

# Unilever PALM OIL SUPPLIERS ARE LEADING AGGRESSIVE EXPANSION

## UNILEVER SUPPLIERS SINAR MAS, IOI, ADM-KUOK-WILMAR, SIME DARBY, MUSIM MAS, ASTRA AGRO AND ASIAN AGRI ARE PUSHING EXTINCTION

Unilever acknowledges that it has no idea where about 20% of its palm oil comes from. Of the remaining 80%, it knows the group supplying the palm oil, but not necessarily the concession areas from which it originates.<sup>53</sup>

Palm oil producers linked to Unilever include Sinar Mas, IOI, ADM-Kuok-Wilmar, Sime Darby, Musim Mas, Astra Agro and Asian Agri.

Greenpeace analysis of deforestation maps, satellite data of fire hotspots, and orang-utan distribution maps, as well as field investigations of oil palm operations in Central Kalimantan, show these Unilever suppliers laying claim to large tracts of forest and peatland, with devastating impacts on climate and biodiversity.

*'A scenario released by UNEP in 2002 suggested that most natural rainforest in Indonesia would be degraded by 2032. Given the rate of deforestation in the past five years, and recent widespread investment in oil palm plantations and biodiesel refineries, this may have been optimistic. New estimates suggest that 98% of the forest may be destroyed by 2022, the lowland forest much sooner.'*

**United Nations Environment Programme, 2007**



## UNILEVER'S TRADERS ARE DEALING WITH BAD COMPANIES

Many of the largest producers in Indonesia that supply Unilever directly are also traders. This means that a significant portion of the palm oil they sell may come from third parties as well as their own operations. In this way, the identity of groups heavily reliant on deforestation and peatland clearance is lost in the supply chain. Producer-traders include Sinar Mas, IOI, ADM-Kuok-Wilmar, Sime Darby, Musim Mas and Asian Agri.

Another significant palm oil refiner and trader,<sup>54</sup> RSPO member,<sup>55</sup> and supplier to Unilever is the agricultural commodity giant Cargill. It is the largest privately-owned company in the world.<sup>56</sup>

Industry sources confirm that roughly half of the palm oil imported into Europe by Cargill comes from Indonesia.<sup>57</sup> According to export data for 2007, Cargill's Singapore trading arm exported palm oil from 15 different oil palm concession holders in Indonesia.<sup>58</sup> These include some of Indonesia's largest palm oil producers: Sinar Mas, Wilmar, Musim Mas, Astra Agro and Asian Agri.<sup>59</sup>

Greenpeace has traced palm oil from a Cargill refinery in Europe to Knorr, one of Unilever's high profile brands. Cargill is also one of Unilever's European suppliers of palm oil for ice cream.<sup>60</sup>





## SINAR MAS IS INDONESIA'S LARGEST OIL PALM PLANTATION COMPANY

### SINAR MAS IS A MAJOR PLAYER IN THE PALM OIL SECTOR AND IS A MEMBER OF THE RSPO

Sinar Mas is a RSPO member through its oil palm plantation subsidiary PT SMART.<sup>61</sup>

The Sinar Mas Group accounts for almost 10% of palm oil production in Indonesia.<sup>62</sup> The Group produces not just crude palm oil, but also palm kernel oil and a wide range of refined products for both food and industrial purposes.<sup>63</sup>

In 2008, Sinar Mas branded itself 'No. 1 in Indonesia'<sup>64</sup> for total planted plantation area. This empire includes 360,000ha of plantation: some 213,000ha in Sumatra, 135,000ha in Kalimantan and 12,000ha in Papua.<sup>65</sup>

Sinar Mas claims to have 'the largest land bank in the world for new plantations'<sup>66</sup> and has publicly announced plans to expand its holdings by 1.3 million ha in the heavily forested province of Papua and in Kalimantan.<sup>67</sup> However, an internal company presentation obtained by Greenpeace indicates that the company plans to develop a rainforest area of up to 2.8 million ha in Papua.<sup>68</sup>

The Sinar Mas Group is involved in 'aggressive plantations expansion'<sup>69</sup> – 'the most aggressive new planting programme among the plantation companies'<sup>70</sup> – planting 53,000ha in 2007 with plans to plant at least 60,000ha in 2008,<sup>71</sup> representing a growth in plantation area of over a third in a two-year period.<sup>72</sup> Judging by past operations and known landbank, the vast majority of this will involve deforestation, some on peatlands and in critical orang-utan habitat.

