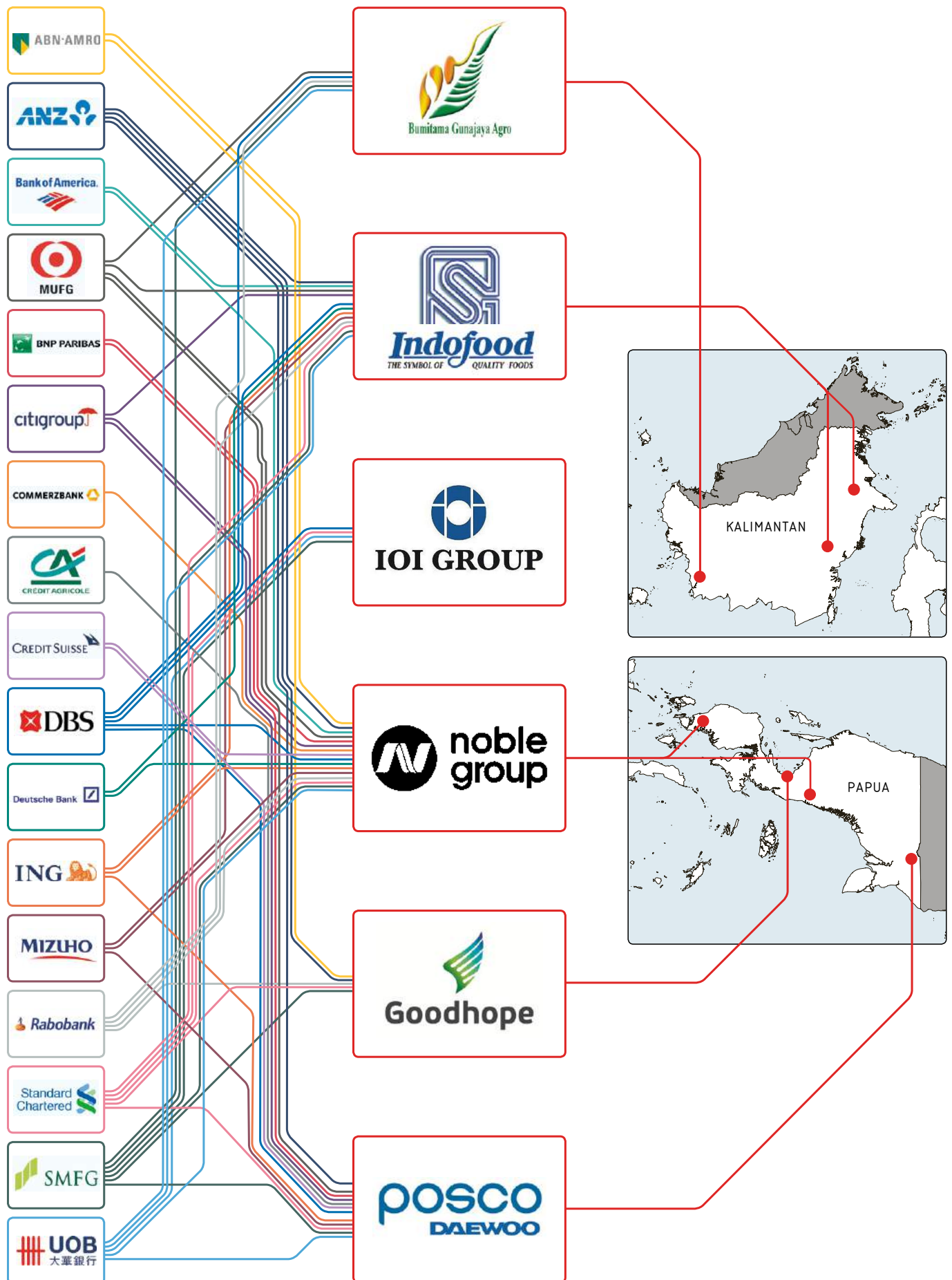
PRODUCER COMPANY

Prior to the publication of this report, Greenpeace contacted Indofood to seek confirmation of the finance HSBC and other banks have provided, and to verify the report's findings of deforestation and other activities that would violate HSBC's policies. The company failed to reply.

BANK

In January 2017, Greenpeace wrote to HSBC to confirm financial links with Salim Group/Indofood and to ask it what action had been taken in response to the policy breaches that have been identified. HSBC said that 'customer confidentiality restricts us from commenting on specific relationships'.⁴³⁰

OTHER BANKS WHICH FINANCE DESTRUCTIVE PALM OIL GROUPS



IMPLICATIONS FOR THE BANKING SECTOR

FOREST DESTRUCTION – A RISKY BUSINESS

In addition to the environmental risks, palm oil's impact on forests, peatlands and local communities and indigenous peoples leads to a variety of financially material risks, which in turn can affect investors and lenders. A 2015 report by the United Nations Environment Program (UNEP) identified several types of risk, including:⁴³¹

- **Legal:** company liability for environmental damage, as seen in recent prosecutions of Indonesian plantation companies for involvement in peat fires⁴³²
- **Regulatory:** potential impacts of Indonesia's planned review of palm oil concessions in the forest zone⁴³³
- **Reputational:** via targeting by NGO campaigns on social and environmental impact, which can lose a company major customers very quickly (as was seen following IOI's suspension from the RSPO in March 2016⁴³⁴)
- **Market:** changes in consumer demand to avoid products with negative impacts
- Biophysical or environmental risk leading to **decreased plantation yields:** eg from flooding of plantations resulting from peatland subsidence⁴³⁵

These ultimately result in financial risk as plantation yields fall, costs rise and reputational or market issues impact sales. Loss of market value may leave companies unable to service debts, while regulatory and demand changes could leave them with stranded assets, such as concessions where development is no longer permitted.

These risks not only affect the palm oil producers but have a knock-on impact on their customers along the supply chain, their shareholders and the financial organisations that provide them with loans and banking services.

In terms of the banking sector, the risks apply not only to direct financing for palm oil producers, but to providing services for larger corporate groups which include palm oil-producing subsidiaries. In many cases, palm oil producers are part of complex corporate groups including interests remote from oil palm plantations. Some of the banks' links with palm oil producers discussed in this report are direct, while others relate to funding for parent companies of conglomerates or to other branches of corporate groups which include palm oil interests.

Risks may extend even beyond the group being funded. Group ownership structures are sometimes designed to

disguise or evade responsibility, using complex networks of offshore holding and trust companies, some based in tax havens. These groups are often effectively under the control of an individual or members of a family, who are the largest or majority shareholders. Even where the main group is publicly listed, it is common for such families to have controlling interests in other privately held, legally separate companies. Such arrangements allow them to use the various publicly and privately held groups and subsidiaries they control to their own advantage in ways that may be difficult for outsiders to track. This can mean that a business leader or family controls a publicly listed company that has committed to transparency and sustainable practices, while also being associated with other businesses that continue to destroy forests or drain peatlands. Exposure of such links carries reputational and market risks for service providers and supply-chain connections of the public group.

*'For producers, destroying valuations due to mismanagement of ESG [environmental, social and governance] reputational risk is an outcome they will look to increasingly avoid.'*⁴³⁶

*'Companies should disclose the supervisory structure of the sustainability function – ideally this should be the very top management, that is board level.'*⁴³⁷

– HSBC Global Research

SOME OF THE SERVICES BANKS PROVIDE

This report deals with the banking services provided to companies, particularly loans and underwriting. These services go beyond financing for specific projects, as covered by the Equator Principles,⁴³⁸ and are crucial to the functioning of companies. They are separate from investment activities (eg purchase of shares and bonds), which are not exclusive to banks.

