The Black Box of Palm Oil Trade

La Boite Noire du Commerce de l’Huile de Palme

Or how the emergence of the agribusiness giant Olam among major players in the palm oil trade threatens the future of forests in Southeast Asia and Gabon Written by Mighty and Brainforest December 2016 The Black Box of Palm Oil Trade

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The palm oil sector has long carried a sad reputation, with behind it the destruction in Southeast Asia of vast territories of tropical forests, thus annihilating the habitat of wildlife including orangutans, gibbons, critically endangered Sumatran tigers, and the appropriation of land from indigenous communities. In the year 2015 alone, more than two million hectares of forests and Indonesian peatlands went up in smoke; the majority was subject to clearing fires making way for plantations intended for the palm oil and paper industries. These forest fires released significant volumes of toxic haze into the atmosphere (known as "haze" in the region). It is estimated that in 2015, these fires cost the lives of nearly 100,000 people across the area, including many residents of Singapore, the business hub of this region of the world. Alarmingly, palm oil magnates have recently attempted to apply this plantation development model to tropical forests in Africa. This report reveals how one of these companies, the agribusiness giant Olam, based in Singapore, has participated in the ecological crisis affecting these two regions of the world. In Gabon, the NGO Brainforest, a partner of Mighty, has commissioned undercover investigators who filmed how Olam destroys tropical forests with bulldozers to establish monocultures of oil palms. In Asia, Olam has set up a secret market where unscrupulous companies can undermine conservation policies and human rights adopted by most major players in the palm oil sector. This makes it more difficult to prevent a new "haze" crisis. Ironically, Olam is predominantly owned by Singapore citizens through their sovereign fund, Temasek. As such, they unknowingly participate in deforestation and jeopardize the air quality they breathe. Through remote sensing, field surveys, and supply chain analysis, this report accounts for the extent of the impact of Olam's activities on both continents. It also highlights the tangible benefits that Olam's customers, investors, and the general public could gain by demanding that Olam change its practices and comply with industry standards for sustainability and social responsibility. L Gabon © Anonymous 2

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The Black Box of Olam Olam once played a secondary role in the palm oil sector. But from 2011 to 2015, its trading volume multiplied twentyfold – rising from 71,000 to 1.53 million tons of palm oil. Olam now trades or manages nearly 2.5% of global palm oil. While it is not the largest producing company in the world, it is probably the most important trading company that has yet to adopt a firm policy on forest conservation and respect for human rights. This policy has now become the norm for this sector; the major palm oil companies that control most global trade in the sector, including Wilmar International and Golden Agri-Resources, have adhered to it. Given that nearly all of Olam's palm oil comes from unknown third-party suppliers, there are good reasons to worry that a large portion of its trade constitutes an outlet for unscrupulous suppliers engaging in deforestation. Indeed, in 2015, less than 1% of the palm oil traded by Olam came from its own plantations, and more than 99% from third-party suppliers. However, Olam refrains from disclosing the names of its suppliers. This means that almost all of the palm oil subsequently traded to customers around the world comes from anonymous sources. Because Olam conceals the list of its suppliers, it is impossible to know whether they are destroying protected tropical forests, draining and planting on peatlands, or violating the rights of