### UNILEVER'S LINKS TO SINAR MAS

Despite Sinar Mas' 'legacy issues'<sup>73</sup> – including defaulting on most of the \$13.4 billion debt of its APP subsidiary in 2001<sup>74</sup> – Unilever has maintained a long-standing relationship with the company. A 1999 Sinar Mas document states: 'Our major customers include Cargill and Unilever. These sales were made through foreign brokers or directly to the importer located in the countries to which the products were exported.'<sup>75</sup> The Sinar Mas 2004 and 2006 Annual Reports<sup>76</sup> also indicate that Unilever has been an important client in 2003–2006, along with Nestlé and Carrefour.<sup>77</sup>

### SINAR MAS IS IMPLICATED IN RECENT OR ONGOING FOREST DESTRUCTION IN CENTRAL KALIMANTAN

- Deforestation on orang-utan habitat
- Deforestation on peatlands
- Fire hotspots
- Remaining forest on orang-utan habitat
- Remaining forest on peatlands







## IOI AND UNILEVER'S LONG HISTORY

### IOI IS A MAJOR PLAYER IN THE PALM OIL SECTOR AND IS A MEMBER OF THE RSPO

The IOI Group has a plantation land holding of nearly 170,000ha in Malaysia (of which 149,000ha is planted) and another 152,000ha in Kalimantan in Indonesia (of which 43,000ha is planted) via a joint venture,<sup>78</sup> with 72% of its Indonesian holdings yet to be planted. These holdings include 63,000ha in Central Kalimantan.<sup>79</sup>

IOI has been involved in oleo chemicals since 1980.<sup>80</sup> In 2006, IOI emerged as the world's largest producer of oleo chemicals – chemicals often derived from palm oil that are used in cosmetics, laundry detergents and other household products. IOI has a total fatty acid production capacity of 700,000 tonnes a year.<sup>81</sup>

In 2007, the Group produced 790,000 tonnes of crude palm oil representing more than 2% of global production.<sup>82</sup> It also produced 185,000 tonnes of palm kernel oil,<sup>83</sup> representing more than 4% of global production.<sup>84</sup>

In 2007, IOI is estimated to have produced around 180,000 tonnes of crude palm oil in Indonesia,<sup>85</sup> accounting for just over 1% of Indonesian production.

### UNILEVER'S LINKS TO IOI

IOI has had a long association with Unilever. In 2002–2003, IOI bought the palm oil refining company Loders Croklaan from Unilever<sup>86</sup> at the same time as it acquired Unilever's Malaysian oil palm plantations.<sup>87</sup> Announcing the deal, Unilever stated: 'Loders Croklaan will continue to supply Unilever with specialty products.'<sup>88</sup>

In 2007 and 2008, IOI Rotterdam confirmed that it supplies Unilever from its Dutch refineries.<sup>89</sup>

In 2008, Unilever named IOI as one of its principle suppliers.<sup>90</sup>

*'The proposed Joint Venture is in line with the Group's strategy of growing its core palm oil business [...]. It will provide immediate addition to planted hectareage as well as substantial suitable land bank for sustained business growth, hence providing the Group with the opportunity to capitalise on the very favourable outlook for the oil palm industry. The plantations [...] shall be cultivated in compliance with sustainable agricultural practices and principles in accordance with the principles and criteria of the Roundtable on Sustainable Palm Oil.'*

**IOI Announcement, 2007**

### IOI IS IMPLICATED IN RECENT OR ONGOING FOREST DESTRUCTION IN CENTRAL KALIMANTAN

- Deforestation on orang-utan habitat
- Deforestation on peatlands
- Fire hotspots
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- Remaining forest on peatlands





## ADM-WILMAR-KUOK IS ONE OF THE WORLD'S LARGEST PRIVATELY OWNED GROUPS

### THE ADM-KUOK-WILMAR ALLIANCE IS A MAJOR PLAYER IN THE PALM OIL SECTOR AND IS A MEMBER OF THE RSPO

Wilmar is a RSPO member. It claims to be the world's largest producer of palm oil based biodiesel.<sup>91</sup> The Group – effectively a shareholder alliance between ADM<sup>92</sup> and the Kuok family<sup>93</sup> – also controls about 570,000ha of concession area (just over a third of this has been cleared and planted), palm oil refineries and biodiesel plants across Indonesia and Malaysia.<sup>94</sup> Of this, some 493,000ha is in Indonesia.<sup>95</sup>

In 2007, Indonesian production for the Wilmar Group was around 540,000 tonnes of crude palm oil, accounting for more than 3% of Indonesia production.<sup>96</sup> Although Wilmar owns substantial concession areas, more than 55% of its palm oil production comes from third party plantations.<sup>97</sup>

The Kuok Group was founded by Robert Kuok Hock-Nien, the uncle of William Kuok, one of Wilmar's founders. According to Forbes, in 2005, Robert Kuok Hock-Nien was the richest man in Asia.<sup>98</sup>

The US-headquartered ADM claims to be the world's leading processor of agricultural crops and Europe's leader in biofuels.<sup>99</sup> The company also trades crude palm oil on the Chicago futures market (meaning contracts are signed and traded months ahead of delivery).<sup>100</sup> ADM is one of Cargill's main competitors in the palm oil sector,<sup>101</sup> although through Wilmar, the alliance also trades with Cargill.<sup>102</sup>

### UNILEVER'S LINKS TO ADM-KUOK-WILMAR

In a 2006 declaration to institutional investors, Wilmar announced that its key international customers include Procter & Gamble, Cargill, Unilever, Nestlé and China Grains & Oils Group Corporation.<sup>103</sup>