LOANS

Often the easiest way for companies to raise money is to borrow it from a bank. Usually loans come from private sector commercial banks. Companies mainly use short-term loans (less than a year) to help with day-to-day financing of the business. Longer-term loans are more likely to be used for investment purposes.

LINES OF CREDIT

A line of credit is a flexible borrowing arrangement which allows the client to borrow up to a set amount within a specified time. These include revolving credit, in which the maximum credit limit is renewed similar to the way a credit card operates, and non-revolving credit, in which the maximum credit limit is not renewed.

UNDERWRITING

Companies can raise capital to expand their businesses through issuing new shares or bonds to investors through the financial markets. Investment banks play an essential role in this process as underwriters. Usually several banks underwrite an issue of new shares or bonds jointly. In return for fees or a commission, they organise the sale, advise on the price of the new shares or bonds and run events to attract potential investors. Usually they also provide a guarantee that the company will get its money even if the sale is not a success. The term 'underwriting' refers to this element of the process. This may mean the bank buying unsold shares or bonds at a certain price. In other cases, the underwriters buy all the new shares or bonds being issued with the intention of immediately selling them on to other investors. The underwriters bear the financial consequences if a miscalculation has been made and not enough investors are found.

OTHER BANKS' INVOLVEMENT WITH PALM OIL

This report focuses on HSBC as one of the largest funders of the palm oil sector, but it is by no means the only bank linked to destructive palm oil companies. Indeed, HSBC is relatively progressive: it has a policy on palm oil sustainability and has shown itself willing to engage with critics. Were HSBC to adopt and implement a meaningful 'No Deforestation, No Peat, No Exploitation' policy, it would be well placed to lead other banks on palm oil sustainability and use its influence with the palm oil industry and banks to improve standards across sectors.

Other banks' policies and actions are also problematic. While most are less exposed to the palm oil sector than HSBC, many banks have links to palm oil growers involved in exploitation of workers and local populations, deforestation and peatland development (see table). Many banks lack even paper policies on deforestation and exploitation. Those with policies nearly always only consider the financing of specific projects and do not assign responsibility for poor practices to the companies behind the projects. Another common weakness is to lay out ambitions for their customers, rather than clear requirements of what customers must and must not do to comply with their policies. Recent research for the Forest 500 rankings showed that less than a fifth (18%) of the 150 financial institutions assessed have policies to protect intact, HCV or natural forests.⁴³⁹ Only one bank surveyed by Greenpeace – ABN AMRO – has anything close to a full NDPE policy,⁴⁴⁰ but even this has not been implemented properly. ABN AMRO is a lender on a US\$1bn loan to Noble, signed in May 2016.⁴⁴¹

The banking sector has a long way to go to address sustainability and exploitation: this requires not only comprehensive and coherent policies, but implementation and transparency across groups' operations.

MODEL FOR RESPONSIBLE BANKING

BANKS CAN PUSH TRANSPARENCY

Some banks are engaging on sustainability, but they are not yet wielding their full potential power to help clean up the industry. Financial institutions belonging to the RSPO, including HSBC,⁴⁴² recently issued a joint statement aimed at improving transparency in the organisation:

Financial Institutions depend on transparency, access to information and high-quality data in order to ensure proper due diligence for their investment and financing decisions. Specifically, when considering agricultural commodities and in particular the palm oil sector, it is important that concession maps related to oil palm production [are] publicly available. [...] Transparency through concession map disclosure helps demonstrate that issues such as deforestation, irresponsible development on peat, and incidence of fire are addressed, monitored, and attributed to the correct land owner. By providing such information and making it publically [sic] available for peer review and analysis, RSPO grower members can evidence they are in compliance with the RSPO principles and criteria.⁴⁴³

Such moves by the financial sector as a body to improve RSPO transparency are surely to be welcomed. The sector is in a position to use its influence to push for improvement of RSPO standards to include NDPE policies.

More directly, banks can lead on transparency by disclosing their own dealings: publishing which companies they provide services to and what services they provide, including to privately held companies which often use confidentiality to escape scrutiny by stakeholders.



6 October 2008, Papua:
Rivers cutting through pristine forest.
©RANTE/GREENPEACE

PRINCIPLES FOR RESPONSIBLE BANKING, FINANCING AND INVESTMENT

Many traders and consumer companies have developed working practices that revolve around transparency, strong NDPE policies and refusing to do further business with suppliers that fail to comply with those policies until evidence of improved operations can be shown. These principles are also directly relevant to the financial sector and should be applied by any bank or other financial institution with links to the palm oil sector.

While this report exposes problems with financing of palm oil groups, the principles involved have implications for other agricultural sectors and organisations that may be involved in deforestation.

Where banks are providing loans or other credit facilities, the potential for greatest influence over palm oil groups arises prior to agreeing to provide or renew these financial services. Banks providing such services should adhere to the following core principles:

1. Disclose details of all financing and financial services provided to palm oil companies or groups with palm oil subsidiaries.
2. Commit to a 'No Deforestation, No Peat, No Exploitation' policy.
3. Engage with existing customers to ensure they comply with this policy within a fixed time period, refusing to refinance or renew other services until they do so.
4. Refuse financing or other services to potential customers that do not comply with the NDPE policy.

Institutional investors have ongoing opportunities to engage with investee companies on corporate strategy and behaviour in order to evaluate corporate risk mitigation and management. Accordingly, institutional investors with existing holdings in relevant companies should adopt the following core principles:

1. Disclose details of all equity and fixed income holdings in palm oil companies or groups with palm oil subsidiaries.
2. Commit to a 'No Deforestation, No Peat, No Exploitation' policy for new investments.
3. Engage with existing portfolio companies to ensure they comply with this policy within a fixed time period.
4. Divest from companies that fail to comply.

ESSENTIAL ELEMENTS OF AN NDPE POLICY

Based on the financing principles outlined above, banks should include the following elements in their NDPE policies. While some points relating to the RSPO are specific to the palm oil sector, all other elements should also be included in policies covering other sectors where deforestation is a known risk:

- Disclose financial services provided to clients with direct or

group interests in the palm oil sector.

- Adopt a strong group-level policy refusing financing to companies and groups involved in deforestation, peatland development and exploitation, in line with progressive consumer and trader companies.
- Use best available data to proactively monitor clients at a group level and ensure compliance with policy before and during deals.
- Carry out due diligence to assess policy compliance and cease using RSPO membership or certification as a proxy for sustainability.
- Due diligence should include (for all companies with oil palm plantations):
 - Obtaining maps of concessions
 - Procuring HCV and HCS assessments by reputable assessors
 - Seeking evidence that free, prior and informed consent was obtained from communities impacted by development
 - Obtaining peat maps for concessions and surrounding areas impacted by development
 - Acquiring development plans showing HCV, HCS and peat areas excluded from clearance and drainage, with buffer zones where relevant
 - Checking for complaints lodged against the company with the RSPO
- Checking for public-domain information relating to the company (eg Global Forest Watch and Kepo Hutan interactive mapping, news reports, government press releases on legal action around fires).
 - Among existing customers, identify priority groups and initiate procedures to deliver time-bound action plans for these companies, requiring credible evidence of group-level compliance with NDPE policies. Groups unable to deliver on these plans should not be considered for refinancing and other financial services should be closed to them.
 - Exclude any group from new lending or refinancing if it is found to be clearing forest, developing areas affecting peatlands or violating human rights.
 - Investigate other clients in the palm oil sector, such as refiners and traders, to assess whether their supply chains comply with bank policy.
 - Report publicly on clients' performance against this policy, concerns raised and actions taken to deal with concerns, applying transparency principles in line with the financial institutions' statement to the RSPO that 'Transparency ... helps demonstrate that issues such as deforestation, irresponsible development on peat, and incidence of fire are addressed, monitored, and attributed.'

