



# KEEP FORESTS STANDING

**EXPOSING BRANDS AND BANKS DRIVING DEFORESTATION**





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# **EXECUTIVE SUMMARY**

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## **WE ALL DEPEND ON FORESTS**

Whether you have a forest in your backyard or the nearest one is half a world away, we all depend on forests. Forests, and in particular, the band of tropical rainforests that circles the Earth at the equator, provide critical local and global benefits. For millions of local and Indigenous Peoples, forests are their homes, sources of livelihood, and religious or spiritual lands — in managing their forests, they ensure the survival of their community and their culture. Lush and primordial, the world's rainforests are home to the majority of land-based biodiversity on the planet — new varieties of plants and animals that scientists are still finding to this day. Forests stabilize the climate, absorb and store greenhouse gases, and maintain global rainfall.

Indonesia's forests, the third largest rainforest on Earth, are uniquely important for both the global climate and biodiversity crises and for the 80 - 95 million people who live in or near them.<sup>1</sup> Indigenous Peoples and local communities — some of the best defenders against deforestation<sup>2</sup> — have been successfully managing these forests for generations. However, rainforests all around the world — including Indonesia's rainforests — have been cut down for commodities like palm oil, pulp, paper, beef, soy, cocoa, and timber products. Multinational brands provide the market demand for these products and funding for the destruction flows from major banks all around the world.

## **BRANDS AND BANKS FAILING TO STOP DEFORESTATION AND RESPECT RIGHTS**

Over the last decade, hundreds of major global brands and banks have been pressured to make public commitments to stop deforestation, peatland development and address human rights abuses in supply chains, investments and financing portfolios.<sup>3</sup> Over 400 companies in the Consumer Goods Forum (CGF), along with major European and US banks in the Banking Environment Initiative and Soft Commodities Compact, committed to achieving zero net deforestation by 2020. All have missed the mark.<sup>4</sup> And despite collective commitments made in the United Nations Sustainable Development Goals to halt deforestation by 2020 — and in the New York Declaration on Forests to center Indigenous Peoples and local communities in any efforts to protect, restore and manage forests — communities continue to have their rights disregarded, while land and environmental defenders face increasing violence and criminalization.<sup>5</sup> The failure of brands and banks to effectively implement their commitments is contributing to ongoing human rights abuses and the growing climate and biodiversity crises.

**This report profiles ten multinational brands, seven major banks, and ten forestry and agribusiness corporations which, through a web of interconnections, represent some of the most influential corporations fueling the destruction of rainforests and the violation of human rights. The brands are the multinational, fast-moving consumer goods companies of Colgate-Palmolive, Ferrero, Kao, Mars, Mondeléz, Nestlé, Nissin Foods, PepsiCo, Procter & Gamble, and Unilever. The banks are the financial powerhouses of Mitsubishi UFJ Financial Group (MUFG), Bank Negara Indonesia (BNI), CIMB, Industrial and Commercial Bank of China (ICBC), DBS, ABN Amro, and JPMorgan Chase.**

The world's climate is at a perilous tipping point and the "natural technology" of forests is a critical element of any real solution.<sup>6</sup> Forests, and the communities at the frontlines of forest destruction, are increasingly under threat. We still have the chance to protect what's left but there is no time to waste. We must end deforestation and the expansion of logging and industrial agriculture into the last tropical rainforests in Indonesia, the Amazon, and the Congo Basin, including areas traditionally owned and managed by Indigenous Peoples and local communities.

Governments need to secure communities' legal rights to their land, rather than handing the land over to corporations for forestry or commodity production. In turn, brands and banks must make good on their corporate commitments and solve the problems which they helped create. Continuing to do business with companies that are complicit in deforestation and human rights abuses is indefensible. United as customers and citizens, we're telling brands and banks that vibrant forests, healthy communities and a stable climate are worth more than a company's short-term bottom line. We are demanding that these companies end the destruction of rainforests, the development of carbon rich peatlands and the abuse of human rights. 2020 is the year to keep forests standing and respect human rights.

United as customers and citizens, we're telling brands and banks that **vibrant forests, healthy communities and a stable climate** are worth more than a company's short-term bottom line.

#### Throughout 2020 and Beyond, Brands and Banks Must:

- » Adopt and implement No Deforestation, No Peatland and No Exploitation (NDPE) policies across all forest-risk commodity supply chains, investments (including joint ventures), and all financial services, at a corporate group level.
- » Make it mandatory for all suppliers, investees or clients to adopt and implement NDPE policies, at a corporate group level.
- » Know and publicly disclose the footprint of their global commodity supply chains, investments, or financial services impacting forests, peatlands and the rights of Indigenous Peoples and communities affected by logging and the expansion of industrial agriculture.
- » Require proof of full compliance with laws, regulations, and Free, Prior and Informed Consent (FPIC) processes for all areas under the management and control of the corporate group. Suppliers, investees and clients must fully demonstrate that the rights of affected Indigenous Peoples and local communities are being respected, especially their right to Free, Prior and Informed Consent to proposed and existing developments that affect them.
- » Establish robust forest and human rights monitoring and due diligence systems to identify expansion areas and impacted communities and rapidly respond to harmful activities linked to their sourcing, investments, or financial services in order to stop deforestation, peatland clearance and human rights violations.



- » Stop sourcing commodities from, investing in, or providing financial services to corporate groups that are complicit in deforestation, peatland clearance and human rights abuses, or secure credible, time-bound commitments to ensure suppliers, investees and clients transparently implement corrective actions and remedy negative impacts.
- » Enact zero tolerance procedures within supply chains, investments and/or financing portfolios to prevent violence, criminalization, intimidation, and killing of human rights, land, and environmental defenders.
- » Independently verify and disclose progress on fulfillment of NDPE policies by the end of 2020.
- » Advocate for enabling laws and regulations in producer and consumer countries that address the underlying causes of deforestation, peatland clearance, and violations of human rights, and require companies to ensure their supply chains, investments and financial services do not have adverse environmental and social impacts.

Free flowing river in the Leuser Ecosystem, Sumatra, Indonesia.

**PHOTO:** Paul Hilton / RAN

# **KEEPING FORESTS STANDING AND RESPECTING RIGHTS:**

A Global Priority

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## **FORESTS FOR LIFE AND LIVELIHOODS**

Leading scientists have said, “Our planet’s future climate is inextricably tied to the future of its forests.”<sup>7</sup> This is as true for the 1.6 billion people who live in the world’s 300 largest cities,<sup>8</sup> as it is for the estimated 1.6 billion people worldwide who either live in forests or depend on them for their livelihoods.<sup>9</sup> For many local and Indigenous communities, forests are at the core of their individual, familial and community lives — forests are fundamental in ensuring that many cultures continue to thrive.<sup>10</sup> Maintaining healthy forests can make a significant contribution to most of the UN Sustainable Development Goals — including alleviating poverty, ensuring food security, and providing clean water, energy, and economic growth (when done sustainably) — and make up 22.2% of household incomes in developing countries.<sup>11</sup>

From cultural survival to the cool air we breathe and the clean water we drink, forests are foundational to all life on earth. Globally, forests produce our oxygen and rainfall, regulate global temperatures and absorb massive amounts of carbon out of the atmosphere — one of the key drivers of climate change — and safely store it underground. In fact, peatlands — a type of wetlands that develop from and support many tropical rainforests — are the largest natural terrestrial carbon store in the world.<sup>12</sup> Forests are the most biodiverse terrestrial ecosystems, containing the majority of land-based life on Earth.<sup>13</sup> **We must keep forests standing to secure a stable climate, protect the world’s remaining biodiversity, and support the thriving communities of millions of Indigenous Peoples.**



Community run small-scale agriculture in the Leuser Ecosystem; Lowland rainforests in Singkil-Bengkung region, Leuser Ecosystem, Sumatra, Indonesia.

PHOTOS: Paul Hilton / RAN



However, the extent of intact forests continues to decline around the world. The map below shows the last remaining forests that humans have least disturbed.<sup>14</sup> Covering 11.61 million km<sup>2</sup> — or less than 10% of the Earth's ice-free land — these forests are our last defense against biodiversity loss and the climate crisis. They must be protected from clearance, as well as fragmentation or degradation — where a forest is destroyed more gradually through overuse.<sup>15</sup>

**MAP 1: The Extent of Intact Forest Landscapes in 2016 covering 11.61 million km<sup>2</sup>.<sup>16</sup>**

## The World's Intact Forest Landscapes (IFLs)

IFLs 2017

IFL Loss 2000-2016

Other Forests

MAP: 2008 IFL Mapping Team: Greenpeace, University of Maryland, Transparent World, World Resources Institute, WWF Russia, Wildlife Conservation Society. Results / reports can be viewed at: [www.IntactForests.org](http://www.IntactForests.org)

We are losing our tropical rainforests at an alarming rate, the equivalent of one football field every second.<sup>17</sup> Less than 50% of the world's tropical rainforests remain standing.<sup>18</sup> This has an incredible impact on the global climate. If tropical deforestation were a country, it would be the third largest emitter in the world, only behind China and the United States. And emissions from deforestation are only getting worse, having more than doubled in the last few years.<sup>19</sup> A devastating, self-reinforcing loop is created: the destruction of rainforests and carbon-rich peatlands releases an enormous amount of greenhouse gasses into the atmosphere and at the same time removes the very trees and peatlands that could absorb that carbon and safely store it underground.