indigenous communities. In comparison, Olam's counterparts like Wilmar, Musim Mas, and Golden Agri Resources not only publish the names of their palm oil suppliers but also locate all the mills. This transparency allows independent observers to monitor suppliers and verify whether they comply with industry standards for forest protection and human rights. Otherwise, each company has a transparent grievance mechanism through which civil society can submit complaints for violations by the company or its suppliers. These companies then regularly publish reports to account for the handling of these complaints. The Sad Era of Asia is Now Repeating in Gabon The expansion of the palm oil sector has been detrimental to nature and human health; until now, this destruction was mostly confined to Malaysia and Indonesia, with much smaller pockets in Colombia, Nigeria, Thailand, and Papua New Guinea. Many palm oil magnates have sought the fringes of the Congo Basin and considered it a new pioneering region for this sector. But until recently, community resistance, price volatility, and less than ideal conditions have hindered their ambitions. This has helped protect chimpanzees, gorillas, bonobos, and forest elephants that live in these territories, but also preserve the livelihoods of indigenous African communities. But Olam – and through it, Temasek and the citizens of Singapore – is about to implement in Africa a model of agricultural development that has contributed to the destruction of vast natural territories in Southeast Asia. Gabon is now in the crosshairs. This country is a true Noah's Ark for biodiversity. Forests cover more than 80% of its territory and some of them are over two million years old. These forests host nearly 700 species of exotic birds, 320 species of orchids, and harbor an impressive number of iconic African wildlife such as gorillas, chimpanzees, forest elephants, and mandrills. Gabon's national parks are numerous and exceptional. They could attract thousands of tourists and generate substantial revenue for the country. But Olam is about to tarnish this reputation of a paradise for wildlife and flora. Since 2010, Olam has formed two joint- ventures with the government of the Republic of Gabon to develop its palm oil business there. Its plantations boast of becoming soon the largest operation in Africa in the palm oil sector. Through its first joint venture, Olam received 300,000 hectares of concessions in the regions of Kango and Mouila. (This territory covers an area four times larger than that of Singapore, where Olam's

headquarters is located.) Through this agreement, the company also benefited from concessions for rubber tree plantations, timber harvesting operations, fishing rights, and an exemption from income tax for THE BLACK BOX OF PALM OIL TRADE 3

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Lot 8 Before Lot 8 After Deforestation in a Sampling of Olam's Concessions in Gabon, from 2012 to Present Lot 1 Before Lot 1 After Lot 2 Before Lot 2 After Above: Location of Olam's palm oil concessions in Gabon (in red), as well as other mining and forestry concessions (orange boxes and black lines). To the right: Through expert analysis of satellite images, our research team discovered that since March 2012, Olam has cleared approximately 20,000 ha of forests for its palm oil concessions in Gabon. This estimate represents double the 10,000 ha threshold set by the Forest Stewardship Council (FSC) for "unacceptable" forest conversion. Protected forest or high conservation value (HCV) Forest HCV designated area for a plantation Areas designated as "unusable" due to steep slopes Swamp Potential agricultural land Plantation area in a savanna area Rivers with buffer zones Deforestation Legend 4

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a duration of 16 years, and exemptions from import taxes on machinery, inputs, gas, oil, and fertilizers. According to the authorities and Olam representatives in Gabon, GRAINE, Olam's second joint venture with the Gabonese government, is a program aimed at encouraging 30,000 Gabonese farmers to cultivate oil palms on an area of 200,000 hectares as "smallholders," to then sell the oil to Olam. This agreement with Gabon has immediately faced a deluge of

criticism. The charity Rainforest Foundation UK investigated the transaction and identified numerous primary forests on Olam's concessions that were home to threatened species such as chimpanzees, forest elephants, gorillas, mandrills, and West African manatees. It also discovered that the right to Free, Prior and Informed Consent (FPIC) regarding agricultural development on their lands had not been fully respected with the indigenous communities, and that culturally important sites for the indigenous communities were present on the allocated territories. In response, Olam took positive steps, committing to protect high conservation value (HCV) forest areas and to return 63,780 hectares of land to the government that were considered "inadequate." The company also set aside other areas, as these had such social and environmental value that they should never have been ceded by the government. But despite these steps forward, serious problems remain with Olam's Gabonese operations in the palm oil sector. Mighty analyzed satellite maps identifying Olam's operations in Gabon (this is detailed in the full technical report). Based on the analysis of this satellite data, it can be estimated that Olam has deforested approximately 20,000 hectares of forests in its Gabonese concessions in Awala and Mouila since 2012. As the photos published here show, Olam has very quickly deforested high-quality forests. On-site investigators have seen and filmed bulldozers cutting down large trees on a vast scale. (These videos can be viewed here.) Olam's policy for sustainable palm oil actually allows for some form of deforestation: "Certain areas of exploited, degenerated, or secondary forests, where wildlife has been depleted or eliminated by intensive hunting practices and with below-average carbon stocks, may be suitable for agricultural conversion. The agricultural relevance of these areas and their respective landscapes must be carefully assessed, and any decision on agricultural conversion must also comply with the land use planning in place, and the national objective of reducing greenhouse gas emissions by 50%." At first glance, this statement may seem reasonable, but it actually implicitly and dangerously rejects the fundamental precepts of global conservation and the palm oil industry's own conservation approach. Global conservation organizations prioritize protecting the last large intact forest landscapes, period; these wild territories Gabon is a true Noah's Ark for biodiversity. Forests cover more than 80% of its territory, and some of them are over two million years old. These forests are home to nearly 700 species of exotic birds, 320 species of orchids, and host an impressive number of iconic African wildlife such as gorillas, chimpanzees, forest elephants, and mandrills. Page 5 photos: © Markus Mauthe/Greenpeace THE BLACK BOX OF PALM OIL TRADE 5