ENDNOTES

- 1 Greenpeace International (2015)
- 2 Koplitz et al (2016). The study focused on adult mortality 'due to lack of knowledge on the effects of air pollution on child mortality' but acknowledged that 'impacts on children are likely significant'.
- 3 World Bank (2016) p2
- 4 Harris et al (2015)
- 5 53% in West Kalimantan, 51% in Riau. Source: Greenpeace International mapping analysis.
- 6 Greenpeace International mapping analysis
- 7 Ancrenaz et al (2016)
- 8 Greenpeace International (2016a)
- 9 Amnesty International (2016)
- 10 See eg Financial Institution Members of the RSPO (2016).
- 11 Overall figures are not available, but a recent study of 25 palm oil groups identified HSBC as the top lender to these groups in the 2009–2013 period. Source: Winarni and van Gelder (2014) p15.
- 12 See eg Global Canopy Programme (2016a).
- 13 HSBC (2014a) p2
- 14 HSBC Global Research (2013) pp6, 25
- 15 MoEF (2015b)
- 16 HSBC (2016c) p2
- 17 Letter to Greenpeace UK from HSBC, 11 January 2017
- 18 HSBC website, 'HSBC in numbers'
- 19 HSBC (2016a) p15
- 20 Forbes (2016b)
- 21 Forbes (2016a)
- 22 HSBC (2016c) p2
- 23 Global Canopy Programme (2016a)
- 24 HSBC (2016b) permits continued funding of coal projects, including new customers with less than 50% dependence on coal and expansion of existing coal mines that do not include new sites or 'major' new infrastructure.
- 25 HSBC (2008) p2
- 26 HSBC (2014a) p2
- 27 HCS Approach Steering Group (2015)
- 28 HSBC (2014b) p2
- 29 RSPO (2013c) p48, criterion 7.3
- 30 HSBC (2016c) p2
- 31 HSBC (2016c) p1
- 32 HSBC (2014a) p2
- 33 Consortium to Revise the HCV Toolkit for Indonesia (2008) p13
- 34 RSPO (2013c) p50, criterion 7.4
- 35 RSPO (2013c) p66
- 36 RSPO (2013c) pp29, 53, criteria 5.5 and 7.7
- 37 HSBC (2014c) p1
- 38 See map at Ramsar Sites Information Service website.
- 39 HSBC (2016c) p3
- 40 Legislation includes Presidential Decree 32/1990, Government Regulation 26/2008, Ministry of Agriculture Regulation 14/2009 and Government Regulation 71/2014 on Peatland Ecosystem Protection and Management.
- 41 Ministry of Agriculture Regulation 14/2009
- 42 Presidential Instruction 10/2011
- 43 S.494/MENLHK-PHPL/2015
- 44 S.661/Menlhk-Setjen/Rokum/2015
- 45 Presidential Regulation No. 57/2016, amending Presidential Regulation No. 71/2014
- 46 HSBC (2014a) p2
- 47 Equator Principles III (2013)
- 48 Council on Ethics for the Government Pension Fund Global (2015) p1
- 49 Wilmar (2013)
- 50 Letter to Greenpeace UK from HSBC, 11 January 2017
- 51 Letter to Greenpeace UK from HSBC, 11 January 2017
- 52 HSBC (2014a), p2
- 53 Letter to Greenpeace UK from HSBC, 11 January 2017
- 54 Letter to Greenpeace UK from HSBC, 11 January 2017
- 55 HSBC Global Research (2013) pp25–26
- 56 RSPO (2013c)
- 57 RSPO website, 'Certified growers' lists 2,398,677ha and 68 growers certified as of 30 November 2016.
- 58 RSPO website, 'Status of complaints - Case tracker'
- 59 Data accessed between 9 December 2016 and 14 December 2016
- 60 Typically, the main underwriter or lead manager that also co-ordinates information about the deal.
- 61 See Minister of Agriculture (2013), which updates Minister of Agriculture (2007).
- 62 The process is set out in two regulations: Minister of Agriculture (1993) and Minister of Agriculture (1999).
- 63 Government Regulation on Implementing Spatial Planning (PP 15/2010), (articles 160, 163 and 165) explicitly requires Izin Prinsip and Izin Lokasi to be allocated based on district spatial plans.
- 64 This is often abbreviated GRTT (ganti rugi tanah dan tanam tumbuh; compensation for land and plantings).
- 65 Article 45 of the 2014 Plantation Law (UU 39/2014 Tentang Perkebunan)
- 66 Article 17 of the 2014 Plantation Law (UU 39/2014 Tentang Perkebunan)
- 67 Minister of Agriculture (2013) article 15
- 68 For plantation areas of less than 200ha, the HGU is issued by the provincial office of the BPN.
- 69 the fee individuals or firms pay the government of landowners for the right to harvest timber
- 70 RSPO (2013c) pp11–14
- 71 Along with minority interests in two other companies, Sawit Nabati Agro and Berkat Agro Sawitindo. Source: Bumitama Agri Ltd (2016) p103.
- 72 Bumitama Agri Ltd (2013a) p4
- 73 Held through Wellpoint Pacific Holdings Ltd, a wholly owned subsidiary of Fortune Holdings Ltd. Source: Bumitama Agri Ltd (2016) p140.
- 74 Held through Oakridge Investments Pte Ltd, a wholly owned subsidiary of IOI Corporation Berhad. Source: Bumitama Agri Ltd (2016) p140.
- 75 Bumitama Agri Ltd (2016) p20
- 76 Bumitama Agri Ltd (2016) pp97–99
- 77 Bumitama Agri Ltd (2016) p4
- 78 Bumitama Agri Ltd (2016) p4
- 79 Bumitama Agri Ltd (2016) p10
- 80 Bumitama Agri Ltd (2016) p4
- 81 Greenpeace International (2014)
- 82 Greenpeace International (2015)
- 83 Ramsar Sites Information Service website, 'Tanjung Puting National Park'
- 84 HSBC (2014c) p1
- 85 See RSPO website, 'Case tracker | PT Andalan Sukses Makmur (a subsidiary of Bumitama Agri Ltd.)', 'Case tracker | PT Ladang Sawit Mas (a subsidiary of Bumitama Agri Ltd.)' and 'Case tracker | PT Nabatindo Karya Utama (a subsidiary of Bumitama Agri Ltd.)'.
- 86 RSPO (2013a) 6
- 87 Bumitama Agri Ltd (2013c)
- 88 Bumitama Agri Ltd (2013b)
- 89 HSBC (2008) p2
- 90 RSPO website, 'Case tracker | PT Hati Prima Agro (a subsidiary of Bumitama Agri Ltd.)'
- 91 RSPO website, 'Case tracker | PT Nabatindo Karya Utama (a subsidiary of Bumitama Agri Ltd.)'
- 92 RSPO website, 'Case tracker | PT Ladang Sawit Mas (a subsidiary of Bumitama Agri Ltd.)'
- 93 RSPO website, 'Case tracker | PT Andalan Sukses Makmur (a subsidiary of Bumitama Agri Ltd.)'
- 94 RSPO website, 'Case tracker | Bumitama Gunajaya Abadi'
- 95 Bumitama Agri Ltd (2015b)
- 96 Bumitama Agri Ltd (2015a)
- 97 HSBC (2014a) p2
- 98 Bumitama Agri Ltd (2015a)
- 99 Email to Greenpeace from Apical, 23 December 2016
- 100 Email to Greenpeace from Cargill, 23 December 2016
- 101 Email to Greenpeace from GAR, 24 December 2016
- 102 Email to Greenpeace from IOI, 22 December 2016
- 103 Email to Greenpeace from Musim Mas, 22 December 2016
- 104 Email to Greenpeace from Wilmar, 23 December 2016
- 105 Greenpeace International (2016a)
- 106 Email to Greenpeace from AAK, 16 December 2016
- 107 Bumitama Agri Ltd (2012)
- 108 Bumitama Agri Ltd (2012) p4
- 109 Bumitama Agri Ltd (2012) p32
- 110 Bumitama Agri Ltd (2012) p46
- 111 'Title' here refers to HGU and/or freehold (Hak Milik). Source: Bumitama Agri Ltd (2012) p47.
- 112 Bumitama Agri Ltd (2012) p45: '(a) Ijin Prinsip of 11,104 hectares, of which 8,684 hectares have expired Ijin Prinsip; (b) Ijin Lokasi of 136,320 hectares, of which 111,820 hectares have expired Ijin Lokasi'.
- 113 Bumitama Agri Ltd (2012) p136
- 114 Bumitama Agri Ltd (2012) p136
- 115 Bumitama Agri Ltd (2012) p175
- 116 Bumitama Agri Ltd (2012) p46: '(c) Hak Guna Usaha of 32,729 hectares; and (d) Plasma Programme of 11,795 hectares where the plasma holders have obtained their own Ijin Lokasi and/or Hak Milik'.
- 117 Bumitama Agri Ltd (2012) p124
- 118 Bumitama Agri Ltd (2012) p32
- 119 Friends of the Earth Europe et al (2013) p5
- 120 TUV Rheinland Indonesia (2016)
- 121 Bumitama Agri Ltd (2013a) p102
- 122 Listed as controlled via PT Agro Manunggal Sawitindo, incorporated 2007. Source: Bumitama Agri Ltd (2012) pp78–79
- 123 TUV Rheinland Indonesia (2016)
- 124 Aksénta (2016) p5: 'Area Izin Lokasi tersebut merupakan perluasan dari areal perkebunan kelapa sawit PT KBAS 1 dan KBAS 2 yang