While deforestation significantly contributes to the current climate crisis, protecting and restoring forests plays an outsized role in the solution. According to the Intergovernmental Panel on Climate Change (IPCC) — the internationally recognized authority on climate change — reducing deforestation and the degradation of natural ecosystems represents one of the most effective ways to mitigate climate change globally, with the potential to reduce global greenhouse gas emissions by nearly a third.<sup>20</sup> Or, as some of the world's foremost scientists say: "The 'natural technology' of forests is currently the only proven means of removing and storing atmospheric CO<sub>2</sub> at a scale that can meaningfully contribute to achieving carbon balance."<sup>21</sup>

# **INDIGENOUS PEOPLES AT THE FOREFRONT OF GLOBAL CONSERVATION**

One of the best defenses against deforestation has long been evident. In a Special Report on Climate Change and Land, the IPCC confirmed what Indigenous Peoples and history have long shown to be true: strong and organized local and Indigenous communities are a key defense against deforestation.<sup>22</sup> Indigenous and local communities have been successfully protecting and managing their lands for generations. Despite only stewarding 22% of the world's land, Indigenous territories protect 80% of the planet's biodiversity.<sup>23</sup> Studies have shown that strengthening the land rights of Indigenous Peoples and local communities has the potential to reduce carbon emissions by 200 gigatonnes by 2050 — the same amount that the entire United States is expected to emit in the same time frame.<sup>24</sup> The UN Special Rapporteur on the Rights of Indigenous Peoples, Victoria Tauli-Corpuz, has said it plainly enough: “[Indigenous Peoples] have stood as a proven solution to climate change for generations. Recognize our rights, and we can continue to do so for generations to come.”<sup>25</sup>

Indigenous Peoples' rights to land are enshrined in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). First adopted internationally in 2007, UNDRIP remains the most comprehensive framework on the rights of Indigenous Peoples.<sup>26</sup> In Articles 25 and 26, UNDRIP specifically highlights Indigenous Peoples' right to own, use, develop and control their traditionally owned or occupied lands, and the right to maintain and strengthen their spiritual relationships with their traditionally owned or occupied lands and to uphold this for future generations.<sup>27</sup>

What's more, UNDRIP expressly outlines Indigenous Peoples' right to Free, Prior and Informed Consent (FPIC) — the right to give or withhold consent to any project that may affect them or their lands.<sup>28</sup> This right is violated most often when corporate and government interests align to disregard Indigenous Peoples' land rights and game the permitting process to obtain concessions for logging or industrial agriculture development. This is true around the world; much of the world's industrial agriculture happens on “land grabs” — or large-scale leasing of land to corporations — which is often fueled by corruption.<sup>29</sup>

Denied FPIC and facing large-scale land grabbing of their traditionally owned lands, Indigenous communities are often on the frontlines of deforestation for industrial agriculture. When they assert their rights and attempt to protect their lands and forests, they face intimidation, criminalization, and violence. Too often, Indigenous environmental defenders do so at the cost of their own lives.<sup>30</sup> The situation is so dire that Indigenous communities have united to call on both governments and the private sector to enact zero-tolerance procedures in their political jurisdiction, or supply chains, investments or financing portfolios, to prevent the intimidation and killing of land and environmental defenders.<sup>31</sup>

**We must support Indigenous Peoples and local communities in their fight to gain legal rights to their land and ensure their ability to protect and manage it — sustaining their ways of life and safeguarding the vast majority of the world's biodiversity from extinction.** By supporting those that protect the forest, we can slow the worst impacts of deforestation and climate change.

## **A False Solution: ‘Fortress Conservation’ at the Expense of Land Rights**

The practice of “fortress conservation” — removing Indigenous Peoples and local communities from their land in an effort to create ecosystems devoid of people — has long been favored by some conservation-focused NGOs and governments that ignore the sovereignty of Indigenous Peoples.<sup>32</sup> National parks may be called “America’s best idea”, but they were first established through the often brutal relocation of Indigenous Peoples. This model has now been replicated around the world, with the same destructive impact on Indigenous and local communities.<sup>33</sup> For whatever benefits national parks and other forms of fortress conservation may produce, the model furthers human rights abuses and violence against Indigenous and local communities, and has poorer outcomes for forests, biodiversity and climate mitigation than forest ecosystems which are successfully managed by Indigenous Peoples.<sup>34</sup> Fortress conservation is a false solution and must be globally abandoned for rights-based approaches to forest conservation.<sup>35</sup>



(TOP, MIDDLE) Batak communities in the Lake Toba region have been fighting to secure their land rights from pulp and paper company Toba Pulp Lestari for over 20 years. **PHOTOS:** Agusriady Saputra / RAN; (BOTTOM) Community run small-scale agriculture in the Leuser Ecosystem. **PHOTO:** Paul Hilton / RAN

# **COMMODITY EXPANSION:**

## Destroying the Last Rainforests and Violating Indigenous Peoples' Rights

Forty percent of global deforestation is the result of commodity production, mainly for palm oil, pulp, paper, beef, soy, cocoa, and timber products.<sup>36</sup> As a group, these commodities are called “forest-risk” commodities, as they are produced at the expense of forests. The incursion of roads into forests causes further deforestation, provides easier access to illegal logging and other activities, and fragments forests — cutting off important wildlife migratory routes and dissecting habitats.

Major brands and banks have massive “forest footprints”. A forest footprint takes into account the full impact brands and banks have on the world’s forests through the financing and consumption of forest-risk commodities. So how do brands and banks impact tropical rainforests and peatlands?



## **THE BRANDS:**

- 1.** Create the growing market demand for the production of cheap forest-risk commodities — like palm oil, pulp and paper, soy, and beef — through the manufacturing and transport of fast-moving consumer goods products, or products that are sold quickly and are relatively inexpensive.
- 2.** Directly source forest-risk commodities from forestry and agribusiness companies, including untraceable raw materials. Companies often source materials which they do not know where they are grown or if they were produced at the expense of forests, peatlands, or human rights.
- 3.** Indirectly source from third-party suppliers — or producer companies operating plantations and processing facilities that are responsible for deforestation and human rights violations.
- 4.** Have investments or business partnerships with other forestry or agribusiness companies involved in forest-risk sectors, such as joint venture partnerships.

## **THE BANKS:**

- 1.** Provide loans and credit facilities to companies involved in the production of forest-risk commodities — like palm oil, pulp and paper, soy, beef, and timber. Banks finance these companies to support day-to-day operations, such as buying machinery to log and clear forests, develop palm oil nurseries, or to maintain and harvest agribusiness plantations.
- 2.** Issue bonds and shares on behalf of forest-risk companies to help them raise capital to expand. Investment can be used to acquire new land and forest areas, to finance company mergers and acquisitions, to restructure company debt, or to construct mills and refineries used in the processing of commodities to feed global supply chains.
- 3.** Provide finance to ‘down-stream’ companies involved in the trade and retail of forest-risk commodities. This includes financing the shipping and trade in processed commodities and providing general corporate finance to the brands manufacturing and selling consumer goods using forest-risk commodities.



The push of industrial agriculture into forests which are traditionally managed by Indigenous or local communities results in a cascade of harmful impacts. Conflict with communities is common as Indigenous Peoples' rights, enshrined in UNDRIP, are violated — particularly their right to give or withhold their Free, Prior and Informed Consent (FPIC). What's more, land and environmental defenders — who are also often Indigenous Peoples — face growing violence, intimidation and criminalization. According to the Business and Human Rights Resource Centre, worldwide, there have been more than 2,000 attacks on land and environmental defenders since 2015, with 572 attacks happening in 2019 alone. They find that these attacks often take place "in the context of economic models which prioritise investments and profit over respect for human rights and protecting the environment."<sup>37</sup> Environmental defenders who are also Indigenous Peoples are being killed at alarmingly higher rates than any other group — representing 40% of murders worldwide in 2015 and 2016, and 30% of murders in 2017.<sup>38</sup> **The expansion of industrial agriculture is not only one of the most significant drivers of deforestation, it is also significantly responsible for the violence Indigenous Peoples face.** Agribusiness as a sector is responsible for most of the killings of environmental defenders, second only to mining.<sup>39</sup>

## What is a “forest footprint”?

A forest footprint refers to the total area of forests and peatlands that have been, or could be, impacted by a brand's consumption, or a bank's financing, of forest-risk commodities. A brand or bank's footprint includes their contribution to the destruction of forests and peatlands by their suppliers or clients over the period of their business relationship, in addition to the areas that remain at risk within all suppliers' or clients' global forest-risk commodity supply chains and sourcing regions. It also includes their impact on Indigenous Peoples and local communities rights, when forest and peatland areas are on traditionally managed lands.

A forest footprint includes areas of forests and peatlands that have been cleared, or are standing or intact but remain at risk of deforestation or degradation. Areas at risk include forests and peatlands located within plantation development areas under a supplier, investee's or client's control; areas under the control of third party suppliers; and areas allocated for future logging or agricultural development within the sourcing region surrounding mills, refineries or processing facilities in their global supply chains.

All of which must be known and publicly disclosed.





# INDONESIA:

On the Frontlines of Deforestation, Land Rights Abuses, and the Climate Crisis

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With 17,508 islands, Indonesia is the world's largest island nation and the fourth most populated in the world. Along with the Amazon and the rainforests in the Congo Basin, the rainforests of Indonesia are one of the three remaining significant areas of tropical rainforests on the planet, with just under half of its lands supporting forests, roughly divided between primary and secondary forests.<sup>40</sup> The islands of Indonesia also contain tens of millions of hectares of Indigenous Peoples' territories, of which so far 7.8 million hectares of customary forests have been mapped by civil society.<sup>41</sup>

Indonesia's rainforests, in particular, have a critical role to play against global climate change, the crisis of global biodiversity loss and the fight for Indigenous land rights. All around the world, nature is declining at an unprecedented rate. A million plant and animal species are facing extinction, more than ever before in human history, and the rate of extinction is accelerating.<sup>42</sup> The last remaining populations of iconic species are clinging to life in Indonesia's threatened lowland rainforests of Sumatra, Kalimantan, and Papua.<sup>43</sup> But, if communities' rights are violated and Indonesia's rainforests are destroyed, they become a ticking climate timebomb.

Already, Indonesia is the fifth-largest emitter of greenhouse gases in the world, mainly because of the emissions that result from converting forests and carbon-rich peatlands into new plantations for palm oil or pulpwood.<sup>44</sup> Indonesia has become a major contributor to the global supply of forest-risk commodities, in large part because massive forestry and agribusiness companies have undertaken large-scale clearance of forests over the past few decades. These forestry and agribusiness companies have established monoculture plantations in their place, with nearby pulp, timber, and oil palm processing facilities driving the demand for even greater expansion.

Financing from global banks and the growing demand for cheap commodities and biofuel have driven plantation expansion into large expanses of rainforest and land which has been traditionally owned and managed by Indigenous and local communities. Hundreds of cases of documented conflicts between pulp and paper companies and communities highlight uncounted violations of traditional land rights on palm and pulp plantations.<sup>45, 46</sup> This land grabbing stems from the Indonesian government's failure to uphold Indigenous land rights and enforce regulations governing permit allocation processes, which are not transparent and strongly suspected of being violated by companies through manipulating information and the licensing administration processes. By allocating plantation concessions in areas that overlap with traditionally owned and managed lands, the government fails to ensure that corporations respect the communities' rights to give or withhold consent for development on their lands. Without access to their traditionally owned land, communities face the loss of their livelihoods — including their ability to farm, hunt and harvest wild food — and the loss of their culture, being unable to ensure a sustainable future for their children and future generations.