where gorillas, chimpanzees, bonobos, and forest elephants can find refuge from the creeping advance of global industrial agriculture. The Congo rainforest is the second largest rainforest in the world after the Amazon. The Congo Basin alone holds nearly 50 billion tons of carbon in its forests. These large forests should be the last place for prospecting by multinationals wishing to develop plantation agriculture. What happened in Sumatra and the Malaysian region of Borneo reminds us of the stakes: just a few decades ago, these places were almost entirely covered in forests, a paradise for orangutans, rhinoceroses, elephants, and exotic birds. In less than two generations, this paradise has been severely degraded. Today, only 20 to 30% of the forest cover still exists. Olam has attempted to justify its deforestation and agricultural development on potential habitats for great apes by arguing that these actions were taken in favor of Gabon's economic development: "Excluding all potential ape habitats from development projects would actually prohibit any form of agricultural expansion, which is incompatible with the objectives of the government's strategic plan 'Gabon Emergent'; classifying a habitat as HCV solely based on the presence of apes – rather than a significant population or concentration – would have a comparable effect and would prevent any responsible company from investing in Gabon, potentially opening the door to less scrupulous developers." But this argument is difficult to reconcile with another phenomenon highlighted by our team (and which had already been

widely rumored): Olam has brought workers from Southeast Asia into the forests of Gabon. In addition to clearing its own land, it is not excluded that Olam subcontracts deforestation to Gabonese farmers by financially incentivizing them to cut down forests and plant palms as "smallholders" of its second joint venture with the Gabonese government, GRAINE. This program aims to cover by 2020, an area of 200,000 hectares with 30,000 participants from 1,600 villages. The plantations of the GRAINE program are supposed to comply with Olam's sustainable palm oil policy, with plots subject to an environmental and social audit prior validated by the Gabonese government. But this policy does not guarantee in any way the protection of forests, as the government has too often allocated habitats of threatened species for the country's agricultural development. Instead of targeting forests, agricultural development should focus on the 125 million hectares of degraded land available across the tropical zone, including 48 million hectares in Africa, where it is possible to increase agricultural areas without threatening forests. This does not mean that countries with dense forest cover, like Gabon, should be excluded from development. On the contrary, donors from around the world are providing significant amounts to promote the development of these countries. The Government of Norway has for example signed agreements with Guyana, Brazil, Liberia, the Democratic Republic of Congo, and Indonesia. It finances up to one billion dollars, depending on the size of the countries, for programs fighting against deforestation. In these countries "with dense forest cover," these funds can be used to achieve national development objectives without destroying national natural resources. In fact, Gabon is very well positioned to play a leading role in conservation in Africa, even without international subsidies. The country has long relied on its oil reserves, which have provided it with much greater liquidity compared to other countries. With these funds, the country could invest in a development model benefiting all its inhabitants, such as wildlife-focused ecotourism, or diversified agroforestry that meets the needs of local communities. 6