In the UK, most if not all of Unilever's palm oil is supplied by ADM.<sup>104</sup> The company operates a refinery immediately next door to Unilever's margarine factory outside London. Reported as the largest margarine factory in the world,<sup>105</sup> the Unilever factory produces brands such as Flora and Bertolli.<sup>106</sup> The ADM refinery handles more than 300,000 tonnes of edible oils a year, including palm oil.<sup>107</sup> In addition to supplying products to the Unilever factory, the company delivers products to a wide range of food factories around the UK and overseas.<sup>108</sup> Unilever also has trade links to the Kuok Group. For instance, Unilever Pakistan purchased almost 100 tonnes of palm kernel oil from the Group in August 2007.<sup>109</sup> Kuok Group is known to source palm oil from Astra Agro as well as other third-party suppliers.<sup>110</sup>

In 2008, Unilever named Kuok-Wilmar as one of its principle suppliers.<sup>111</sup>

### ADM-KUOK-WILMAR IS IMPLICATED IN RECENT OR ONGOING FOREST DESTRUCTION IN CENTRAL KALIMANTAN

- Deforestation on orang-utan habitat
- Deforestation on peatlands
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- Remaining forest on peatlands







## SIME DARBY – THE WORLD’S LARGEST OIL PALM PLANTATIONS COMPANY

### SIME DARBY IS A MAJOR PLAYER IN THE PALM OIL SECTOR AND IS A MEMBER OF THE RSPO

The 2007 merger of Sime Darby, Golden Hope Plantations and Kumpulan Guthrie established Sime Darby Plantation as the world's largest palm oil producer, with the potential of producing 8% of the world's total palm oil output.<sup>112</sup> This publicly-listed group, which runs plantations, refineries and biodiesel plants across Indonesia and Malaysia,<sup>113</sup> is controlled by the Malaysian government.<sup>114</sup>

Sime Darby is a RSPO member.<sup>115</sup>

The Group is focusing on Indonesia for expanding its business.<sup>116</sup>

With total plantation assets of nearly 550,000ha, Sime Darby's nearly 200,000ha of oil palm concessions in Indonesia makes up for more than a third of its total holdings.<sup>117</sup> Prior to the merger, Golden Hope controlled a total area of 60,000ha in West Kalimantan, Indonesia, of which 13,000ha were planted with oil palms.<sup>118</sup> Kumpulan Guthrie owned and operated 56 plantation estates in Indonesia with a total land area of 220,000ha spread over Sumatra, Kalimantan and Sulawesi,<sup>119</sup> of which 175,000ha had been planted.<sup>120</sup>

In 2007, Indonesian production for the Sime Darby Group was around 800,000 tonnes of crude palm oil, accounting for nearly 5% of Indonesia production.<sup>121</sup>

### UNILEVER’S LINKS TO SIME DARBY

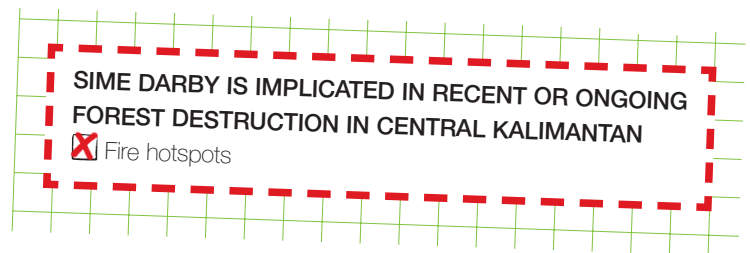
The Group is a major supplier to Unilever.<sup>122</sup>

There is a long standing relationship between Unilever and companies now part of Sime Darby Group.

In 2002, Golden Hope bought Unimills, Unilever's oil refinery in Rotterdam in The Netherlands.<sup>123</sup> Unimills is the second largest diversified oil and fats blend manufacturer in Europe<sup>124</sup> – an industry that uses large quantities of palm oil. A recent announcement by Sime Darby confirmed that Unilever is a major customer of the Golden Hope (now Sime Darby) Unimills refinery in Rotterdam.<sup>125</sup>

In 2008, Unilever named the Sime Darby Group, including Golden Hope and Kumpulan Guthrie, as one of its principle suppliers.<sup>126</sup>

Golden Hope is known to trade palm oil sourced from the Musim Mas Group in Indonesia.<sup>127</sup>



*'We are the first plantation company in Malaysia to receive the Global 500 Award by the United Nations Environment Programme (UNEP) for our "Zero Burning" practices.'*