Indonesia's rainforests  
are an **epicenter of**  
**biodiversity**  
during a **global**  
**biodiversity crisis.**



Clear-cutting tropical forest to make way for palm oil, Papau Province, Indonesia; Clouded leopard;  
PHOTO: PhotocechCZ / SHUTTERSTOCK; River in the Leuser Ecosystem. PHOTO: Paul Hilton / RAN

## DECades of Deforestation

Over the past two decades, Indonesia has lost nearly 25 million hectares of tree cover with over 9,154,000 hectares of primary forests lost forever.<sup>47</sup> Similarly, vast areas of Indonesia's 22 million hectares of peatlands,<sup>48, 49</sup> have been degraded by logging and industrial agricultural expansion. In 2018 alone, over 339,888 hectares of primary forests were destroyed.<sup>50</sup> The impact on Indonesia's biodiversity has been enormous, with 191 threatened mammals, 160 threatened birds, 166 threatened fish and 458 threatened plants listed on the IUCN Red List of Threatened Species,<sup>51</sup> including Sumatran tigers, rhinos, elephants, and the Tapanuli, Sumatran and Borneo orangutans. The Tapanuli orangutan is the most endangered great ape on Earth and was only recognized by scientists as a unique species in 2017.<sup>52</sup>

Indonesia is seeing its vibrant rainforests converted into industrial plantations for palm oil and pulp and paper — the two biggest drivers of deforestation in the country — where very little biodiversity can thrive. Legal and illegal logging also play a significant role in the issue, fragmenting and degrading previously intact forests, often leading to their allocation for conversion to other land uses. The Indonesian Ministry of Environment and Forestry (KLHK) has allocated, to date, over 11 million hectares of land to pulp producers and other commercial forestry companies in the form of industrial plantation concession licenses.<sup>53</sup> While the country's oil palm plantations cover 22.2 million hectares, with 2.3 million hectares within the Forest Area, over half are being controlled by large corporations or investors.<sup>54</sup> Industry estimates state that over 17 million hectares of lands have already been planted with oil palm plantations.<sup>55</sup> Approximately 45% of the palm oil suppliers in Indonesia are classified as smallholders.<sup>56</sup> Reports on the area of farms controlled by family-run smallholders vary from approximately two to five million hectares.<sup>57</sup> There is also a growing number of small to medium size companies, which in some cases act as 'shadow companies' for the larger corporate groups.

Indonesia is seeing its vibrant rainforests converted into industrial plantations for **palm oil and pulp and paper — the two biggest drivers of deforestation** in the country — where very little biodiversity can thrive.

PHOTO: Paul Hilton / RAN



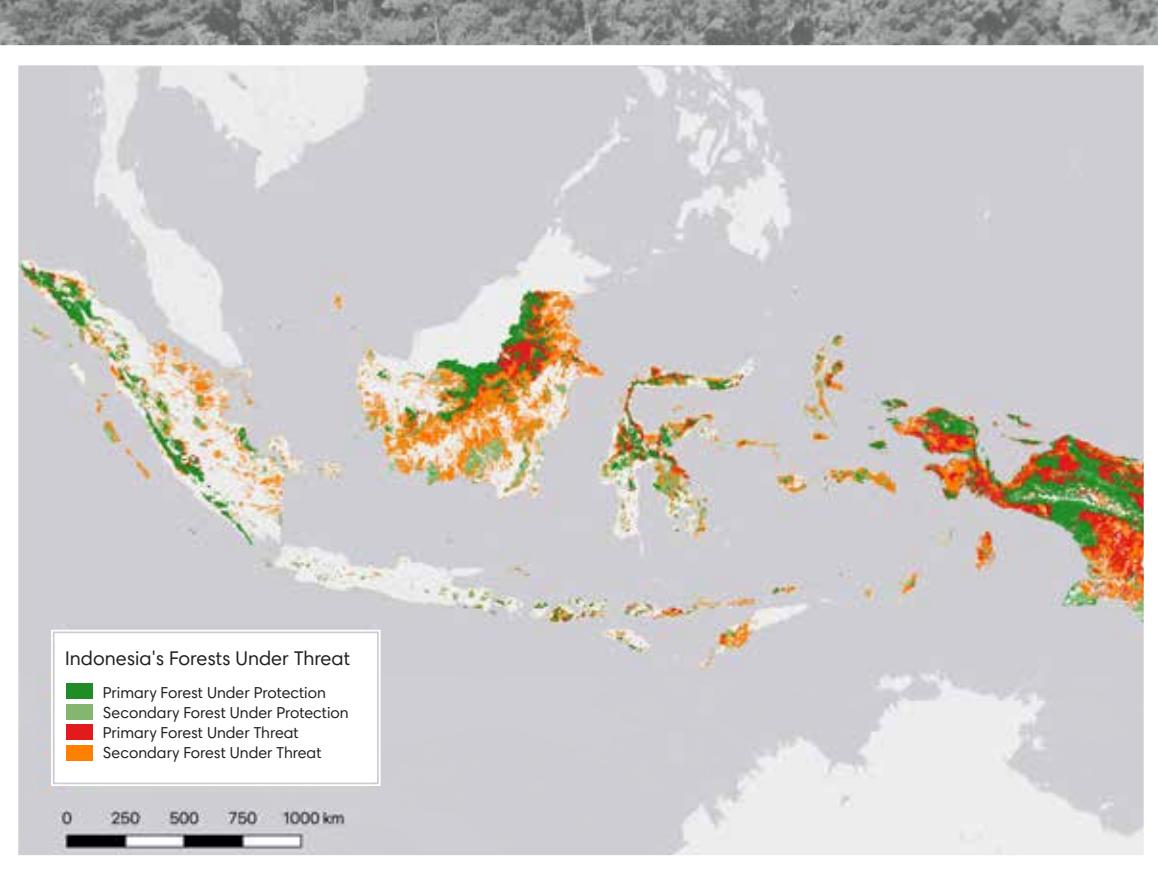
# INDONESIA'S REMAINING RAINFORESTS AT RISK

The threat of large-scale forest conversion for new pulp and oil palm plantations remains significant in Indonesia's last remaining rainforests, including the last forest frontiers of West Papua, Papua, the Leuser Ecosystem and provinces that stretch along the northern border of Indonesian Borneo in Kalimantan.

The Indonesian government has designated 120.6 million hectares as its national Forest Area, with a remaining 67.4 million hectares of land managed for multiple other uses, including commodity production.<sup>58</sup> Within the Forest Area, over 50 million hectares are managed to conserve a diversity of plants and animals endemic to Indonesia and to protect other ecological values, such as clean water production and the mitigation of floods or seawater intrusion.<sup>59</sup> 68.8 million hectares are designated as Production Forests and are available for various logging and forestry operations, including the conversion of natural forests to pulpwood plantations. Over 1.5 million hectares of primary forests, and 5.4 million hectares of secondary forests, remain outside the classification of the Forest Area in areas also designated for other uses, including lands allocated for conversion to oil palm plantations.<sup>60</sup> These legal allocations of lands for logging and the expansion of agricultural commodities — together with rampant illegal logging and plantation establishment resulting from corruption and poor forest governance — result in the loss of hundreds of thousands of hectares of rainforests each year.<sup>61</sup>

The map below shows the extent of tropical rainforests that are allocated by the Government of Indonesia for logging and conversion to pulp and oil palm plantations. Located near the processing facilities of major forestry and agribusiness companies, these forests are at risk of deforestation due to the expansion of logging and commodity production.

**MAP 2:** *Indonesia's rainforests at risk from the expansion of logging, forestry and industrial agriculture in Indonesia*



**MAP:** Ministry of Environment and Forestry Indonesia (Kementerian Lingkungan Hidup dan Kehutanan). Land Cover, 2017. Forest and Land Use by Function, 2018.

Deforestation is poised to continue for the coming decades. The Indonesian government says its 'Business as Usual' deforestation rate is close to a million hectares (0.92Mha) each year of planned and unplanned or illegal deforestation.<sup>62</sup> For the coming decade, the nation predicts that deforestation rates will remain at a staggering 0.82 million hectares per year — an increase from the reduced deforestation rates achieved since 2015 when the government implemented regulations and moratoria to protect primary forests and peatlands and reduce forest and peatland conversion to industrial agriculture.<sup>63</sup> It is hard to know which forest regions, or Indigenous and local communities, will be most affected by the planned deforestation due to the lack of transparency in the administrative process that governs the issuance of land-use exploration and development permits.

Decades of weak governance and enforcement, coupled with the rapid growth of Indonesia's forestry and plantation sectors, has also resulted in entrenched economic problems. This includes vast losses in government revenue<sup>64</sup> and the extreme concentration of land and resource ownership by a small group of politically connected tycoons.<sup>65</sup> The economic contribution of forestry and agribusiness sectors is also greatly diminished by long-term effects of peatland drainage, causing land subsidence, land fires and transboundary haze. The fires alone are estimated to have cost Indonesia USD 5 billion in 2019, and USD 16 billion in 2015.<sup>66</sup>

Indonesia's current administration is seeking to boost jobs and investment through sweeping deregulation, which threaten to repeal land rights and labor protections, and increase pressure on Indonesia's forests and environment. This deregulatory agenda is set against a backdrop of government measures seen as weakening its resolve to protect human rights and combat corruption.<sup>67</sup>

Proposed changes relevant to the forestry and agribusiness sectors include scrapping of environmental impact assessments and permits. Other planned amendments would deprive Indigenous communities of a say in projects affecting them, remove criminal charges for businesses violating environmental regulations, and redesignate forest areas to legalize plantations that are currently illegal.<sup>68</sup> If such measures are passed by parliament, a weakened regulatory environment would greatly increase the risk of brands and banks which finance or source Indonesian forest-risk commodities. It is therefore critical that they have robust No Deforestation, No Peatlands and No Exploitation (NDPE) policies in place to mitigate this risk.

The year 2020, and the coming decade, will be a critical turning point for the fate of Indonesia's rainforests, biodiversity and the fight for land rights for its Indigenous Peoples and local communities. It is critical that brands and banks adopt and accelerate the implementation of NDPE policies and support efforts to secure win-win solutions that ensure prosperity for the nation, the protection of its forests, biodiversity, and the traditional land management practices of communities.