- telah beroperasi sejak tahun 2010. Kegiatan penanaman kelapa sawit pada lokasi kajian telah berlangsung sejak tahun 2010 ketika PT KBAS 1 mulai beroperasi.'
- 125 Bumitama Agri Ltd (2012) p155
- 126 Kefapang District Court (2014)
- 127 Kefapang District Court (2014)
- 128 RSP0 (2013c), principle 2
- 129 HSBC (2014a) p2
- 130 Emails to Greenpeace from Bumitama, 11 & 12 January 2017
- 131 Email to Greenpeace from Bumitama, 12 January 2017
- 132 Email to Greenpeace from Bumitama, 11 January 2017
- 133 Letter to Greenpeace UK from HSBC, 11 January 2017
- 134 Good Hope PLC annual reports 2010–2015, Good Hope First Quarterly Report 2016, available at http://www.carsoncumberbatch.com/investor_information/investor_information_good_hope_plc.php
- 135 RSP0 website members page, 'Goodhope Asia Holdings Ltd'
- 136 Carson Cumberbatch website, 'Our history'
- 137 Bukit Darah PLC (2015) p164
- 138 The concession names are: PT Agro Indomas, PT Rim Capital, PT Agro Wana Lestari, PT Karya Makmur Sejahtera, PT Agro Bukit, PT Agrajaya Baktitama, PT Batu Mas Sejahtera, PT Sawit Makmur Sejahtera, PT Sumber Hasil Prima, PT Sinar Sawit Andalan, PT Nabire Baru, PT Sariwana Adi Perkasa, PT Agro Bina Lestari and PT Agro Surya Mandiri.
- 139 Goodhope Asia Holdings Ltd (2015)
- 140 Goodhope Asia Holdings Ltd (2015)
- 141 Concession sizes refer to location permits (Izin Lokasi).
- 142 Carson Cumberbatch PLC (2015)
- 143 Goodhope Asia Holdings Ltd website, 'Subsidiaries'
- 144 Goodhope Asia Holdings Ltd website, 'Edible oils & fats'
- 145 Carson Cumberbatch PLC (2015) p21
- 146 Carson Cumberbatch website
- 147 Goodhope Asia Holdings Ltd website, 'Environment'
- 148 Goodhope Asia Holdings Ltd (2015)
- 149 RSP0 website members page, 'Goodhope Asia Holdings Ltd'
- 150 Goodhope Asia Holdings Ltd (2015)
- 151 RSP0 website members page, 'Goodhope Asia Holdings Ltd'
- 152 Goodhope Asia Holdings Ltd (2015)
- 153 HSBC (2014a) p2
- 154 RSP0 website members page, 'Goodhope Asia Holdings Ltd'
- 155 RSP0 website, 'Status of complaints - Case tracker'
- 156 RSP0 (2016a, 2016b)
- 157 Goodhope Asia Holdings Ltd (2015)
- 158 Email to Greenpeace from Apical, 23 December 2016
- 159 Email to Greenpeace from Cargill, 23 December 2016
- 160 Email to Greenpeace from GAR, 24 December 2016
- 161 Email to Greenpeace from IOI, 22 December 2016
- 162 Email to Greenpeace from KLK, 23 December 2016
- 163 Email to Greenpeace from Musim Mas, 22 December 2016
- 164 Email to Greenpeace from Wilmar, 23 December 2016
- 165 Email to Greenpeace from AAK, 16 December 2016
- 166 Emails to Greenpeace from GAR and Wilmar, 20 September 2016
- 167 Wilmar website, 'Grievance list with progress updates'
- 168 Email to Greenpeace from Musim Mas, 20 September 2016
- 169 Based on a cloud-free Landsat image from 16 June 2016. No detailed spatial analysis of this image was undertaken to obtain precise figures.
- 170 Ritung et al (2011)
- 171 The relevant guidelines in force at the time were contained in Minister of Agriculture (2007).
- 172 Mawel (2015)
- 173 Permit reference SK Bupati Nabire 74/2010
- 174 Mongabay Indonesia (2013); see also Hanebora (2013)
- 175 Permit Reference SK Gubernur Papua 503/315/Tahun 2014 recorded in Jayapura State Administrative Court (2016)
- 176 Suara Pusaka (2015c)
- 177 Jayapura State Administrative Court (2016)
- 178 Gobai (2016)
- 179 Supriyadi (2016)
- 180 The leader of the Yerisiam group, Simon Petrus Hanebora, who died in February 2015, attempted to raise awareness of the problems in the concessions for many years. An archive of his personal blog can be read at <http://sukuyerisiam.blogspot.com>. See also Suara Pusaka (2015a).
- 181 See Hanebora (2014) for a chronology, and also the statement by the coalition: Suara Pusaka (2015a).
- 182 Suara Pusaka (2015c)
- 183 Yayasan Pusaka (2016)
- 184 Suara Pusaka (2016)
- 185 HSBC (2014a) p2
- 186 RSP0 (2013c) p12
- 187 Tabloid Jubi (2015b)
- 188 Pogau (2013)
- 189 awasMIFEE (2014)
- 190 Suara Pusaka (2014a)
- 191 RSP0 website, 'Status of complaints - Case tracker'
- 192 RSP0 website, 'Case tracker | PT Nabire Baru'
- 193 Greenpeace International (2016a)
- 194 Email to Greenpeace from Goodhope, 23 September 2016
- 195 Goodhope Asia Holdings Ltd (2013)
- 196 Email to Greenpeace from Goodhope, 28 November 2016
- 197 BSI Management Systems (2011)
- 198 Email to Greenpeace from Goodhope, 3 November 2016
- 199 BSI Management Systems (2011)
- 200 RSP0 (2013c) p12
- 201 Goodhope Asia Holdings Ltd (2016)
- 202 Goodhope Asia Holdings Ltd (2016)
- 203 Email to Greenpeace from Goodhope, 23 September 2016
- 204 Email to Greenpeace from Goodhope, 23 September 2016
- 205 Email to Greenpeace from Goodhope, 12 January 2017
- 206 Email to Greenpeace from Goodhope, 12 January 2017
- 207 Email to Greenpeace from Goodhope, 12 January 2017
- 208 Letter to Greenpeace UK from HSBC, 11 January 2017
- 209 IOI Group website, 'Group structure'
- 210 IOI Group website, 'Group structure'
- 211 Esslemont (2016)
- 212 IOI Group (2015b)
- 213 IOI Group (2015a) p249
- 214 IOI Group (2015a) p249 and Bumitama Agri Ltd (2016) p103
- 215 IOI Group (2015a) p254
- 216 IOI Group (2016c)
- 217 As detailed in Greenpeace International (2016b)
- 218 IOI Group (2016c)
- 219 IOI Group (2015b) p3
- 220 HSBC (2014a) p2
- 221 Email to Greenpeace from Olam, 24 December 2016
- 222 Email to Greenpeace from AAK, 16 December 2016
- 223 Email to Greenpeace from Cargill, 23 December 2016
- 224 BankTrack (2016) p16
- 225 Greenpeace International (2008) pp14, 21–25
- 226 RSP0 (2012a)
- 227 RSP0 website, 'Case tracker | IOI - IOI Pelita Sdn Bhd'
- 228 Received on 3 April 2015; see RSP0 website, 'Case tracker | PT Sukses Karya Sawit (SKS), PT Berkat Nabati Sawit (PT BNS), PT Bumi Sawit Sejahtera (PT BSS) subsidiary of PT Sawit Nabati Agro (PT SNA), IOI Group'
- 229 RSP0 (2016e)
- 230 Burrows (2016)
- 231 GM (2016)
- 232 Vaughan (2016), IOI Group (2016a)
- 233 RSP0 (2016c)
- 234 Eg the review of the HCV assessment for PT BSS noted that threats to HCV 1 areas (areas with important levels of biodiversity) were identified only from the community activities. It did not include the company's operational activities as a threat to the identified HCV1.' Source: Daemeter (2016) p12.
- 235 Daemeter (2016) p9
- 236 RSP0 (2016d)
- 237 RSP0 (2016f)
- 238 IOI Group and Aidenvironment (2016)
- 239 Aidenvironment (2016b)
- 240 Chow (2016)
- 241 IOI Group and Aidenvironment (2016)
- 242 RSP0 website, 'Case tracker | PT Sukses Karya Sawit (SKS), PT Berkat Nabati Sawit (PT BNS), PT Bumi Sawit Sejahtera (PT BSS) subsidiary of PT Sawit Nabati Agro (PT SNA), IOI Group'
- 243 HSBC (2014a) p3
- 244 Email to Greenpeace from IOI, 10 January 2017
- 245 Email to Greenpeace Southeast Asia, 9 January 2016
- 246 Email to Greenpeace Southeast Asia, 16 December 2016
- 247 Letter to Greenpeace Japan, 29 November 2016