Singapore: Unwitting Victim and Perpetrator Temasek is a state-controlled investment fund amounting to 242 billion Singapore dollars (approximately 159 billion euros), which is generally referred to as Singapore's sovereign fund, even though it is sometimes called a public holding. Indeed, Temasek, which has been investing in Olam since 2004, became the majority shareholder of this sprawling agribusiness giant in 2014, and a major buyer of Indonesian palm oil. Olam is the world's largest supplier of cocoa beans and the second largest supplier of coffee, cotton, and rice. The company also holds the largest certified tropical timber concessions according to the standards of the Forest Stewardship Council (FSC). Ironically, the citizens of Singapore have unwittingly financed, through Temasek's investments in Olam, what is probably one of the largest shadow zones of the unsustainable palm oil market, thus fueling the "haze" that heavily weighs on public health and the economy of Singapore. In 2015 alone, more than two million hectares of Indonesian forests and peatlands went up in smoke; most of it was due to slash-and-burn fires making way for plantations intended for the palm oil and paper industries. For months, the "haze" from the burned sites in Indonesia spread across the Southeast Asian continent, but also reached Thailand and the Philippines. Recent research published by Columbia and Harvard universities has shown that the excess air pollution caused by these fires killed more than 100,000 people across Southeast Asia in 2015 alone. For 38 consecutive days out of 56, pollution from these anthropogenic fires exceeded that generated by the entire industry of the United States. The economic consequences have also been very heavy: according to the World Bank, the "haze" would have cost Indonesia more than 16 billion dollars. THE BLACK BOX OF PALM OIL TRADE 7 By continuing to deforest tropical forests, unscrupulous companies violate their commitments to their customers, and often government policies. They do so because they can still find traders with "black boxes" who will buy their products without asking too many questions, and who once sold on global markets, will end up in the composition

of lucrative consumer products like Burger King fries or Estée Lauder cosmetics. Some customers of Olam

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In Singapore, the "haze" has triggered a wave of citizen concern. Schools were closed, flights canceled, and tens of thousands of people sought medical assistance. It is also estimated that this haze caused 2,200 premature deaths in Singapore. The Singaporean government announced a series of measures to counter this phenomenon and adopted the Transboundary Haze Law. This law gives it the power to pursue civil and criminal actions against companies that have engaged in deforestation and caused forest fires in Indonesia or Malaysia that contributed to the haze in Singapore. Like the government, the private sector has also taken action. Palm oil giants established in Singapore such as Wilmar, Golden Agri-Resources (GAR), and Musim Mas have joined other traders and promised not to buy palm oil from producers involved in deforestation, the logging of endangered species such as orangutans and gibbons, or the exploitation of local communities; and by publishing the names of their suppliers. The measures taken by the government and the private sector seem to be making a difference. In many cases, palm oil suppliers have cleaned up their practices and are now investing in the development of degraded lands rather than in forests or peatlands. However, there are still many unscrupulous companies trying by all means to maintain their good – or rather bad – old habits. Deforestation and fires in vast forest areas, the expropriation of indigenous communities' lands, and the destruction of wildlife habitats are still occurring. For example, Mighty has demonstrated that the Korean-Indonesian conglomerate Korindo has destroyed more than 30,000 hectares of forest in the Indonesian province of Papua since 2013. The palm oil giant First Resources has also engaged in deforestation activities in the Heart of Borneo, one of the last places where healthy populations of orangutans still live, through an affiliated supplier. By continuing to deforest tropical forests, these unscrupulous companies are violating their commitments to their customers, and often government policies. They do this because they can still find traders with "black boxes" who will buy their products without asking too many questions, and who, once sold on global markets, will end up in the composition of lucrative consumer products like Burger King fries or Estée Lauder cosmetics. Olam's Weak Forest Conservation Standards Moreover, Olam's forest conservation standards are considerably lower than those in place across the sector. Olam's sustainability policy commits to protecting HCV forests and ecosystems, High Carbon Stock (HCS) forests, and peatlands, and to improving the livelihoods of indigenous communities. But upon closer inspection, these commitments are far less relevant than the company claims. Olam wants to have its cake and eat it too when it comes to forest conservation. It seeks to gain a reputation by promising "zero deforestation," but does not want to give up deforestation. The subtleties of its sustainability policy leave the door wide open for deforestation of "low-density exploited forest" areas as long as they do not contain HCV zones. Acting this way violates the HCS forest protection standards set by the sector. Rather than applying the strict definition of "zero deforestation" used by the largest palm oil traders and paper companies, Olam argues that the definition of forests requiring protection should be "contextual." In reality, there is no viable way to destroy a tropical forest. During the two years leading up to the publication of this report, the Mighty team held numerous meetings with Olam staff, including its CEO Sunny Verghese. During these meetings and through written communications, we repeatedly urged Olam to join the rest of the sector in adopting a firm policy on forest conservation and human rights protection. As the publication date approached, Olam somewhat changed its policy. First, the company stated that it wanted to apply its