The year **2020**, and the coming decade, **will be a critical turning point** for the fate of Indonesia's rainforests, biodiversity and the fight for land rights for its Indigenous Peoples and local communities

Shade grown coffee. Leuser Ecosystem, Sumatra, Indonesia;  
Sumatran tiger. **PHOTOS:** Paul Hilton / RAN

The current legal framework of Indonesia has been used as the basis of this situation analysis. The opinion shared is general in nature, and does not eliminate the need for further research into cases that are specific in nature, which take into account the time and place where violations of the law occurred.

# **SECURING LAND RIGHTS**

## The Rights-Based Solution to Deforestation and the Climate Crisis

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In many countries, including Indonesia, many Indigenous Peoples and local communities do not have legal rights to the land that they have traditionally owned for generations. Even in areas where some degree of community land rights are recognized, laws and regulations rarely align with international human rights norms, such as the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP). In many cases, communities are unaware that they do not have legal rights until companies come to gain access to their land, soon followed by bulldozers to clear their farms or villages. When communities are aware that their traditional rights are under threat, the fight for their rights can take time and financial and legal resources that communities don't have. They may face coercion, manipulation, and violence from companies during this process, which divides the community and often leaves them no choice but to give up their land with a bad deal.

Indigenous Peoples have a generational relationship with their land that gives them both expert knowledge and a deep cultural commitment to protect their home. Many Indigenous Peoples share a worldview that does not separate people from the natural world, and instead calls for an ethic of interconnection with nature that permeates their language, spiritual beliefs, and cultural practices.<sup>69</sup> In many cases, this has led Indigenous communities to lead at the forefront of movements to conserve the natural world. Secure land rights give many Indigenous Peoples the assurance that they can manage their land for the benefit of the forest ecosystem, their livelihoods, and for future generations, assured in the rewards of their long-term investments. Secure land rights support them in their defense against intruders on their land — be they illegal loggers or corporate opportunists, enabled by corrupt government officials. However, without legal rights to their land, Indigenous communities are often ignored by governments and have little legal recourse against corporate expansion onto their traditional lands. In respecting Indigenous Peoples' rights to own and manage their traditional land, as enshrined in UNDRIP, and in respecting their right to give or withhold their Free, Prior, and Informed Consent (FPIC), their forest ecosystems can thrive and much of the violence and human rights abuses that Indigenous Peoples face would be resolved.

Batak communities in the Lake Toba region have been fighting to secure their land rights from pulp and paper company Toba Pulp Lestari for over 20 years.

PHOTOS: Agusriady Saputra / RAN



In recent years, the Indonesian government has set targets for 12.7 million hectares of land to be used to support community-based forest management (commonly called social forestry). One million hectares of these lands are planned to be redistributed to community ownership and away from corporations which currently, or in the past, have managed these lands for forestry or industrial agriculture concessions.<sup>70</sup> These programs represent important progress in the movement to recognize Indigenous and local community rights. However, there is still much more progress to be made before these reforms are implemented and communities are assured that corporate interests will not reduce the effectiveness of these measures.

We must support the efforts of governments to secure Indigenous Peoples' and local communities' legal rights to their land, rather than handing more land over to corporations to manage for forestry or industrial agriculture. In turn, brands and banks must require their suppliers, investees or clients to prove full compliance with laws and regulations, and respect rights as outlined in UNDRIP, including Free, Prior, and Informed Consent for all lands and plantation development areas under their management or control, at a corporate group level. Any company unable to fully demonstrate how the rights of all affected Indigenous Peoples and local communities are being respected in all new forestry operations or plantation development areas — or show how corrective actions and remedy for negative impacts is being delivered in proposed and existing developments — must be identified and eliminated from supply chains, investments or financing portfolios.



# 2020 | A YEAR TO FULFILL FOREST PROMISES

The Consumer Goods Forum (CGF) and major banks in the Banking Environment Initiative's Soft Commodities Compact committed to "mobilising resources to help achieve zero net deforestation by 2020" in the four highest forest-risk commodity supply chains: palm oil, pulp and paper, soy and beef.<sup>71</sup> Over 365 companies have also adopted standalone policies that prohibit suppliers, investments or clients from causing social and environmental impacts, and increasingly these policies are requiring 'No Deforestation'.<sup>72</sup> Many of these policies also prohibit burning forests and peatlands, and the violation of human rights, in accordance with international norms. A growing number of European and US banks and investors have followed suit with commitments to not finance companies responsible for deforestation or have dropped clients exposed to deforestation and human rights abuses.<sup>73</sup>

Investigations by Rainforest Action Network and other NGOs show that these paper promises have failed to be implemented where it counts: on the forest frontlines. Despite the CGF's self-imposed deadline of addressing deforestation by 2020, logging for timber, deforestation for plantations, and the building of roads continues unabated. The images below were compiled during field investigations undertaken in January 2020 and show that Indonesia's most critically important rainforests in the Leuser Ecosystem and Papua continue to be destroyed for forest-risk commodities like palm oil and timber.



Large scale deforestation for palm oil in Boven Digoel in the southern part of Papua Province in Indonesia

Indonesia's forest-risk commodity sector is dominated by forestry or agribusiness conglomerates controlled by individuals or families.<sup>74</sup> Reports indicate that while many prominent forestry and agribusiness companies have made public sustainability commitments — including to the global No Deforestation, No Peatland and No Exploitation (NDPE) benchmark for responsible commodity production — their owners continue to financially benefit from exploitative and destructive practices by concealing their ownership or control of third-party suppliers and 'shadow companies'.<sup>75</sup> Others may have addressed deforestation in their own land banks but have failed to enforce a moratorium amongst their third-party suppliers, or investments, which continue to be exposed for the destruction of forests or peatlands.<sup>76</sup> Despite the failure of many of these companies to fully implement their NDPE commitments across their operations, supply chains, and investments, many of these corporate giants continue to supply major brands or receive finance from banks.

**The Consumer Goods Forum, Banking Environment Initiative, and other companies with published NDPE commitments, have failed to end deforestation associated with the expansion of forest-risk commodities. 2020 must be a year where these commitments are re-affirmed and accelerated actions are taken to implement them on the frontlines of forestry and industrial agriculture expansion.** To effectively implement NDPE standards, supply chain and financial actors must comply with NDPE requirements across the entire operations of each corporate group, including those entities which a NDPE producer exerts financial, managerial and operational control over.



New roads, clearing and logging of lowland rainforests continues in the Leuser Ecosystem. January 2020

# **EXPOSING BRANDS AND BANKS DRIVING DEFORESTATION**

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These **multinational brands and banks** together represent some of the most influential corporations **fueling the destruction of rainforests and the violation of human rights.**



Palm oil processing mill, Sumatra, Indonesia.  
PHOTO: Paul Hilton / RAN

Together, the multinational brands and banks listed here are some of the biggest corporate drivers of rainforest destruction and human rights abuses. Brands are connected through their sourcing of forest-risk commodities and banks provide investments and financial services to forestry and agribusiness companies driving the destruction. Table 1 below highlights: the global influence of each brand

**TABLE 1:** Summary of Brand and Bank Exposure to Forest-risk Commodities and Policy Responses



Company Name	Location(s) of Headquarters	Revenue * (USD Billion)	Exposure to Forest Risk Commodities
<b>BRANDS</b>			
Colgate-Palmolive	United States	\$15.69	
Ferrero	Luxembourg	\$11.56	
Kao	Japan	\$13.63	
Mars	United States	\$37.00	
Mondelēz	United States	\$25.87	
Nestlé	Switzerland	\$94.43	
Nissin Foods	Japan	\$4.09	
PepsiCo	United States	\$67.16	
Procter & Gamble	United States	\$67.68	
Unilever	Netherlands / UK	\$56.16	
<b>BANKS</b>			
ABN Amro	Netherlands	\$13.64	
BNI	Indonesia	\$5.23	
CIMB	Malaysia	\$6.48	
DBS	Singapore	\$15.10	
JPMorgan Chase	United States	\$142.42	
ICBC	China	\$159.71	
MUFG	Japan	\$57.17	

The methodology used for this assessment is available upon request

\* Revenue from either 2018 or 2019

and bank; their exposure through sourcing, investments, and financing to specific forest-risk commodity supply chains; risks of associations to deforestation and human rights abuse; and if they have responded to the growing global concerns through the publication of NDPE policies and disclosure of their forest footprint.



Risk of Deforestation and Human Rights Abuses (High, Medium, Low)	NDPE Policy (Y / N)	Full Scope of NDPE (Y / N / Partial)	Forest Footprint Disclosure (Y / N / Partial)
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High	Yes	Partial	No
High	Yes	No	No
High	Yes	Partial	No
High	Yes	Partial	No
Hlgh	Yes	No	No
High	Yes	Partial	No
High	No	N/A	No
High	Yes	Partial	No
High	Yes	No	No
High	Yes	Partial	No

High	Yes	Partial	No
High	No	N/A	No
High	No	N/A	No
High	Yes	No	No
High	No	N/A	No
High	No	N/A	No
High	No	N/A	No

Rainforest Action Network contacted the brands and banks listed above regarding naming their company in this report. A number of responses were received, or meetings held with the recipients. Assessments were updated to reflect the latest published data. Summaries of responses received before and after publication are available at [RAN.org/keepforestsstanding\\_responses](http://RAN.org/keepforestsstanding_responses)