- 248 6 December 2016
- 249 Letter to Greenpeace UK from HSBC, 11 January 2017
- 250 Reuters (2016)
- 251 Environmental Investigation Agency (2016)
- 252 See Noble Group (2016b) p203 for a list of principal shareholders.
- 253 Noble Group (2016b) pp11–37
- 254 Noble Group's two plantation companies are acknowledged as company assets held for sale in its 2014 and 2015 annual reports (see Noble Group (2015a, 2016b)). Noble Plantation Pte Ltd is the company listed on the RSP0 website as responsible for the two plantations, but it is not acknowledged as a subsidiary of Noble Group Ltd in the annual reports, which only list main subsidiaries. For further consideration of this issue and its implications for Noble Group's RSP0 membership, see Environmental Investigation Agency (2016).
- 255 Concession size from State Forest release permit SK.4.09/MENHUT-II/06 (amended by SK. 41/MENHUT-II/2009).
- 256 Environmental Investigation Agency and Telepak (2009)
- 257 Channel News Asia (2010)
- 258 Noble Group (2012)
- 259 Concession size from State Forest release permit SK.611/MENHUT-II/2009. The company has stated that after excluding HCV areas, it intends to plant 30,817ha.
- 260 Noble Group (2015b)
- 261 Yun and Humber (2014)
- 262 Noble Group (2015a) p118: 'As part of the disposal of NAL Group, the Group retained the palm business in exchange of a promissory note of US\$64,449,000 to NAL Group. The promissory note carries a contingent value right under which the Group shall remit to the NAL Group, the proceeds of the sale of palm business, less any taxes, expenses and other costs of sale, received by the Group from a third party, and the NAL Group shall return the promissory note. As at 31 December 2014, the Group is in discussion with potential buyers on the sale of the palm business.'
- 263 Noble Group (2016b)
- 264 Singapore Stock Exchange website, 'Company announcements'
- 265 Noble Group (2016c)
- 266 Noble Group (2015b)
- 267 Noble Group website, 'Our approach to sustainability'
- 268 Email to Greenpeace from Bell Pottinger, 11 January 2017
- 269 RSP0 (2012b)
- 270 TUV Rheinland Indonesia (2014)
- 271 Complaint from Environmental Investigation Agency to RSP0 concerning PT Henrison Inti Persada, filed 24 October 2013. See RSP0 website, 'Case tracker | PT Henrison Inti Persada subsidiary of RSP0 member Noble Plantation Pte Ltd'.
- 272 Noble Group (2015b)
- 273 HSBC (2014a) p2 'Agricultural Commodities Policy'
- 274 Email to Greenpeace from Musim Mas, 22 December 2016
- 275 Email to Greenpeace from AAK, 16 December 2016
- 276 Indonesian Ministry of Forestry landcover survey 2006, <http://appgis.dephut.go.id/appgis/PL2006/PAPUA-2814.jpg>
- 277 Indonesian Ministry of Forestry landcover survey 2012, <http://appgis.dephut.go.id/appgis/PL2012/PAPUA-3211.jpg>
- 278 The concept of an Intact Forest Landscape (IFL), as mapped by WRI, Greenpeace and Transparent World in 2000 and 2013, refers to 'an unbroken expanse of natural ecosystems within the zone of current forest extent, showing no signs of significant human activity, and large enough that all native biodiversity, including viable populations of wide-ranging species, could be maintained'. See <http://www.intactforests.org/index.html>.
- 279 Based on Landsat images from 9 October 2015, 29 January 2016 and 7 July 2016.
- 280 Based on Landsat images from 1 January 2016 and 8 May 2016.
- 281 Based on peat survey data published in Wetlands International (2006)
- 282 RSP0 (2011)
- 283 Council on Ethics for the Government Pension Fund Global (2014)
- 284 RSP0 (2013c) pp50, 66, criterion 7.4
- 285 Email to Greenpeace from Bell Pottinger, 11 January 2017
- 286 Tabloid Jubi (2014)
- 287 Tekege (2015)
- 288 Suara Papua (2014)
- 289 Antara Papua (2014)
- 290 Noble Group (2015c)
- 291 Tabloid Jubi (2015a); see also Tekege (2015)
- 292 Salam Papua (2016)
- 293 Environmental Investigation Agency and Telepak (2012)
- 294 The sum paid was Rp8.5m, plus Rp4m for a ceremony. The handwritten contract appears to read '1420 hectares', which gives an even lower compensation rate; however, recent correspondence with the Gilik clan has confirmed that it actually reads '±420 hectares', hence the revised figure. Source: Environmental Investigation Agency and Telepak (2012).
- 295 Exchange rates as of 9 November 2016.
- 296 Testimony of Bernadus Gilik in 'Profil Kasus, Temu Rakyat Korban Investasi Kehutanan dan Perkebunan Besar', an event organised by Yayasan Pusaka and other organisations in Waena, Jayapura, 4th-7th November 2014.
- 297 Testimony of Bernadus Gilik in 'Profil Kasus, Temu Rakyat Korban Investasi Kehutanan dan Perkebunan Besar', an event organised by Yayasan Pusaka and other organisations in Waena, Jayapura, 4th-7th November 2014.