**Golden Hope (now part of Sime Darby)**



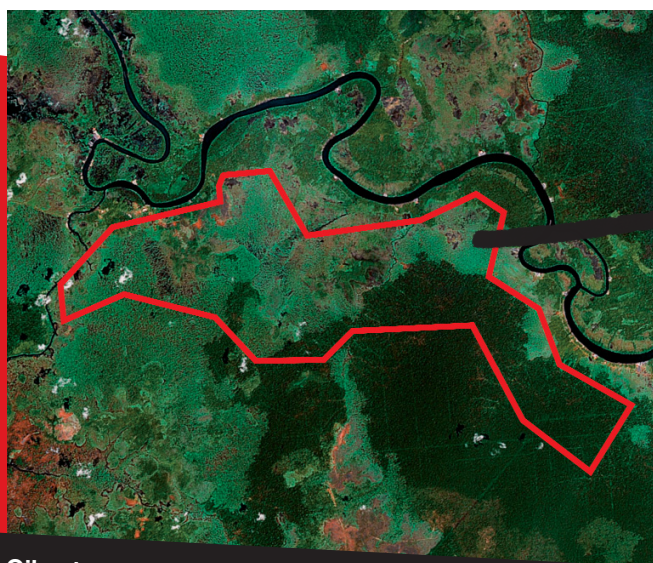
## MUSIM MAS

### MUSIM MAS IS A MAJOR PLAYER IN THE PALM OIL SECTOR AND IS A MEMBER OF THE RSPO

In 2006, Musim Mas had 126,000ha of landholdings in Indonesia,<sup>128</sup> over half of these in Central Kalimantan.<sup>129</sup>

In 2007, the Group produced around 300,000 tonnes of crude palm oil, accounting for 2% of Indonesia's production.<sup>130</sup>

The company seeks RSPO certification for all of its operations. This includes certification of the Central Kalimantan concession PT Globalindo Alam Perkasa in September 2009. As of December 2007, 2,531ha of this concession (15%) was reported planted.<sup>131</sup> Greenpeace has evidence that in December 2007, a baby orang-utan was captured in this concession area, indicating that it has high conservation values (HCV). The concession is located on peat,<sup>132</sup> in some areas over 4 metres deep, and had fire hotspots in 2006 and 2007,<sup>133</sup> implying recent clearance.



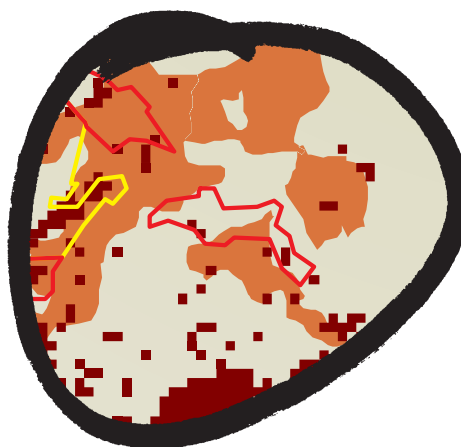
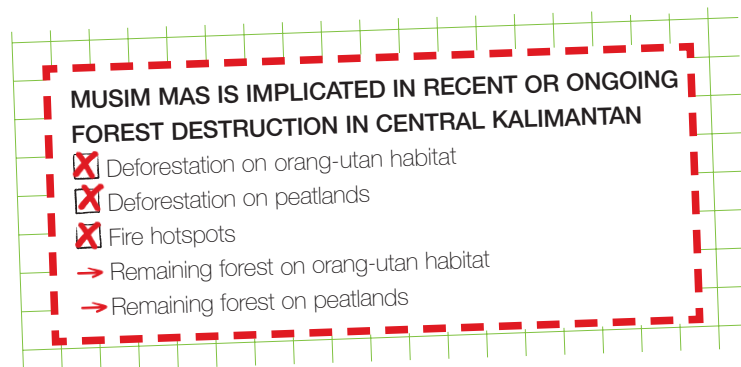
Oil palm concession PT Globalindo Alam Perkasa controlled by Unilever supplier Musim Mas. The Google Earth image shows significant forest cover within the concession boundaries. The first detail map shows 2004 orang-utan habitat and deforestation 2000–2007. The second map shows peatland areas and 2006–2007 fire hotspots. This suggests active deforestation in the concession.

### UNILEVER'S LINKS TO MUSIM MAS

Unilever supplier Golden Hope is known to source palm oil from the Musim Mas Group in Indonesia.<sup>134</sup>

Unilever trader Cargill is known to source palm oil from the Musim Mas Group in Indonesia.<sup>135</sup>

In 2008, Unilever named Musim Mas as one of its principle suppliers.<sup>136</sup>