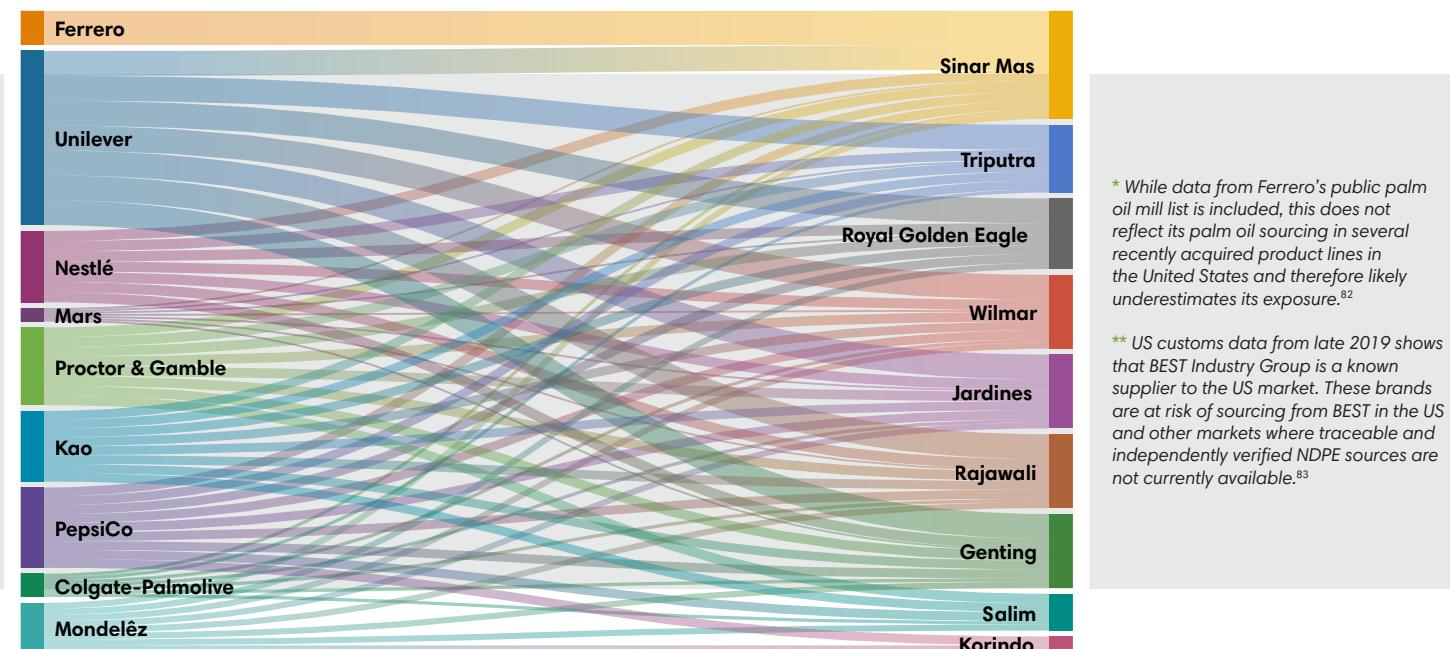
# BRANDS DRIVING DEFORESTATION AND RIGHTS VIOLATIONS

The supply chains feeding multinational brands, especially those in the fast-moving consumer goods (FMCG) sector, have a major and immediate impact on forests. FMCG companies create non-durable goods such as packaged foods, beverages, toiletries, and other consumable products that are sold quickly and at a relatively low cost. This demand for cheap goods is driving deforestation and harming local and Indigenous communities, too often in contravention of the companies' own environmental and human rights policies, as well as in violation of local and national laws and international norms.

Rainforest Action Network is highlighting the role of the following ten brands: Colgate-Palmolive, Ferrero, Kao, Mars, Mondelēz, Nestlé, Nissin Foods, PepsiCo, Procter & Gamble, and Unilever. In a year these companies netted more than USD 390 billion in revenue.<sup>77</sup> Together they sourced more than 3,500,000 metric tons of palm oil in 2018 (the only commodity which is fully reported on).<sup>78</sup> Meanwhile, their collective impact on forests, Indigenous Peoples and local communities through sourcing pulp and paper, beef, soy, cocoa, and other forest-risk commodities from direct and third-party suppliers remains untold, as none are transparently disclosing the full extent of their forest footprint. Of these brands, only Nestlé and Mars disclose supplier lists across all forest-risk commodities, and we consider that none have credibly verified that their sourcing is free of deforestation, peatland expansion, or human rights abuses.<sup>79</sup> In fact, in our view the limited data that is available shows these brands have been complicit in the destruction of millions of hectares of tropical rainforests and peatlands in Indonesia through their sourcing from, or investments and business deals with, forestry and agribusiness giants.

Diagram 1 below identifies the specific relationships between the nine brands which have disclosed their palm oil mill lists — Colgate-Palmolive, Ferrero, Kao, Mars, Mondelēz, Nestlé, PepsiCo, Procter & Gamble, and Unilever — and the operations of 10 notable forestry and agribusiness companies involved in the production of palm oil, pulp and paper, timber and other forest-risk commodities in Indonesia.<sup>80</sup> Best Industry Group, Genting Group, Jardines Group, Korindo Group, Rajawali Corpora, Royal Golden Eagle, Salim Group, Sinar Mas Group, Triputra Group, and Wilmar International are ten of the most influential corporate groups in Indonesia and are responsible for the logging and deforestation of vast areas of rainforests and peatlands stretching from the island of Sumatra to Borneo, Sulawesi, and increasingly to the eastern islands of Maluku and West Papua and Papua — the Indonesian provinces of New Guinea.

**DIAGRAM 1:** Exposure of Influential Brands to Forest-risk Companies in Indonesia  
(source: companies' self-disclosed palm oil mill lists 2017- 2019).



Unlike the nine companies above, Nissin Foods has not taken the critical step of adopting a NDPE policy or disclosing the palm oil mills or forest-risk commodity suppliers from which it sources. It remains highly exposed to deforestation and human rights abuses, as significant quantities of forest-risk commodities are imported to Japan, and other countries where their products are manufactured, from Indonesia. Top palm oil importers to Japan are Sinar Mas Group, Royal Golden Eagle, and Wilmar, while Sinar Mas Group and Royal Golden Eagle also import significant amounts of pulp and paper. Instead of making a clear commitment to end deforestation and human rights abuses for forest-risk commodities which it sources, Nissin Foods has continued to rely on inadequate certification schemes such as the Roundtable on Sustainable Palm Oil (RSPO) and Programme for the Endorsement of Forest Certification (PEFC).

For a decade, since making individual and collective commitments to end deforestation for palm oil, pulp and paper, soy and beef, these brands have failed to: enforce a moratorium on deforestation; establish transparent and robust deforestation and peatland monitoring and response systems; verify that suppliers have proof of legal titles to lands they manage and respect the rights of Indigenous and local communities to oppose logging and the expansion of agricultural commodities on their lands; or achieve traceability to the plantation or farms where commodities sourced are produced.<sup>81</sup> Instead of achieving the implementation of their NDPE policies, many brands have relied on sourcing commodities via discredited certification systems that mix controversially sourced materials with certified content in products to keep costs low while enabling brands to claim to their consumers (we would say misleadingly) that their products are made using so-called 'sustainable' raw materials.

The case for change remains as strong for brands in 2020 as it was in 2010 when this collective of companies and hundreds of others in the Consumer Goods Forum pledged to eradicate deforestation in global supply chains. These brands must immediately adopt and/or accelerate the implementation of robust NDPE policies, disclose their forest footprint and impacts on Indigenous Peoples and local communities affected by logging or the expansion of industrial agriculture, and drop any corporate group supplier or investee or joint venture partner that fails to fully comply with these policies or transparently implement corrective actions to remedy negative impacts. Brands also have a role to play in advocating for enabling laws and regulations in producer and consumer countries that address the underlying causes of deforestation, peatland clearance, and adverse environmental and social impacts.



# **BANKS DRIVING DEFORESTATION AND RIGHTS VIOLATIONS**

Banks have a powerful and unique role in deciding the future of the world's forests. From skyscraper boardrooms in financial hubs around the world, bankers sign-off multimillion-dollar deals that enable companies to clear forests and harm Indigenous Peoples and local communities. This finance is routinely approved in contravention of banks' own environmental and human rights commitments and flows even when clients are known to operate in violation of local and national laws.

Bank finance which fuels deforestation, and the global supply chains driving the demand, is estimated to run into hundreds of billions of dollars per year. Research carried out by [ForestsAndFinance.org](https://ForestsAndFinance.org) shows that in just the last five years, more than USD \$48 billion in loans and underwriting was provided to the forest-risk sector operations of 100 companies directly connected to Southeast Asian tropical deforestation. These sums illustrate the scale of the economic forces perpetuating deforestation and the related climate and human rights crises.

The bulk of this money affecting Southeast Asia originates from banks headquartered in China, Indonesia, Japan, Malaysia, and Singapore, but banks in Europe and the United States are also fueling the problem. In the critical year of 2020, Rainforest Action Network is highlighting the role of seven influential banks — one bank from each of these financial hubs. While these banks represent a spectrum in terms of their stated commitment to stop funding deforestation and rights abuses, what they have in common is a failure to implement their commitments in practice. These seven banks — and the banking sector as a whole — are either failing to do proper checks on their clients or are choosing to ignore and hide the real impacts of their financing on forests, the climate and on Indigenous Peoples and local communities.



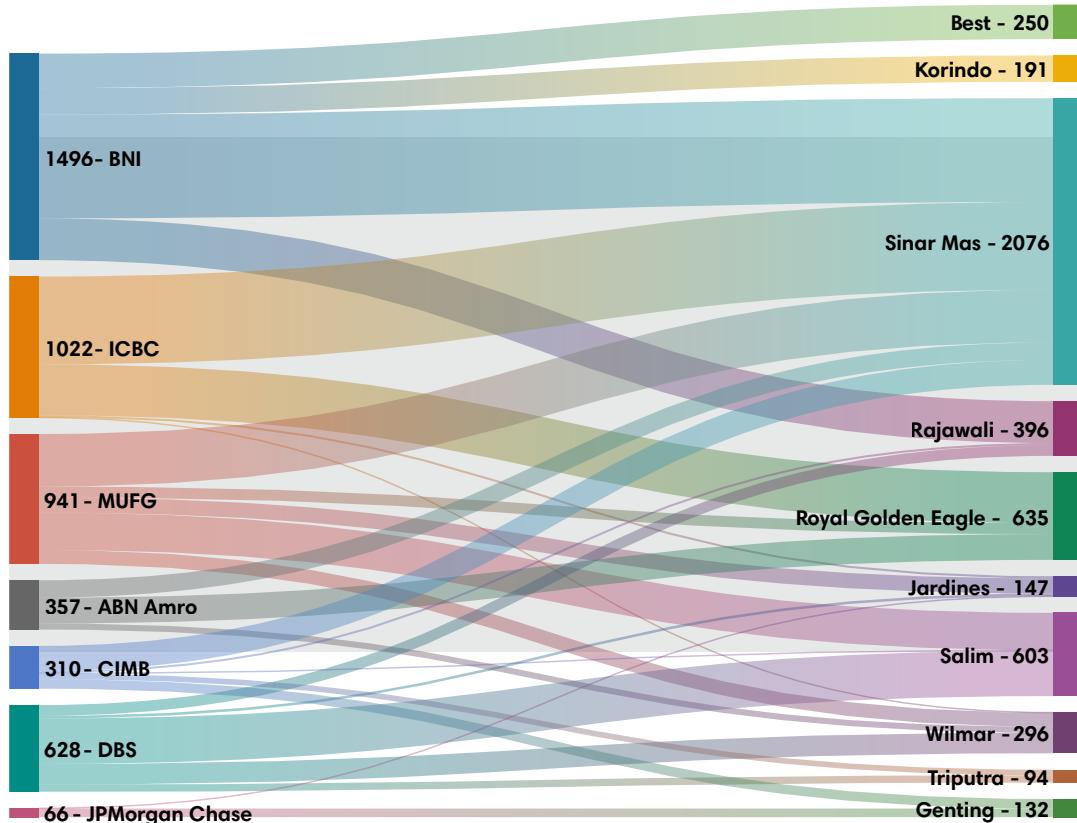
Diagram 2 below identifies recent financing between these seven banks and the forest operations of the ten forestry and agribusiness companies named in this report, which are directly involved in the production of palm oil, pulp and paper, timber and other forest-risk commodities in Indonesia. Through their support to these notorious corporate groups, this collective of banks is complicit in the destruction of critically important tropical rainforests and peatlands, as well as land grabbing and other human rights violations.