- 298 But PT Henrison Inti Persada, in response to a complaint by the Environmental Investigation Agency submitted on 24 October 2013, did say that it would be happy to share all the relevant documentation and provide further explanation to the RSP0 to demonstrate PT HIP's compliance with local laws, regulations and FPIC: see RSP0 website, 'Case tracker | PT Henrison Inti Persada subsidiary of RSP0 member Noble Plantation Pte Ltd'.
- 299 Noble Group (2014)
- 300 Radar Sorong (2015)
- 301 Lentera Papua Barat (2012)
- 302 HSBC (2014a) p2
- 303 RSP0 (2013c)
- 304 Thoumi (2016)
- 305 Council on Ethics for the Government Pension Fund Global (2014)
- 306 KLP (2015)
- 307 Email to Greenpeace from Bell Pottinger, 11 January 2017
- 308 Email to Greenpeace from Bell Pottinger, 11 January 2017
- 309 Letter to Greenpeace UK from HSBC, 11 January 2017
- 310 Daewoo International Corporation (2015) p45
- 311 Daewoo International Corporation (2016b) p44
- 312 Pulse News (2016)
- 313 Thomas (2001)
- 314 POSCO Daewoo website, 'Business information'
- 315 POSCO Daewoo (2016a) p11
- 316 POSCO Daewoo (2016a) p10
- 317 POSCO Daewoo website, 'Resource development'
- 318 Korea Herald (2008)
- 319 The plantation business permit (IUP, reference Papua Provincial Governor Decree 108/2009) and State Forest release permit (reference SK.572/MENHUT-II/2009) were both issued in 2009.
- 320 Concession size from State Forest release permit SK.572/MENHUT-II/2009. Company presentations give a smaller figure, 34,195ha, with an 'actual plantation area' of 27,000ha. This may be the planned plantation size after HCV areas and other non-cultivated areas are excluded. See eg POSCO Daewoo (2016b) p17.
- 321 The projection on the company's website (see PT Bio Inti Agrindo website, 'Oil palm plantation') was for 2015.
- 322 Daewoo International Corporation (2016a) p45
- 323 Daewoo International Corporation (2016a) p52
- 324 Daewoo International Corporation (2016b) p47
- 325 Posco Daewoo (2016a) p79
- 326 POSCO Daewoo website, 'Rules of Conduct'
- 327 This is confirmed in Daewoo's response to the Council on Ethics for the Government Pension Fund Global, in which it stated 'The assessment for the high conservation value area at the oil palm plantation of PT.Bio Inti Agrindo (PT.BIA) had been executed through the legitimate process, which can be proven by the boundary mapping from Indonesian forest Department (2009) and Land Certificate from National Land Agency of the Republic of Indonesia (2012& 2013) [] and Report of the Palm oil plantation area measurement implementation.' Source: Council on Ethics for the Government Pension Fund Global (2015) p8, citing Daewoo's letter to the Council on Ethics of 8 August 2014.
- 328 POSCO Daewoo (2016c) p40
- 329 POSCO Daewoo website, 'Rules of Conduct', chapter 7
- 330 Council on Ethics for the Government Pension Fund Global (2015) p9
- 331 HSBC (2014a) p2
- 332 Email to Greenpeace from Cargill, 23 December 2016
- 333 Email to Greenpeace from AAK, 16 December 2016
- 334 Aidenvironment (2016a) p36
- 335 See <http://www.intactforests.org/index.html>.
- 336 Tabloid Jubi (2012)
- 337 Watchdoc (2015)
- 338 Council on Ethics for the Government Pension Fund Global (2015) p7
- 339 See <http://www.iucnredlist.org>.
- 340 Cooper (2015)
- 341 Analysis of Landsat images in awasMIFEE (2015)
- 342 HSBC (2014a)
- 343 Aidenvironment (2016a) p10
- 344 Suara Pusaka (2015b)
- 345 Testimony of Donatus Mahuze in 'Profil Kasus, Temu Rakyat Korban Investasi Kehutanan dan Perkebunan Besar', an event organised by Yayasan Pusaka and other organisations in Waena, Jayapura, 4th-7th November 2014. 'Saat perusahaan PT. BIA melakukan kegiatan, praktiknya berbeda dengan penyampaian sosialisasi, akibatnya masyarakat khawatir dengan perusahaan PT. BIA. Hal paling menyakitkan masyarakat adalah perusahaan menggunakan dokumen-dokumen seperti Peraturan Menteri, SK Gubernur, SK Bupati, AMDAL menjadi senjata untuk memuluskan kegiatan dan mendapatkan lahan milik masyarakat. Masyarakat adat sama sekali tidak dilibatkan, tidak tahu dan tidak pernah menerima tentang isi dokumen-dokumen yang seharusnya menjadi dasar untuk perusahaan dalam melaksanakan kegiatannya. Masyarakat saja pembayaran kompensasi lahan yang disiapkan perusahaan meskipun nilainya kecil dan tidak sesuai luasan areal yang digunakan. Pemerintah, Lembaga Masyarakat Adat (LMA) adalah aktor-aktor yang menjadi mediator palsu mengatasnamakan masyarakat adat. Aktifitas perusahaan perkebunan kelapa sawit di Kampung Muting menimbulkan permasalahan dan dampak terhadap kehidupan masyarakat adat Malind yang berdiam di wilayah adat setempat, antara