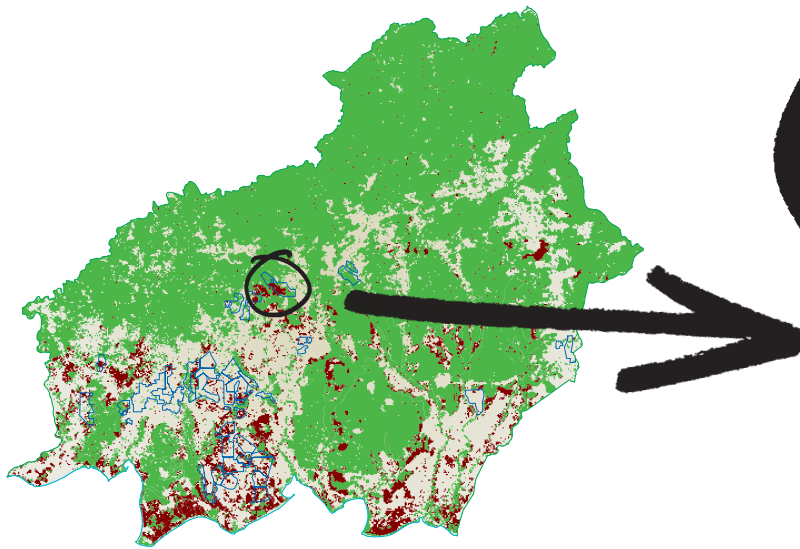




**ASIAN AGRI**

**ASIAN AGRI IS A MAJOR PLAYER IN THE PALM OIL SECTOR AND IS A MEMBER OF THE RSPO**

RSPO member Asian Agri<sup>137</sup> is part of the Raja Garuda Mas Group, which owns the pulp and paper giant APRIL.<sup>138</sup> Raja Garuda Mas is controlled by Sukanto Tanoto, whom *Forbes* lists as the richest man in Indonesia.<sup>139</sup> *The Jakarta Post* reports that Asian Agri is currently under investigation for evasion of taxes worth up to Rp1.3 trillion (\$140 billion), with the possibility of criminal charges against its top executives.<sup>140</sup>



Asian Agri controls over 160,000ha of planted plantation land in Riau, Jambi and North Sumatra:<sup>141</sup> 100,000ha in concessions and 60,000ha in smallholder areas.<sup>142</sup>

In 2007, the Group refined about 1.5Mt of crude palm oil, about 9% of Indonesia's production.<sup>143</sup>

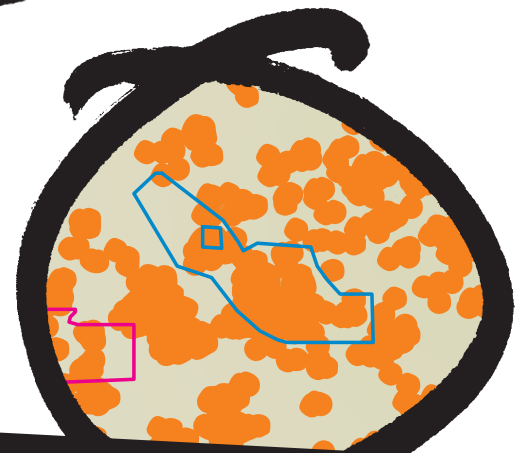
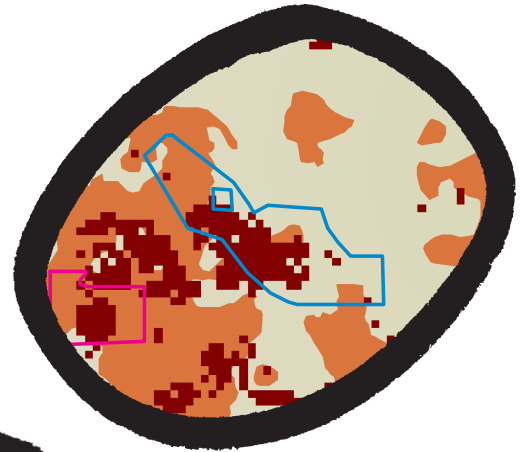
**UNILEVER'S LINKS TO ASIAN AGRI**

Unilever trader Cargill is known to source palm oil from the Asian Agri Group in Indonesia.<sup>144</sup>

In 2008, Unilever named Asian Agri as one of its principle suppliers.<sup>145</sup>

**ASIAN AGRI IS IMPLICATED IN RECENT OR ONGOING FOREST DESTRUCTION IN CENTRAL KALIMANTAN**

- Deforestation on orang-utan habitat
- Deforestation on peatlands
- Fire hotspots
- Remaining forest on orang-utan habitat



Oil palm concession PT Karya Dewi Putra in Central Kalimantan controlled by Unilever supplier Asian Agri. The large area map shows that the concession was still forested in 2007. The first detail map shows 2004 orang-utan habitat and deforestation 2000–2007. The second map shows 2006–2007 fire hotspots. This suggests active deforestation in the concession.