sustainability policy to its third-party suppliers, not just on its own plantations. At first glance, this seemed like a significant step forward, but once again Olam used subtleties to continue its

actions. The company decided to delay the implementation of its policy for its suppliers – which, we remind you, represent over 99% of palm oil volume – until 2020. Pushing this date back is equivalent to waving a green flag to unscrupulous palm oil producers to encourage them to deforest as much as possible now, before the sustainability policy comes into effect. That said, the company has previously demonstrated that it can move quickly when it wants to. After all, as a commodities broker, speed is one of the profit factors. And in response to other pressures against it, Olam established a "zero fire" policy for its entire supply chain, taking effect immediately. Even though it is impossible to verify Olam's good faith due to its opacity, it was at least on paper, a step in the right direction. That said, banning fires does not change the bulldozers responsible for the majority of deforestation. A bulldozer that mows down a tropical forest can still receive Olam's green label until 2020. In any case, banning only fires probably does not have the desired impact on reducing fires, as bulldozing forests, and even more so draining and deforesting peat swamps, makes ecosystems very vulnerable to fire. The scars left all over the ground, and the drying out of landscapes weaken them. This is why many of the areas affected by fire in Indonesia in 2015 had already been deforested by bulldozers or drained.
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Orangutans Deforestation in Indonesia and Malaysia – often a consequence of palm oil production – has wiped out tens of thousands of square kilometers of habitat for orangutans. Palm oil magnates have burned and bulldozed vast forests that are home to these orange-furred giants, who share 97% of their DNA with us humans. Some companies have even offered bonuses to workers who beat, burned, or unleashed their dogs on orangutans to prevent them from eating the young oil palm shoots that have replaced their former habitat. Because mothers fiercely defend their young, these workers sometimes kill them and sell their babies on the animal market, in violation of Indonesian law. Dedicated volunteers working for organizations like International Animal Rescue and The Sumatran Orangutan Society are trying to save as many as possible, taking these orphans to nurseries where they attempt to teach them, in place of their mothers, how to return to the forest and survive there. Only about 14,600 Sumatran orangutans are believed to be left in the wild.

Chimpanzees Chimpanzees are also a threatened species. They are our closest relatives, sharing 98.8% of their DNA with humans. They primarily feed on fruits, insects, and small mammals. Chimpanzees are known for their sophisticated social relationships. They hunt and defend each other together, and also spend a large part of their day grooming, tickling, cuddling, and kissing. They can live up to 50 years in the wild, in groups of 35 individuals. Generally, mothers carry their young for up to four years or more. But their human cousins have drastically reduced their numbers. While the global population of chimpanzees was likely one to two million at the beginning of the 20th century, today there are fewer than 300,000. Gabon is an important habitat for chimpanzees; there are estimated to be 64,000 chimpanzees, while the global population of the central chimpanzee is currently estimated at around 70,000 - 116,000 individuals. All four subspecies of chimpanzees are listed as threatened by the International Union for Conservation of Nature. The chimpanzee population is declining mainly due to poaching, disease, and mechanized logging.

Gorillas Gorillas – the largest of the primates – are extremely intelligent. They use tools, employ a complex range of calls to communicate, and are even capable of learning basic human sign language. A female gorilla born in captivity, the famous Koko, learned sign language and has mastered nearly 1,000 signs. She also understands nearly 2,000 English words. Western gorillas can live up to 30 or 40 years in the wild, in stable family groups of 22 individuals. Families generally consist of several females and one silverback male. Gorillas feed on fruits, vegetation, and insects. Like other great apes, they sleep in nests they have built. Each gorilla has a unique

nasal fingerprint, somewhat like human fingerprints. In Central Africa, gorillas have lost between one-third and half of their habitat over the past two decades. The number of Western gorillas in Gabon is estimated at 35,000, which represents a significant percentage of the global population, which ranges between 140,000 and 160,000 individuals. They are also classified as critically endangered.