Banks provide money to forestry and agribusiness companies for acquisitions and mergers, to expand operations into new forest frontiers, to build new processing facilities such as palm oil or pulpwood mills, to refinance debt, and for general working capital. **As decision-makers for which companies get financing and which don't, banks have a unique ability — and responsibility — to keep forests standing.**

Banks have two choices with respect to forest-risk commodity clients. One: they can condition loans on their clients meeting strict environmental and social standards — consistent with NDPE policies. Or two: they can continue to profit from forest loss and human rights abuses and risk financial or reputational risk. Sadly, global finance largely continues along the lines of option two; that must change.

All banks must immediately adopt and/or accelerate the implementation of robust NDPE policies, know and disclose their forest footprint and impacts on Indigenous Peoples and local communities affected by logging or the expansion of industrial agriculture, and drop any corporate group clients that fail to fully comply with these policies or implement corrective actions to remedy negative impacts. Financial regulators also have a critical role in demanding transparency in the financial system. They should urgently adopt or strengthen regulations that compel banks to disclose and address the environmental and social impacts that they cause through the provision of financial services.

**DIAGRAM 2:** Loans and Underwriting from Influential Banks to Forest-risk companies in Indonesia  
(USD Million, 2015-August 2019, source: [forestsandfinance.org](http://forestsandfinance.org)).





# INTRODUCING SOME OF THE MOST INFLUENTIAL BANKS YOU MAY NOT KNOW



- » Dutch state-owned bank and major lender to forest-risk companies operating in Southeast Asia
- » NDPE-compliant policies and is a founding member of the UN Principles for Responsible Banking
- » Continues to finance palm oil and pulp & paper companies that operate in violation of its NDPE policies



- » Indonesian state-owned bank and major lender to forest-risk companies operating throughout the country
- » Recently adopted sustainable finance principles including basic forestry and agribusiness policies
- » Continues to finance multiple companies implicated in illegal operations involving widespread deforestation, rights abuses, and poor financial governance



- » Malaysian government-linked bank operating throughout ASEAN region, major lender to forest-risk companies
- » Has basic environmental and social commitments in place and is a founding member of the UN Principles for Responsible Banking
- » Continues to finance forest-risk companies that operate in violation of its policies, including those implicated in Southeast Asia's recurring fires and toxic haze



- » Singapore government-linked bank and largest bank in Southeast Asia by total assets
- » Has adopted a partial NDPE policy (covering financing to clients in the palm oil sector)
- » Continues to finance forest-risk companies in violation of its NDPE policies, including those implicated in Southeast Asia's recurring fires and toxic haze



- » Chinese state-owned bank and largest bank in the world by total assets, and a major financier to the pulp and paper sector
- » Subject to China's Green Credit Guidelines and is a founding member of the UN Principles for Responsible Banking
- » Continues to finance companies implicated in deforestation, rights violations and poor financial governance



- » Largest bank in the United States by total assets, with major investments in forest-risk commodity supply chains globally
- » Only Wall Street Bank to sign the Soft Commodities Compact, committing to ensure client operations cause zero net deforestation
- » Continues to finance companies involved in the production and trade of commodities driving deforestation and rights violations



- » Largest bank in Japan by total assets and parent company of Union Bank in California, with significant financing of Southeast Asian forest-risk companies
- » Signatory to the UN Principles for Responsible Banking and recently adopted basic forest sector policies, though not NDPE-compliant
- » Continues to finance companies implicated in illegality, deforestation, rights violations and poor financial governance, in violation of its policies

# **EXPOSING THE FORESTRY AND AGRIBUSINESS GIANTS**

## On the Frontlines of Deforestation and Rights Violations

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Indonesia's palm oil and pulp and paper industries are dominated by a small number of conglomerates, owned and controlled by powerful Indonesian tycoons or family groups, as well as foreign investors from Singapore, Scotland and South Korea.<sup>84</sup> These conglomerate groups are the producers, processors, and traders of forest-risk commodities — the companies that brands source from and banks finance. They share a legacy of environmental destruction and conflicts with Indigenous Peoples and local communities resulting from the expansion of industrial logging and plantation development across Indonesia. Their business decisions have an immense impact on the future of Indonesia's forests and other issues like Indigenous Peoples' rights and labor rights. Their plans to expand into new markets, outlined below, threaten to increase pressure on the last tropical rainforests in Indonesia and other tropical forest regions.

**This report highlights ten of the largest corporate groups that have benefited from the widespread logging and deforestation of Indonesia's rainforests for timber, palm oil, and pulp and paper: Best Industry Group, Genting Group, Jardine Matheson Group, Korindo Group, Rajawali Corpora, Royal Golden Eagle, Salim Group, Sinar Mas Group, Triputra Group, and Wilmar International.**

Each of these corporate groups controls over 100,000 hectares of oil palm plantations, or in the cases of the pulp and paper giants Sinar Mas Group and Royal Golden Eagle, millions of hectares of plantations.<sup>85</sup> Over five million hectares of Indonesia's lands are managed by this powerful collective of forestry and agribusiness giants, including stands of rainforests and peatlands that are 'undeveloped' within areas allocated to them by the government or set-aside as conservation areas. Collectively this group has a massive forest footprint.

Together, the group processes over 30 million tonnes of refined palm oil products each year.<sup>86</sup> Wilmar International alone controls about 45% of the global palm oil market and has a supply chain covering 14.8 million hectares of plantations.<sup>87</sup> Wilmar — along with Sinar Mas Group, Royal Golden Eagle, and Best Industry Group — are in the top five processors of palm oil in Indonesia and control 66% of Indonesia's refining capacity.<sup>88</sup> Wilmar, Sinar Mas, Royal Golden Eagle and Best Industry Group are also four of the largest approved processors of palm-oil-derived biofuels in Indonesia — a growing market. They are also major manufacturers of palm-oil-laden consumer products for domestic consumption in Indonesia, and in other major markets like India, China and Africa. Most of these palm oil giants have plans for growth and are building new processing facilities in Indonesia and abroad where palm oil markets are on the rise, including in India, China and Central Africa. Some of these companies continue to expand their plantation estates and mid-stream processing facilities in new forest territories in Central and West Africa and Brazil — the home of the tropical rainforests of the Congo Basin and the Amazon.

The ten forestry and agribusiness giants operate vast networks of palm oil suppliers. There are over 900 supplying palm oil mills in Indonesia alone.<sup>89</sup> Seventy five palm oil refineries operate 24-hours-a-day on islands stretching from Sumatra to Sulawesi, each with 50-100 supplying mills that produce approximately 45 million tonnes of palm oil each year, which is shipped across the globe to a network of 135 refineries in 16 countries.<sup>90</sup> Thousands of corporate-owned plantations are providing millions of tonnes of oil palm fruit, in addition to community forestry operations and smallholder oil palm farms.

Indonesia's pulp and paper sector is dominated by the Sinar Mas Group and Royal Golden Eagle group. Together they control over four million hectares of land through their forestry arms Asia Pulp and Paper Group (APP) and Asia Pacific Resources International Limited (APRIL) respectively. With their third party suppliers, they control 95% of Indonesia's pulp market, via their own pulp and paper mills and supplier operations that are spread across Sumatra, Kalimantan and Papua.<sup>91</sup> This represents a total production capacity of roughly 10 million tons of pulp in 2018.<sup>92</sup> Sinar Mas's palm oil arm — Golden Agri Resources — and Royal Golden Eagle's palm oil producer and processor company Asian Agri, along with their processor and trader APICAL, also have significant stakes in the Indonesian and global palm oil market.<sup>93</sup>

The table below summarizes the influence, beneficiaries and ongoing exposure of each corporate group to deforestation and human rights violations in their operations and/or forest-risk commodity supply chains.

**TABLE 2:** Influence and Impacts of the Ten Forestry and Agribusiness Giants.

Corporate Group Name	Location(s) of Headquarters	Beneficiaries	Producer of Forest-Risk Commodities	Commodities Landbank (Hectares)
<hr/>				
Best Industry Group	Indonesia	Mr. Rendra and Winarno Tjajadi		~200,000
Genting Group	Malaysia	Mr. Tan Sri Lim Kok Thay		247,400
Jardine Matheson Group	London, registered in Bermuda	Keswick Family		285, 025
Korindo Group	Indonesia	Mr. Eun-Ho-Seung		549,000
Rajawali Corpora	Indonesia	Mr. Peter Sondakh		343, 842
Royal Golden Eagle	Singapore	Mr. Sukanto Tanoto		1.16 million
Salim Group	Hong Kong, Singapore and Indonesia	Mr. Anthony Salim		550,000
Sinar Mas Group	Singapore and Indonesia	Eka Tjipta Widjaja's family		3.1 million
Triputra Group	Indonesia	Mr. Theodore Permati Rachmat & Arinit Subianto		302,000
Wilmar International	Singapore	Mr. Robert Kuok & Khoon Hong Kuok		> 415, 208

\* Controlled by Corporate Group



Palm



Soy



Timber



Pulp &amp; Paper



Beef



Other

**Processor of Forest-Risk Commodities\*****Deforestation in Landbanks\***  
(High, Medium, Low)**Human Rights Abuses in Operations\***  
(High, Medium, Low)**Associated with Deforestation and Human Rights Abuses in Third Party Supply Chain and Investments**  
(High, Medium, Low)**Forest Footprint Disclosure**  
(Y / N / Partial)

	High	High	High	No
	High	High	High	No
	Medium	High	High	No
	High	High	High	No
	High	High	High	No
	Medium	High	High	Partial
	High	High	High	No
	Low	High	High	Partial
	High	High	High	No
	Low / Medium	High	High	No

Rainforest Action Network contacted the companies lists above and requested the latest published data to inform our assessment. A number of responses were received, and our assessments were updated to reflect the latest published data. Summaries of responses received before and after publication are available at: [RAN.org/keepforestsstanding\\_responses](http://RAN.org/keepforestsstanding_responses)

The methodology used for this assessment is available upon request

Royal Golden Eagle, Sinar Mas Group and Wilmar International have adopted NDPE policies to prohibit deforestation, peatland development, and the violation of human rights within lands, investments and supply chains under their control.<sup>94</sup> To date, each corporate group has failed to disclose evidence to prove that their operations and the footprint of their supply chains have been independently verified as free of deforestation, forest or peatland degradation, or human rights violations. Given their collective failure to end deforestation in palm oil and pulp and paper supply chains by the 2020 deadline of their business partners—the brands and banks—it is clear that they must each scale up efforts. They must identify and halt logging and deforestation of Indonesia's rainforests and any new development on peatlands, respect rights in all new development areas, and deliver remedy for the social and environmental crisis facing Indonesia and its peoples as a result of decades of irresponsible logging and industrial agricultural practices.