*'Asian Agri has a very strict no-burn policy. During either initial planting (land clearing) or replanting, Asian Agri utilises mechanical means to clear land.'*

**Asian Agri website**



**ASTRA AGRO**

**ASTRA AGRO IS A MAJOR PLAYER IN THE PALM OIL SECTOR**

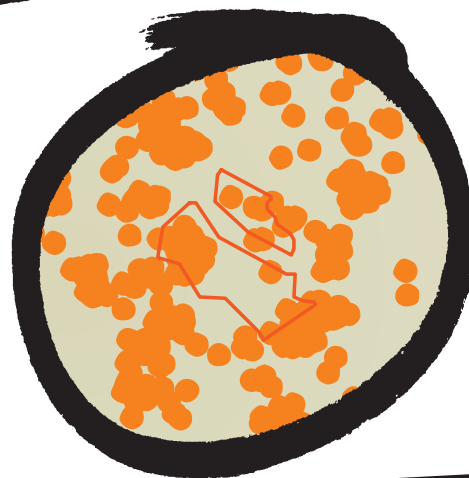
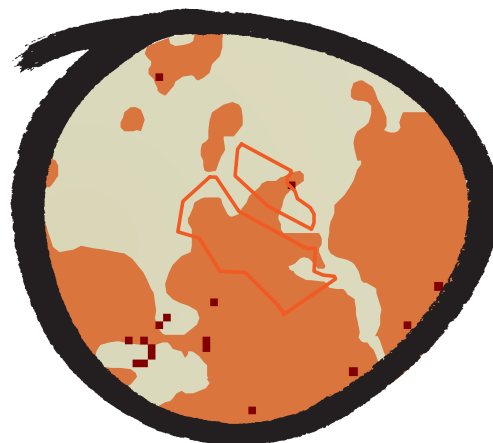
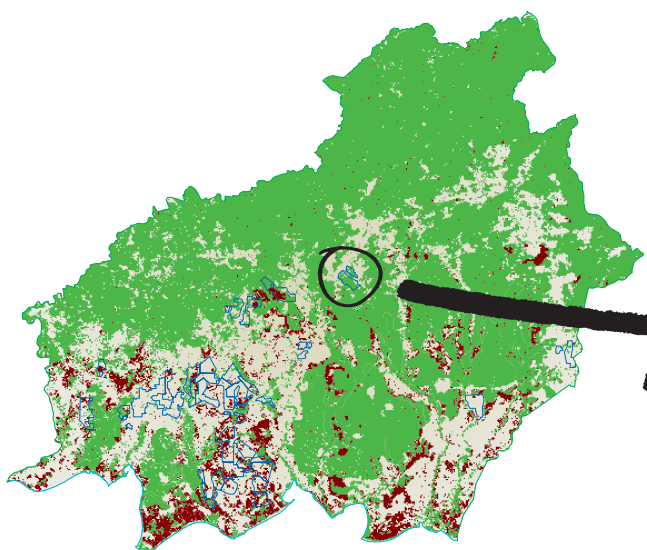
Astra Agro is controlled by Indonesia's car manufacturer PT Astra International.

During 2007, the Group increased its landholdings by 70% to nearly 400,000ha.<sup>146</sup> Of this, some 235,000ha is planted<sup>147</sup> (90,000ha in Kalimantan, 107,000ha in Sumatra and 38,000ha in Sulawesi).<sup>148</sup> Some 40% remains to be planted.

In 2007, the Group produced 921,000 tonnes of crude palm oil, accounting for 5.5% of Indonesia's production.<sup>149</sup>

**UNILEVER'S LINKS TO ASTRA AGRO**

Unilever trader Cargill is known to source palm oil from the Astra Agro Group in Indonesia.