Deforestation related to the exploitation of raw materials such as timber, rubber, and palm oil has been particularly detrimental to our closest relatives in the animal kingdom, our friends the great apes: chimpanzees, gorillas, bonobos, and orangutans. Like their gibbon cousins, these highly intelligent species depend on tropical forests for their habitat and livelihood. Indeed, all great apes build nests high in the trees every evening to sleep. It is possible today to increase commercial agriculture without threatening great apes and gibbons, but this requires channeling development onto degraded lands.

In Africa, the conversion of forests into agricultural land poses a major threat to great apes. Researchers have found that 58.7% of land allocated for palm oil plantations overlaps with great ape habitat. But although the populations of chimpanzees, bonobos, and gorillas have significantly declined due to poaching, disease, and habitat loss, Gabon's forests, for the most part intact, remain a refuge. However, an increase in deforestation related to palm oil exploitation and other raw materials could jeopardize this sanctuary.

How Palm Oil Threatens Great Apes Orangutan: iStock/KatePhotography Chimpanzee: kjorgen Gorilla: © Anonymous

Promises Unkept at the Forest Stewardship Council In addition to its activities in the palm oil sector, Olam also holds the largest certified tropical timber concessions by the Forest Stewardship Council (FSC). This council receives support from the largest conservation organizations. FSC certification guarantees a substantial profit on forest products sold with this label. In 2011, Olam acquired the Congolaise Industrielle des Bois (CIB) operation in Congo Brazzaville, which is FSC certified. Consequently, Olam was asked to formally commit, at the Group level, not to be involved directly or indirectly in “unacceptable forestry activities” anywhere in the world. As specified in the FSC policy, if Olam wants to maintain its certification in Congo Brazzaville, all of its operations worldwide must adhere to the minimum FSC criteria. One of the clauses of the FSC policy states that deforestation cannot exceed 10,000 hectares over a five-year period. The clearing of approximately 20,000 hectares of forest on just four concessions in Gabon clearly indicates that Olam has far exceeded the 10,000-hectare threshold imposed by the FSC. Considering other concessions in Gabon and elsewhere in the world, it is likely that the total cleared area is actually much higher.

Mighty has therefore filed a complaint against Olam due to its violations through the complaint procedure of the Forest Stewardship Council.

Black Box, Green Wash Olam has shown that it is capable of changing when its actions have been brought to light and faced criticism from civil society. For example, it has refrained from deforesting certain ecologically important areas in Gabon, including intact primary forests and wetlands recognized by RAMSAR that are home to manatees. It has also adopted a “zero burning” policy for its entire supply chain.

But it has continued its deforestation actions in parallel, contributed to undermining international efforts to protect large forest landscapes, and has lagged behind when it comes to implementing a credible conservation policy with immediate effect. Olam may be lagging in sustainability, but the company is undoubtedly a major player in the sector when it comes to rhetoric on the matter. The company is always the first to sponsor conferences on sustainable development, symposiums, and summits. Olam's CEO, Sunny Verghese, travels constantly

around the world to deliver panegyrics on Mother Nature before an audience of international elites.

“One of the meanings of the word Olam is ‘sustainable’ or ‘eternal’ (in Hebrew),” says Sunny. “I believe that the only way to ensure a business lasts is to place sustainability at the heart of our concerns. This thinking is reflected in ‘Growing Responsibly,’ our primary mission, which guides us on the path to profitable growth that is both ethical, socially responsible, and environmentally sustainable.”

At the high-level thematic debate held at the United Nations in New York on the sustainable development goals, Verghese stated: “Sustainability is the backbone of a solid business... If after working tirelessly and putting in all this effort, we do not leave a better world for our children, what is the point of it all?” Indeed, Verghese has been the main driver of the Global Agricultural Alliance. This new forum brings together 36 CEOs of agribusiness firms, aiming to achieve the United Nations sustainable development goals.

But in the meantime, Verghese's bulldozers are razing Gabon's tropical forests, and his traders are almost clandestinely buying palm oil from anonymous suppliers. The time has come for Olam to act in accordance with its ecological rhetoric by taking meaningful action and putting an end to its deforestation activities throughout its supply chain and worldwide.