Best Industry Group,<sup>95</sup> Genting Group,<sup>96</sup> Rajawali Corpora,<sup>97</sup> and Triputra Group<sup>98</sup> have lagged behind their peers as to date they have not published policies that align with NDPE requirements set by major brands and banks. These rogue actors have continued to expand, including into new forest frontiers in Kalimantan, Sulawesi and Papua—some of the areas of tropical rainforests at greatest risk of logging or deforestation for palm oil and pulp and paper in Indonesia.<sup>99</sup>

Jardine Matheson<sup>100</sup> and the subsidiaries of the Salim Group<sup>101</sup> have adopted policies that refer to commitments to 'No Deforestation' and 'No Peatland', but lack requirements to comply with international human and labor rights norms, or certification schemes such as Roundtable on Sustainable Palm Oil (RSPO) and Forestry Stewardship Council (FSC). IndoAgri, a subsidiary of the Salim Group, has adopted a published policy that claims the company is committed to not clearing High Conservation Value and High Carbon Stock areas.<sup>102</sup> However, this policy only applies to IndoAgri, not all companies associated with Anthoni Salim, the head of the family-run Salim Group, such as IndoGunta Group. IndoGunta Group, formerly known as Gunta Sumba, controls heavily forested concession areas at risk of deforestation in Papua and West Papua.<sup>103</sup>

A number of these corporations claim to be implementing No Deforestation commitments,<sup>104</sup> but many have failed to demonstrate publicly how they are applying the High Carbon Stock Approach—the global methodology for implementing No Deforestation commitments—in all new development areas, at a corporate group level. Not a single corporate group has published evidence proving that they have enforced a moratorium on deforestation and peatland development across their global operations and succeeded in requiring third-party suppliers, and companies in which they have investments or third party ventures, to do the same.

**Not a single corporate group** has published evidence proving that they have **enforced a moratorium on deforestation and peatland development across their global operations** and succeeded in requiring third party suppliers and companies in which they have investments or joint venture partnerships, to do the same.



Sinar Mas Group and Wilmar International were the first large forestry and agribusiness companies to commit to No Deforestation practices and have continued since 2015 to push back deadlines for compliance for third party suppliers or to claim ‘no knowledge of, or limited control over, third-party suppliers.<sup>105</sup> Wilmar has committed to end deforestation, peatland development and exploitation by the end of 2020.<sup>106</sup> Sinar Mas’s palm oil arm Golden Agri Resources commitment is to achieve traceability, not ending deforestation, by the end of the year.<sup>107</sup> Despite these commitments, both have failed to publish maps showing their forests footprints and the effectiveness of their mechanisms to enforce the moratorium on deforestation, and application of the High Carbon Stock Approach (HCSA), by third party suppliers.

The Salim Group has not disclosed information on High Carbon Stock assessments it claims it has conducted, so it is unclear if it is applying the HCSA methodology, or implementing correct procedures to seek consent from Indigenous Peoples and local communities for development on their lands.<sup>108</sup> The Korindo Group — a company responsible for recent large-scale clearance of primary forest and violations of Indigenous Peoples’ and community rights<sup>109</sup> — has recently adopted a No Deforestation commitment, but it has so far failed to pass the quality assurance process of the HCSA due to its failure to conduct adequate participatory mapping with individual community rights holders and secure consent via procedures detailed in the HCSA’s social requirements.<sup>110</sup>

The policies and practices of this collection of ten forestry and agribusiness corporate groups will continue to have a significant impact on the fate of Indonesia’s remaining tropical rainforests, peatlands, and communities, and ultimately on the success, or failure, of brands and banks to eliminate deforestation and rights violations from their supply chains, investments and financial portfolios.

**Brands and banks have a responsibility to demand more from this collection of forestry and agribusiness giants and to make doing business untenable for rogue actors failing to adopt and comply with No Deforestation, No Peatland and No Exploitation (NDPE) policies.**

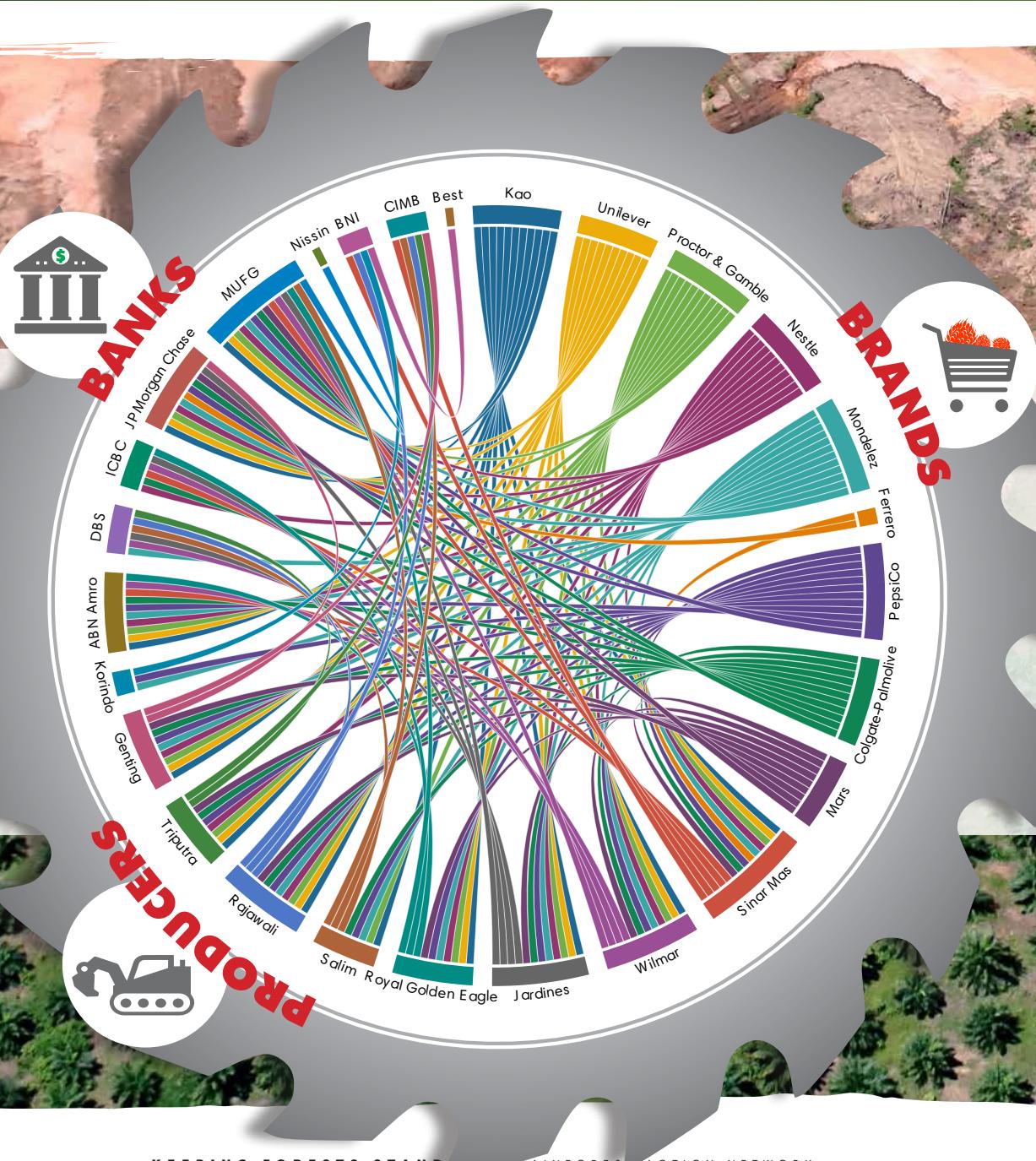
# THE CIRCLE OF DESTRUCTION:

## Connections Between Brands, Banks and Forestry and Agribusiness Giants

Diagram 3 below illustrates how each of the brands and banks is connected to each other and the forestry and agribusiness companies known to be actively causing, or contributing to deforestation and human rights violations in Indonesia. Each group of actors is culpable and reliant on each other's role in this circle of destruction.

Brands continue to source cheap commodities produced or sold by these forestry and agribusiness giants to make their fast-moving consumer goods products. The brands are able to grow their market share and expand their manufacturing and retailing businesses into new geographies, through the use of the profits generated from the sale of these products in addition to financing flowing from their bankers, including ABN Amro and JPMorgan Chase — two of the largest banks in the US and Europe with long-standing commitments to address deforestation.

**DIAGRAM 3:** Connections Between Brands, Banks and Forestry and Agribusiness Giants



Similarly, the financing from banks supports the forestry and agribusiness companies in paying for production costs and securing the capital needed to expand industrial plantations or build new roads and processing facilities in new forest regions in Indonesia, the Congo Basin and the Amazon. The funding of these growth strategies by banks enables these corporate groups to maintain and maximize their control of forest-risk commodity supply chains and expand the deeply flawed industrial-scale plantation development model into the last intact forest landscapes and traditionally managed forests on the planet.