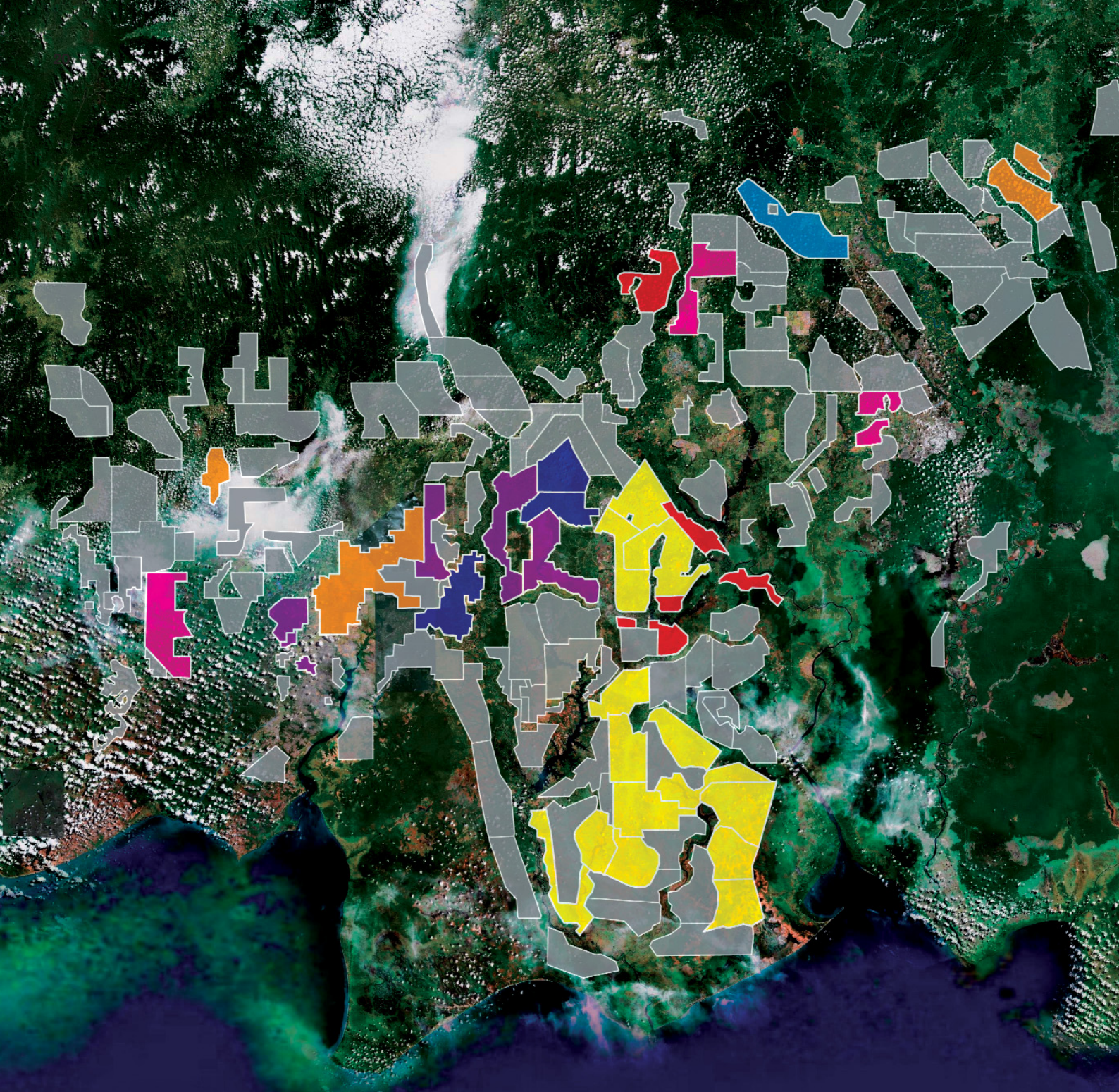


**ASTRA AGRO IS IMPLICATED IN RECENT OR ONGOING FOREST DESTRUCTION IN CENTRAL KALIMANTAN**

- Deforestation on orang-utan habitat
- Deforestation on peatlands
- Fire hotspots
- Remaining forest on orang-utan habitat

Oil palm concessions PT Agro Lestari Sentosa in Central Kalimantan controlled by Unilever supplier Astra Agro. The large area map shows that the concessions were still forested in 2007. The first detail map shows 2004 orang-utan habitat and deforestation 2000–2007. The second map shows 2006–2007 fire hotspots. This suggests recent deforestation in the concession.