Changing Olam, Changing the World Governments in Southeast Asia and leaders in the palm oil sector are working together to outline a more sustainable future. New policies, new resources, and new teams are beginning to make a difference. These actors still have a long way to go before the world's forests and their wildlife are truly protected – and before the reputation of their sector is restored. Their greatest challenge is to drastically reduce the excessive number of suppliers who still try to operate the old way – resorting to massive deforestation, leading to wildlife slaughter and the displacement of indigenous communities. The latter think they can get away with it because there are traders like Olam who secretly buy their products.

But Olam can change. Indeed, pressures have made it change in the past. And this example could help solidify the progress in sustainable development already made by the industrial world. Several measures can stop the deforestation committed by Olam and set a precedent for the entire sector. $ Below: Olam CEO Sunny Verghese. Below: Upward view of the crown of a Moabi tree in Gabon. © Greenpeace 2003 /Filip Verbelen Munshi Ahmed/Bloomberg via Getty Images

1! The Government of Singapore must ensure that Temasek fulfills its mission to "generate sustainable returns for future generations" as a "citizen and responsible company" and that this fund adheres to its promises to consider environmental, social, and governance factors, insisting that Olam raise its practices at least to the level of the rest of the sector. This means that the company must comply with industry standards to protect high carbon stock forests (HCS), both for its business operations and for its plantations, in Gabon and elsewhere. 2! Temasek must ensure that Olam joins the transparency revolution that the palm oil sector and most of the global agro-business have committed to. The company must also adopt the practices of other major players in the sector by publishing the identities of its suppliers, the locations of mills and plantations, and by sharing maps of its suppliers' concessions on the Global Forest Watch platform. 3! Minority investors such as Mitsubishi, the International Finance Corporation (IFC), the Norwegian sovereign wealth fund, as well as BlackRock, Hartford, Prudential, Vanguard, Fidelity, and other institutional investors, must demand the same or immediately divest. 4! Olam's customers – the largest agri-food companies – must wake up and realize that Olam's panegyric on the environment hides a company that lags far behind some of its more discreet competitors. If Olam does not change its attitude immediately – and commit to restoring the

forests and habitats for wildlife and flora that it has destroyed – they must turn to the wide range of companies that adhere to stricter standards and adopt better practices for sourcing raw materials. They must not only apply this policy to palm oil, but to all of Olam's activities: cocoa beans, coffee, cashews, rice, and all products in its portfolio. 5! All customers in the palm oil sector, whether consumer goods companies or major traders like Olam, must immediately implement a global monitoring system for deforestation and law enforcement, modeled after Brazil's very effective moratorium on deforestation related to soybean cultivation. 6! Since Olam is clearly violating its criteria, the Forest Stewardship Council (FSC) must conduct an investigation into Olam. If it confirms our research, the FSC should suspend or revoke Olam's FSC certifications for all of the Group's activities. 7! Olam must adopt a global policy of "zero deforestation, zero peat, and zero exploitation" applicable to all its products, adhere to the HCSA method, and immediately implement its policies across its entire supply chain. Olam must also implement an action plan with deadlines and regularly report on its progress. 8! Olam must provide sufficient funds for the ecological restoration of an area ten times larger than what the company has destroyed in Gabon, and apply the same restoration principle elsewhere. Because centuries, even millennia, of carbon and biodiversity have been lost in the destruction of forests, an area at least ten times larger than the damaged area is needed to successfully carry out ecological restoration and compensate for the loss. 9! Olam must meet with the indigenous and local communities that have suffered from the impact of its operations, agree with them on a mitigation plan, and implement it. It must initiate a public grievance resolution process. 10! Olam must immediately announce a moratorium on all deforestation actions until points 1 to 9 have been implemented. After the publication of this report, we will launch a global campaign to convince Olam, its owners, and its customers that Olam must eradicate this black box, become a responsible member of the global agricultural community, and repair the damage caused. The forests, the people of Singapore, Southeast Asia, and Africa cannot wait any longer. 13 PALM OIL'S BLACK BOX