**Together, the actions and interdependencies of these actors are enabling deforestation and human rights abuses. To end deforestation and the violence, intimidation, and land grabbing experienced by Indigenous Peoples and local communities, we must draw a line in the sand and make 2020 a year of change, not more broken promises.**

*This graphic is based on data accurate as of 2015-2019.*

**KEY:**

**Producer-Brand Lines** = Supply chain connections and business partnerships with forest risk companies (2018-2019 Palm Oil Mill Lists and supporting documents)

**Bank-Producer Lines** = Loans and underwriting to forest-risk companies (2015-August 2019)

**Brand-Bank Lines** = Loans and underwriting to Brands (2015-2019)

# 2020

# A YEAR TO KEEP FORESTS STANDING

and defend rights in the last rainforests

Forests, the communities at the frontlines of forest destruction, and the global climate are increasingly under threat. Now is the time to protect what's left. We must end deforestation and the expansion of logging and industrial agriculture into the last tropical rainforests in Indonesia, the Amazon, and the Congo Basin, including areas traditionally owned and managed by Indigenous Peoples and local communities. Governments need to secure communities' legal rights to their land, rather than handing the land over to corporations for forestry or commodity production. In turn, brands and banks must make good on their corporate commitments and solve the problems which they helped create.

Brands and their long-reaching supply chains, together with the banks providing the capital, are major drivers of the deforestation of tropical rainforests and the destruction of peatlands; the harm caused to Indigenous Peoples and local communities when their land rights are ignored; and the further destabilizing of our climate. Our store shelves are lined with products made at the expense of rainforests and human rights, and banks are using our money to invest in this destruction.

The brands, banks and forestry and agribusiness giants profiled in this report are engaged in a cycle of destruction and have a significant responsibility to the forests of Indonesia and beyond. Given their influence in the marketplace, the growing climate and biodiversity crises, and the increasing risks to Indigenous Peoples and land and environmental defenders, it is imperative that they make good on their commitments. Continuing to do business with companies that are complicit in deforestation and human rights abuses is indefensible.

United as customers and citizens, we're telling brands and banks that vibrant forests, healthy communities and a stable climate are worth more than a company's bottom line. We are demanding that these companies end the destruction of rainforests, carbon rich peatlands and the abuse of human rights. 2020 is the year to keep forests standing and respect human rights.

Join us at [RAN.org/keepforestsstanding](http://RAN.org/keepforestsstanding).

2020 is the year  
to **keep forests standing**  
and **respect human rights.**

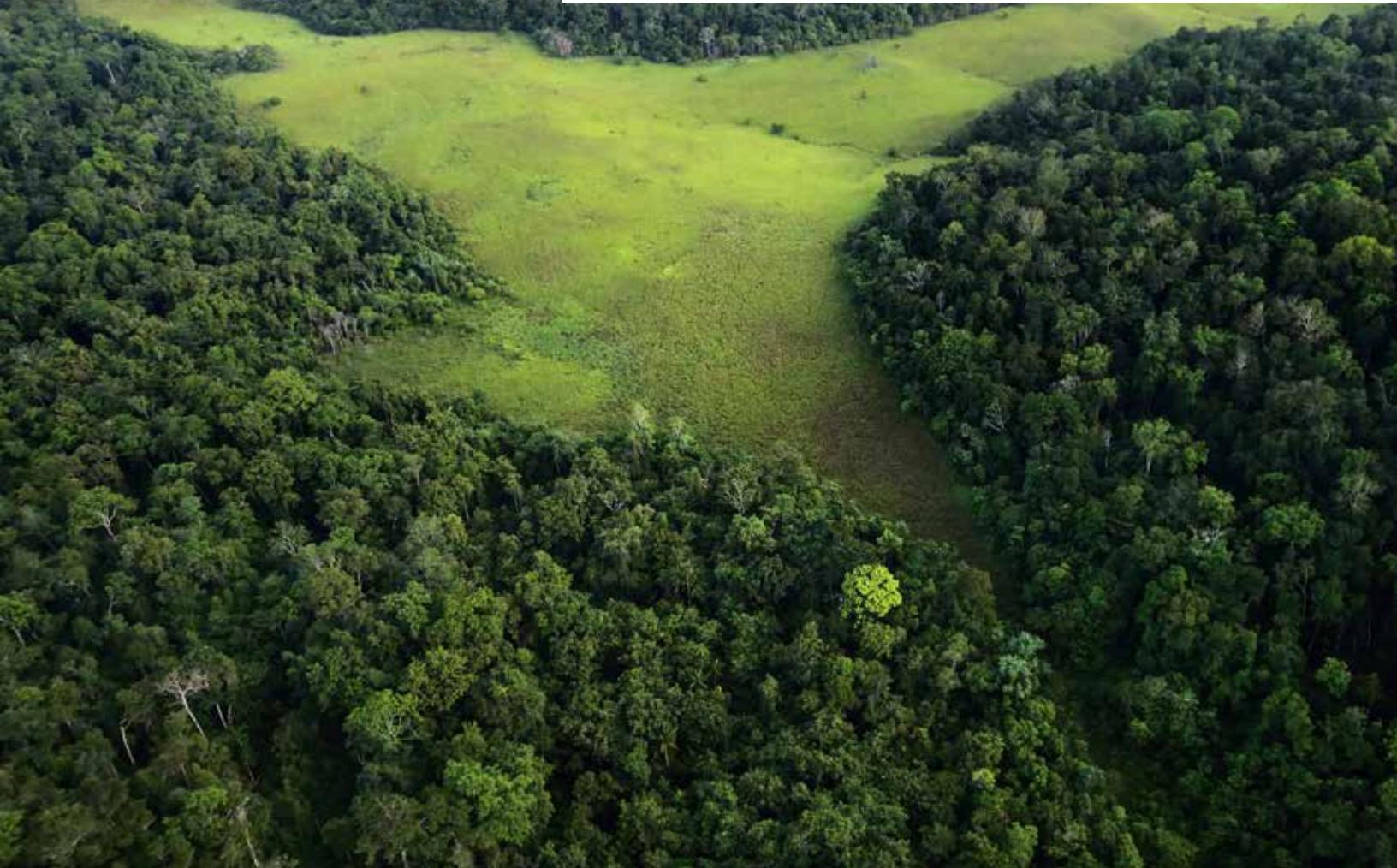


PHOTO: Nanang Sujana / RAN



Community run small-scale agriculture in the Leuser Ecosystem.

PHOTO: Paul Hilton / RAN





# ENDNOTES

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Cassowary  
PHOTO: Paul Hilton

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**Now is the time to protect what's left.**

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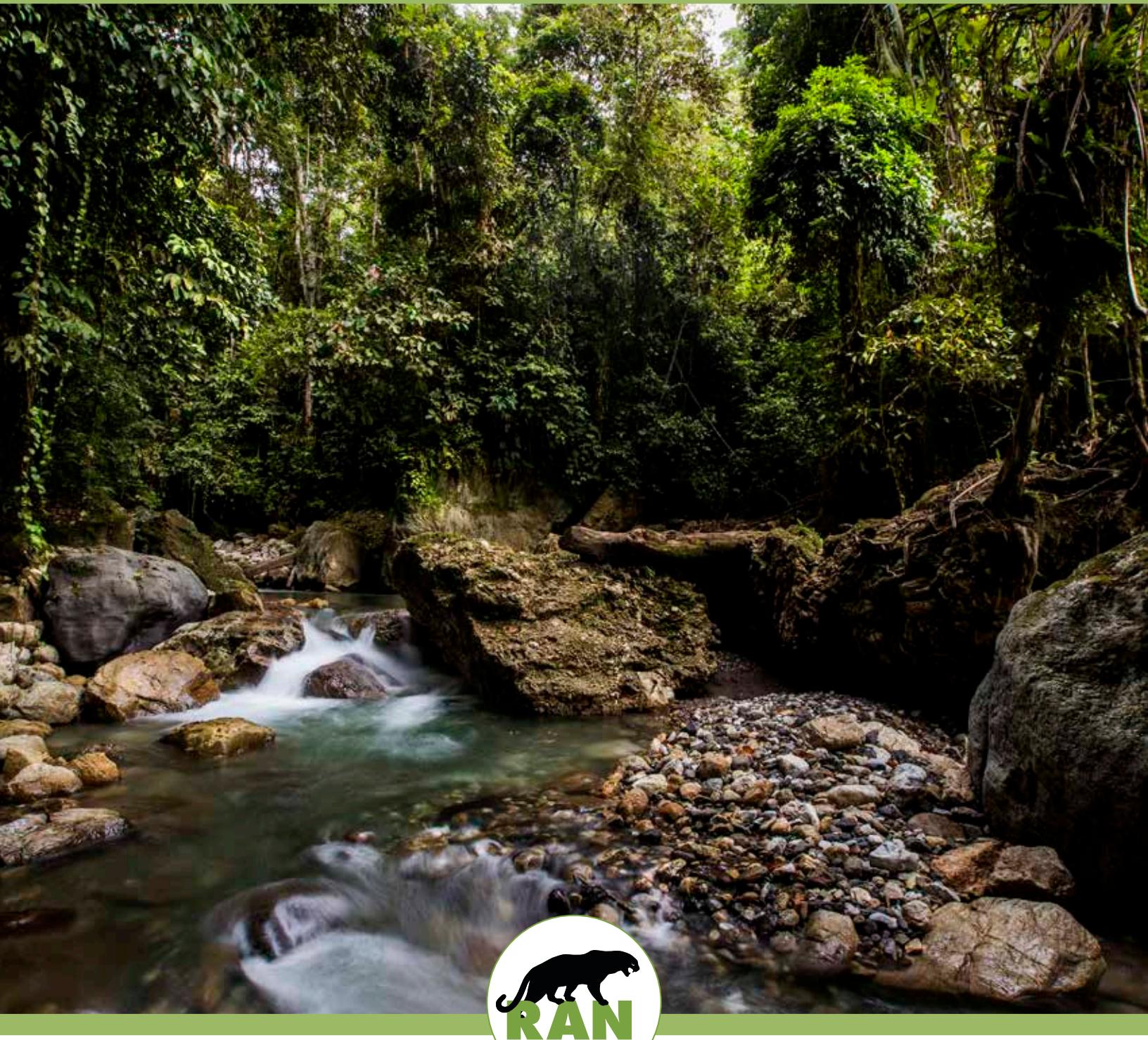
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Free flowing river in the Leuser Ecosystem, Sumatra, Indonesia.  
PHOTO: Paul Hilton / RAN