- lain: terjadinya pengrusakan hutan adat dan sumber daya alam lainnya, pengabaian hak-hak masyarakat atas tanah warisan leluhur, terjadi pelecahan hak-hak budaya, pengusuran tempat keramat dan sumber daya yang menjadi identitas totem Orang Malind, melanggar hak-hak ekonomi sosial budaya, terjadi tindak kekerasan terhadap masyarakat sipil, konflik internal antar margamarga dan suku, dan sebagainya.'
- 346 Suara Pusaka (2014b)
- 347 HSBC (2014a) p2
- 348 Letter to Greenpeace UK from HSBC, 11 January 2017
- 349 PT Indofood Sukses Makmur (2016) p80
- 350 Indofood (2015) p137
- 351 Indofood (2014) p145
- 352 Indofood website, 'Consumer branded products'
- 353 OPPUK, Rainforest Action Network and International Labor Relations Forum (2016)
- 354 Aidenvironment (2015) p14
- 355 Indofood website, 'Shareholders composition'
- 356 IndoAgri (2016) p111
- 357 IndoAgri (2016) p7
- 358 IndoAgri (2016) p19
- 359 IndoAgri (2016) p22
- 360 IndoAgri (2016) p23
- 361 IndoAgri (2016) p20
- 362 IndoAgri (2013)
- 363 IndoAgri (2014)
- 364 RSP0 website members page, 'PT PP London Sumatra Indonesia Tbk'
- 365 RSP0 website members page, 'PT Salim Ivomas Pratama Tbk'
- 366 PT PP London Sumatra Indonesia (2015) and PT Salim Ivomas Pratama Tbk (2015)
- 367 IndoAgri (2016) p13
- 368 PT Salim Ivomas Pratama Tbk (2015). Note that this report appears to cover the whole area of IndoAgri concessions (based on comparison of areas and output levels with IndoAgri (2016)).
- 369 PT Salim Ivomas Pratama Tbk (2015) p3
- 370 HSBC (2014a) p2
- 371 Email to Greenpeace from RSP0 Certification Manager Senniah Appalasaamy, 1 August 2016: 'The requested NPP report for Isuy Makmur [sic] has been return back to the company due to incomplete documentation. LUCA and GHG reports were not submitted as required by NPP process. As per the NPP requirement the notification will not be uploaded to the RSP0 website if submission is found to be incomplete.'
- 372 Email to Greenpeace from Apical, 23 December 2016
- 373 Email to Greenpeace from Cargill, 23 December 2016
- 374 Email to Greenpeace from GAR, 24 December 2016
- 375 Email to Greenpeace from IOI, 22 December 2016
- 376 Email to Greenpeace from Musim Mas, 22 December 2016
- 377 Email to Greenpeace from Wilmar, 23 December 2016
- 378 Email to Greenpeace from Musim Mas, 22 December 2016
- 379 Email to Greenpeace from AAK, 16 December 2016
- 380 Email to Greenpeace from Wilmar, 20 September 2016
- 381 Email to Greenpeace from GAR, 20 September 2016
- 382 Golden Agri-Resources Ltd website, 'Grievance list'
- 383 The current name of this concession is unclear. The concession is located to the west of Lake Jempang in East Kalimantan. IndoAgri was calling it Kedang Makmur in 2015 in discussions with Aidenvironment, while the name Isuy Makmur was used for the adjoining concession to the south. However, the RSP0 NPP for Pahu Makmur and Kedang Makmur submitted on 22 December 2014 uses the name Kedang Makmur for a different concession some kilometres away, south of Lake Jempang, and includes a map combining both concessions west of Lake Jempang under the name Issuy Makmur. (Source: PT PP London Sumatra Indonesia (2014).) Regardless of the name of the concession, it clearly belongs to IndoAgri.
- 384 Aidenvironment (2015) pp18–22
- 385 HSBC (2014a)
- 386 OPPUK, Rainforest Action Network and International Labor Relations Forum (2016)
- 387 Accreditation Services International (2016)
- 388 HSBC (2014a) p2
- 389 RSP0 (2013c) pp38–39, criteria 6.7 and 6.8
- 390 Centre for Orangutan Protection (2013)
- 391 Studwell (2007)
- 392 See Council on Ethics for the Government Pension Fund Global (2015) p1.
- 393 IndoAgri (2013, 2014)
- 394 Indomaret (2016)
- 395 Bloomberg website, 'Soenardi Winardo'
- 396 From company deeds
- 397 PT Salim Ivomas Pratama (2014) p127
- 398 First Pacific (2006) p7
- 399 From company deeds.
- 400 From company deeds.
- 401 The AHU website, which in general gives the latest information in the Sisminbakum database, lists a different address: JL. LETJEN SUPRAPTO NO.98 RT 010/002, CEMPAKA PUTIH TIMUR- CEMPAKA PUTIH (see https://ahu.go.id/pencarian/bakum/cari/tipe/perseroan?nama_perseroan=putra%20mulia&page=613). This address does not appear on the deeds.
- 402 From company deeds.
- 403 Indoritel Makmur International (2013) p29
- 404 From company deeds.
- 405 From company deeds.
- 406 From company deeds.
- 407 From company deeds.
- 408 From company deeds.
- 409 From company deeds.
- 410 From company deeds.
- 411 From company deeds.
- 412 Bloomberg website, 'Soenardi Winardo'
- 413 Indomaret (2016)
- 414 Kalimantan-News.com (2013)
- 415 The Nomor Induk Kependudukan (NIK) on Indonesian company deeds represents an individual's unique ID number. The first six digits establish place of birth, the following six date of birth. This unique number is valid for life and should not change. A rapid scan of the company deeds currently associated with Fransiskus Xaverius Purwanto and Hermanto Boentoro/ Fransiskus Xaverius is revealing, though – despite the similarity of name, place and date of birth – does not establish whether they are indeed the same person. Critically, it shows that individual names and IDs are not accurately recorded in the company deeds. Further, given the long series of nested shell companies, it may indicate that nominees are being used to obscure the identities of those truly controlling these companies, though it strongly suggests further links between the Indofood side of the Salim Group and other plantation companies. Whether done deliberately or through carelessness, the result is that government rules about transparency in ownership of registered companies are going unfulfilled. In PT Adi Mulya and PT Mega Inti Usaha company deeds, NIK 3172062011600002 is currently used for Hermanto Boentoro aka Fransiskus Xaverius, place and date of birth Purwokerto, 20 November 1960. NIK 3173080411730007 is currently used for Andree Hendrawan, place and date of birth Bandung, 4 November 1973. NIK 3219152005.0119995 is currently used in PT AWP company deeds for Fransiskus Xaverius Purwanto, and the place and date of birth (DOB) are given as Flores, 9 November 1961 – this ID and DOB are also attributed in the same deed to Gunawan Sumantri, though the place of birth is given as Puwokerto. This NIK is used in PT BSS company deeds for both Junus Sutiono and Gunawan Sumantri. It is used in PT GSJ and PT Wahana Tritunggal Cemerlang deeds for Gunawan Sumantri. NIK 09.5202.160845.0220 is currently used in PT Berau Sawit Sejahtera company deeds for Fransiskus Xaverius Purwanto, with the place and date of birth given as Banjarengara, 16 August 1945 – this ID and place/date of birth are also attributed in the same deed to one Sutardi. The same NIK is used in PT Wahana Tritunggal Cemerlang deeds for both Andree Hendrawan and Hanan Lukitanto. It is also used in PT Duta Sejahtera Utama deeds for Andree Hendrawan (current Director) as well as Tjahjono Setiadi (a former Director). The use of this NIK for Tjahjono Setiadi is particularly noteworthy because of his current active role in Indofood. The same NIK is used for Tjahjono Setiadi in company deeds for PT DRM, where he is a former Commissioner, and PT GSJ, where he is a former Director. In terms of current positions where he is associated with this NIK, he is currently a Director of PT GS, PT Mega Citra Verdana, PT Multi Pacific International and PT Purwa Wana Lestari – all Indofood companies. NIK 617101201161002 is currently used in PT DRM company deeds for FX Purwanto, with the place and date of birth given as Wonosari, 20 November 1961. NIK 14.5002.201161.0002 is currently used in PT GSJ company deeds for Fransiskus Xaverius Purwanto, with the place and date of birth given as Wonosari, 20 November 1961. NIK 09.5006.180567.2008 is currently used in PT Wira Inova Nusantara company deeds for Fransiskus Xaverius Purwanto, with the place and date of birth given as Palembang, 18 May 1967.
- 416 AAA Gunta Samba Group (2013)
- 417 PT Gunta Samba (2015)
- 418 See for example Endgame (2002) and Bankrupt.com (undated).
- 419 Reuters website, 'People: Indofood Sukses Makmur Tbk PT (INDFta.JK)'
- 420 LinkedIn website, 'andree hendrawan'
- 421 Bloomberg website, 'Phiong Phillipus Darma'
- 422 Jakarta City News (2010)
- 423 Centre for Orangutan Protection (2013)
- 424 Email to Ravin Krishnan, Coordinator of the RSP0 Complaints Panel, from Mark Wakeford, 21 June 2013
- 425 RSP0 (2013d)
- 426 RSP0 (2013b)
- 427 BSI Group (2010)
- 428 RSP0 (2010)
- 429 RSP0 website, 'Case tracker | PT Gunta Samba Jaya/Salim Ivomas Pratama Tbk'
- 430 Letter to Greenpeace UK from HSBC, 11 January 2017
- 431 Based on UNEP (2015) p17
- 432 Eg Jacobson (2016a), Jong (2016)
- 433 Jacobson (2016b), Jacobson (2016c). Note that the areas affected may not all be currently forested.
- 434 RSP0 (2016e). Customers including Unilever, Nestle, Mars and Kellogg suspended trading with IOI: Burrows (2016).
- 435 As predicted by, for example, Deltares (2015).
- 436 HSBC Global Research (2013) p6
- 437 HSBC Global Research (2013) p26
- 438 Equator Principles III (2013)
- 439 Global Canopy Programme (2016b) p9
- 440 ABN AMRO (undated)
- 441 Source: Bloomberg data
- 442 See RSP0 website, 'Members'
- 443 Financial Institution Members of the RSP0 (2016)