CONCESSIONS CONTROLLED BY UNILEVER  
SUPPLIERS IN THE AREA OF LAKE SEMBULUH  
IN CENTRAL KALIMANTAN

 Sinar Mas	 Musim Mas
 IOI	 Asian Agri
 ADM-Kuok-Wilmar	 Astra Agro
 Sime Darby	

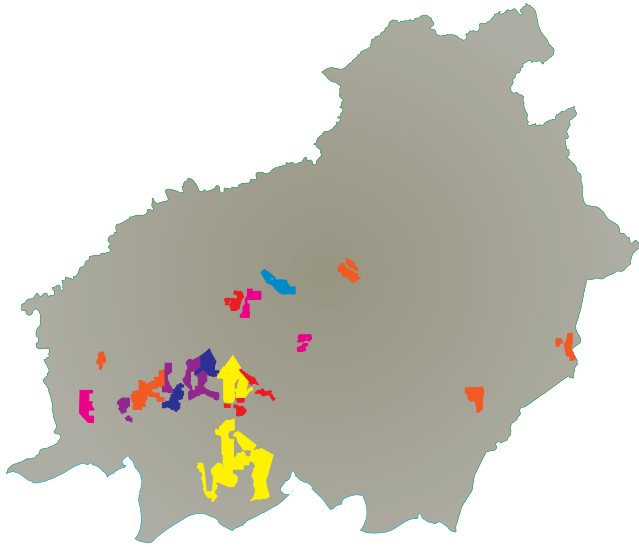


# CLIMATE AND BIODIVERSITY IMPACTS OF *Unilever* PALM OIL SUPPLIERS IN CENTRAL KALIMANTAN<sup>150</sup>

OIL PALM GROUPS	Sinar Mas	IOI	Wilmar	Sime Darby	Musim Mas	Asian Agri	Astra Agro
Share of Crude Palm Oil (CPO) production in Indonesia (2007)	10%	1.1%	3.2%	4.7%	2.0%	9.0%	5.5%
<b>Oil Palm Concessions in Central Kalimantan</b>							
Number of identified oil palm concessions	6	4	15	3	6	1	7
Total area (ha)	68,845	48,779	255,714	49,086	38,925	26,437	111,810
<b>Peatland Areas</b>							
Number of concessions on peatland	3	1	12	1	4	0	1
Actual area on peat (ha)	8,067	2,981	57,591	1,626	10,039	0	23,269
Total peatland carbon store / CO <sub>2</sub> equivalent (CO <sub>2</sub> e)	12.1Mt (44.5Mt CO <sub>2</sub> e)	3.6Mt (13.2Mt CO <sub>2</sub> e)	35.7Mt (131.4Mt CO <sub>2</sub> e)	0.73Mt (2.7Mt CO <sub>2</sub> e)	11.7Mt (42.9Mt CO <sub>2</sub> e)	0	58.4Mt (214Mt CO <sub>2</sub> e)
Number of concessions on deep peat >2m	2	1	2	0	0	0	1
Area (ha)	6,597	1,685	6,693	0	2,283	0	23,269
Number of concessions with deforestation on peatland (2000 to July 2007)	1	1	9	0	4	0	1
Number of concessions with remaining forest on peatland in July 2007	2	1	7	0	3	0	0
<b>Orang-utan Habitat</b>							
Number of concessions on 2004 orang-utan habitat	5	2	15	2	6	1	4
Number of concessions with deforestation on orang-utan habitat (2000 to July 2007)	1	1	9	0	4	0	1
Number of concessions with significant remaining forest on orang-utan habitat in July 2007	3	2	8	0	5	1	3
<b>Forest Fires Hotspots (2006-2007)</b>							
Number of concessions 2006	260 fire hotspots on 5 concessions	180 fire hotspots on 4 concessions	1117 fire hotspots on 4 concessions	70 fire hotspots on 3 concessions	135 fire hotspots on 3 concessions	266 fire hotspots on 1 concession	442 fire hotspots on 7 concessions
Number of concessions 2007	62 fire hotspots on 3 concessions	33 fire hotspots on 4 concessions	13 fire hotspots on 7 concessions	3 fire hotspots on 2 concessions	53 fire hotspots on 3 concessions	12 fire hotspots on 1 concession	264 fire hotspots on 7 concessions



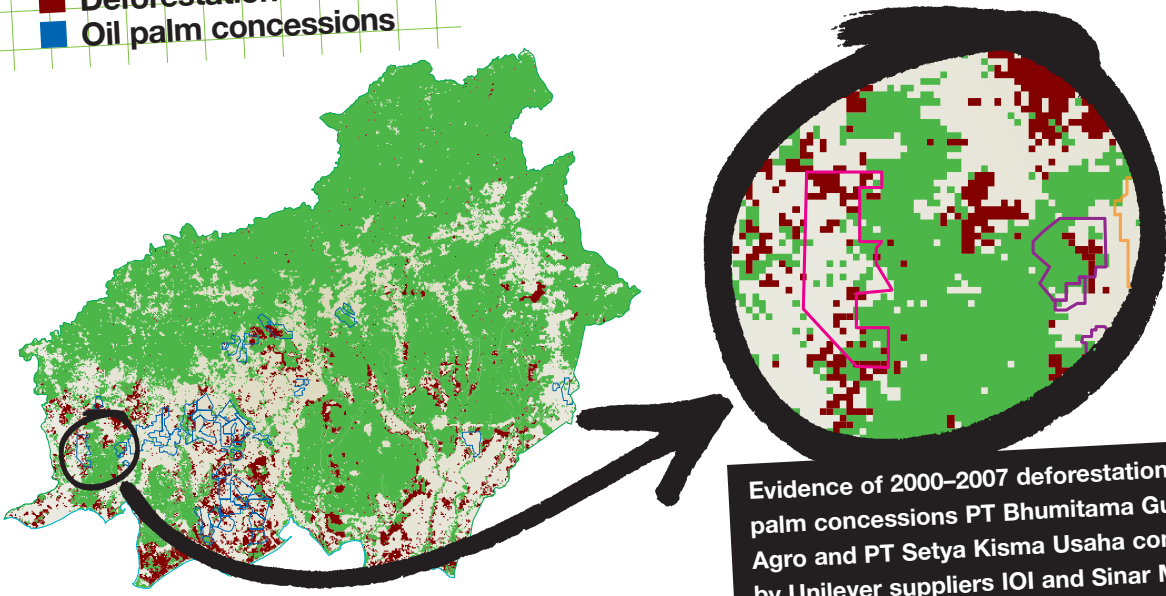
# OIL PALM CONCESSIONS IN CENTRAL KALIMANTAN CONTROLLED BY UNILEVER SUPPLIERS



- Sinar Mas
- IOI
- ADM-Kuok-Wilmar
- Sime Darby
- Musim Mas
- Asian Agri
- Astra Agro

# FOREST COVER IN CENTRAL KALIMANTAN: IMPACT OF OIL PALM CONCESSIONS CONTROLLED BY UNILEVER SUPPLIERS

- Forest cover
- Deforestation
- Oil palm concessions



Evidence of 2000–2007 deforestation on oil palm concessions PT Bhunitama Gunajaya Agro and PT Setya Kisma Usaha controlled by Unilever suppliers IOI and Sinar Mas