Notes 1 Olam, "RSPO Annual Communications of Progress 2015," 2015. http://www.rspo.org/file/acop2015/submissions/olam%20 international%20limited-ACOP2015.pdf 2 NASA, "Mapping a greener future" by Vaila Finch. 2011. carbon.jpl.nasa.gov/32-35_GABON21.ENGLISH.carbonmap.v3.pdf 3 Mapping and monitoring deforestation and forest degradation in Sumatra (Indonesia) using Landsat time series data sets from 1990 to 2010 Belinda Arunarwati Margono1,2, Svetlana Turubanova3, Ilona Zhuravleva4, Peter Potapov3, Alexandra Tyukavina3, □&□--□(□,)□□□□□#(#□□□□□)..□□)□.4□□□(□□ □.."□1□□□□□(-□(□□□/□&#-"□□□□□□ /&3□□□□□□□□□□□□□□ □□□□/□&#-"#(!□ .□□□(0#,)('□(.□&□ Research Letters, Volume 7, Number 3 iopscience.iop.org/article/10.1088/1748-9326/7/3/034010 4 Jane E. Bryan, Philip L. Shearman, Gregory P. Asner, David E. Knapp, Geraldine Aoro, Barbara Lokes (2013). Extreme Differences in Forest Degradation in Borneo: Comparing Practices in Sarawak, Sabah, and Brunei. PLoS ONE 8(7): e69679. doi:10.1371/ journal.pone.0069679 5 Background Paper for State of the Apes: Industrial Agriculture and Ape Conservation. Cambridge University Press (2015). Industrial Agriculture and Apes: The Experience of Olam International in Gabon. Christopher Stewart, Olam International (Gabon) 6 Dinerstein, E., Baccini, A., Anderson, M., et al. (2014). Guiding agricultural expansion to spare tropical forests. Conservation Letters, 8, 262–71. DOI: 10.1111/conl.12149. 7 The High Carbon Stock Approach is adhered to by the world's largest palm oil companies. For more information, visit www. highcarbonstock.org. Iddy Farmer for Center for International Forestry Research 14

8 United Nations Environment Programme/Great Apes Survival Partnership, Palm Oil Paradox:

Sustainable Solutions to Save the Great Apes, 2016 9 “The most recent population estimate for the Sumatran Orangutan is 14,613 individuals, in a total area of 17,797 km of forest (Wich et al. 2016). Excluding populations of fewer than 250 individuals (i.e., considering only populations that are potentially viable over the long term) leaves just 13,835 individuals. The vast majority (90.2%) occur in the Leuser Ecosystem, while other populations are found in the Sidiangkat, Pakpak and Batang Toru forests. The 2016 estimate is higher than the previous estimate of around 6,600 individuals remaining (Wich et al. 2008).” www.iucnredlist.org/details/39780/0 10 Arcus Foundation, State of the Apes 2015, Industrial Agriculture and Ape Conservation. http:// www.stateoftheapes.com/ 11 Oates et al., 2008a 12 (Arcus Foundation, State of the Apes 2015, Industrial Agriculture and Ape Conservation. http://www.stateoftheapes.com/) 13 http:// www.koko.org/ 14 Business Commission, “Olam CEO Sunny Verghese Joins the Business Commission.” 12 September 2016. http:// businesscommission.org/news/press-release-sunny-verghese-co-founder-group-ceo-of-olam-joins-the-business-sustainable- development-commission 15 Youtube. “Sunny Verghese, Olam’s Co-Founder and CEO speaks at the UN’s High Level Thematic Debate on achieving the Sustainable Development Goals in New York.” Published on 25 April 2016. https://www.youtube.com/ watch?v=AQbXkZj7TpE&t=253s Ricky Martin for Center for International Forestry Research THE BLACK BOX OF PALM OIL TRADE 15

www.mightyearth.org Thanks to our partner Brainforest for all its numerous contributions to this report. Front cover: Olam palm oil plantation, Ngounié, Gabon, March 2014, © Anonymous Back cover: Sunset behind the silhouetted forest in the Minkebe forest reserve, Gabon, 2003, © Markus Mauthe/Greenpeace