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ACRONYMS

| | |
|---|--|
| AAK - AarhusKarlshamn | PT BSS - PT Bumi Sawit Sejahtera |
| ACOP - Annual Communication of Progress (from companies to the RSPO) | PT DRM - PT Duta Rendra Mulya |
| AMDAL - environmental impact assessment (Analisis Mengenai Dampak Lingkungan) | PT GS - PT Gunta Samba |
| ANDAL - Environmental Impact Study (Analisis Dampak Lingkungan Hidup) | PT GSJ - PT Gunta Samba Jaya |
| APL - other land uses areas (Areal Penggunaan Lain) | PT HIP - PT Henrison Inti Persada |
| BAL - Bumitama Agri Ltd | PT HKI - PT Hutan Ketapang Industri |
| bn - billion | PT KBAS - PT Karya Bakti Agro Sejahtera |
| BPN - National Land Agency (Badan Pertanahan Nasional) | PT KSL - PT Ketapang Sawit Lestari |
| CPO - crude palm oil | PT Lonsum - PT PP London Sumatra Indonesia |
| DR - Reforestation Fund (Dana Reboisasi) | PT LSM - PT Ladang Sawit Mas |
| FFB - fresh fruit bunches | PT MIU - PT Mega Inti Usaha |
| FoE - Friends of the Earth | PT NB - PT Nabire Baru |
| FPIC - free, prior and informed consent | PT PAL - PT Pusaka Agro Lestari |
| FPP - Forest Peoples Programme | PT RTC - PT Rahmat Timur Cemerlang |
| GAR - Golden Agri-Resources | PT SAP - PT Sariwana Adi Perkasa |
| GHG - greenhouse gas | PT SKS - PT Sukses Karya Sawit |
| ha - hectare | PT UAS - PT Unitama Adiusaha Shipping |
| HCS - high carbon stock | RAN - Rainforest Action Network |
| HCV - high conservation value | RKL - Environmental Management Plan (Rencana Pengelolaan Lingkungan Hidup) |
| HGU - land cultivation right (Hak Guna Usaha) | Rp - rupiah |
| IDR - Indonesian rupiah | RPL - Environmental Monitoring Plan (Rencana Pemantauan Lingkungan Hidup) |
| IL - location permit (Izin Lokasi) | RSPO - Roundtable on Sustainable Palm Oil |
| ILO - International Labour Organisation | SIMP - PT Salim Ivomas Pratama |
| ILRF - International Labor Relations Forum | UK - United Kingdom |
| IPK - timber utilisation permit (Izin Pemanfaatan Kayu) | UN - United Nations |
| IPO - initial public offering | US - United States |
| ISPO - Indonesian Sustainable Palm Oil | |
| IUCN - International Union for Conservation of Nature | |
| IUP - plantation business permit (Izin Usaha Perkebunan) | |
| KLK - Kuala Lumpur Kedang | |
| km - kilometres | |
| m - million | |
| m ³ - cubic metre | |
| MoEF - Ministry of Environment and Forestry, Indonesia (Kementerian Lingkungan Hidup dan Kehutanan) | |
| Mt - million metric tonnes | |
| NDPE - No Deforestation, No Peat, No Exploitation | |
| NGO - non-governmental organisation | |
| NPP - New Planting Procedure (report to RSPO) | |
| P&C - Principles and Criteria (RSPO) | |
| PKO - palm kernel oil | |
| PT - limited company (Perseroan Terbatas) | |
| PT ASMR - PT Andalan Sukses Makmur | |
| PT AWP - PT Andhika Wahana Putra | |
| PT BIA - PT Bio Inti Agrindo | |
| PT BNS - PT Berkat Nabati Sejahtera | |

METHODOLOGY

Mapping analysis

Mapping analysis not otherwise referenced was done using Greenpeace's online public 'Kepo Hutan' platform and either visual assessment or the analysis tool.

Main data sources include:

Landcover: MoEF (2015a)

Peat areas: Ritung et al (2011). Note that use of this map does not imply endorsement of its accuracy, merely that it is the map currently available for use on public online platforms.

Oil palm concessions 2016: Compiled by Greenpeace based on agriculture plantation maps provided by the Planning Department of the Ministry of Forestry, Indonesia, downloaded on 29 July 2010 (<http://appgis.dephut.go.id/appgis/kml.aspx>), supplemented and updated by Greenpeace in several provinces with data gathered from provincial agencies (BPN/BAPPEDA) and corporate submissions to eg the RSPO.

GLAD alerts: This data set, created by the Global Land Analysis & Discovery (GLAD) lab at the University of Maryland and supported by Global Forest Watch, is the first Landsat-based alert system for tree cover loss. While most existing loss alert products use 250-metre-resolution MODIS imagery, these alerts have a 30-metre resolution and thus can detect loss at a much finer spatial scale. The alerts are currently operational for Peru, the Republic of Congo and Kalimantan in Indonesia, and will eventually be expanded to the rest of the humid tropics. Sources: GLAD/UMD, accessed through Global Forest Watch; Hansen et al (2016).

Fire hotspots: NASA (2016)

FORMA alerts: FORMA data indicate the number of areas with a greater than 50% probability of recent tree cover loss at 500m x 500m resolution. The alerts are not a measure of deforestation by area. Sensitivity of detection is affected by factors including persistent cloud cover and flooding. For full explanation of the nature of the data see http://data.globalforestwatch.org/datasets/550bd7fc2c5d45418e5e515ce170da22__3

Mills: Greenpeace obtained IOI Loders Croklaan's traceability data from the dashboard on its website (<http://europe.ioiloders.com/taking-responsibility/list-of-mills/>). The dashboard is available with a registered login, which was obtained with a Greenpeace email address and personal information. The information provided shows for each mill the parent company of the mill, RSPO certification status and supply chain model, and sourcing origin, containing both name of trader and a non-standardized category of collection points. The data covers Q2 2015 through Q1 2016 and represents, as of April 2016, 95% of its volume. Greenpeace makes no claim that this reflects current purchasing patterns, only sourcing linkages through April 2016. Any errors in the data are the responsibility of IOI Loders Croklaan.

Other mapping:

Global Forest Watch interactive map (<http://www.globalforestwatch.org>), including tree plantation data from Transparent World (2015).

Note:

For the purpose of this report, Greenpeace stands for Greenpeace International except where otherwise stated.

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