

Template for report and accounts for organisations under the Climate and Forest Initiative funding scheme for civil society

This template for reports and accounts is to be used by organisations with agreements with Norad under the Climate and Forest Initiative funding scheme for civil society.

With reference to the signed agreement, the templates are to be used for presenting **progress and achieved results of the project** for the previous calendar year. It should also be used as a template for the final report after the agreement period has ended.

The report must include, as attachments, an audited account and audit report for the last calendar year. The report shall be according to approved project document.

The progress report for the first two years (2013 and 2014) should be approximately ten (10) pages, and give a short and concise update. Where possible it should include results on outcome level and show effects on target groups. However, for many of the new projects it will only be possible to report on products/outputs after one or two years. In those cases, a short analysis of the likelihood that the outputs will lead to the expected outcomes should be included.

The deadline for delivering the report is 1 May, unless your contract says otherwise, electronically to postmottak@norad.no.

Final report for the whole agreement period (2013-2015) should include results on a higher level in the results chain (see figure below). The final report should give a description of outcomes in terms of effects on target groups, and explain how these outcomes are expected to contribute to the intended impact. In cases where outcome cannot be documented by the end of the agreement period, substantial evidence of outputs should be presented with an explanation on how these will lead to the desired outcome and when. Deadline for submitting the final report is 1 June 2016, electronically to postmottak@norad.no.

1. General Project Information:

- 1.1 Name of recipient organisation: Transport & Environment
- 1.2 Reporting year: 2015/ Final report
- 1.3 Agreement Number: QZA-13/0567
- 1.4 Name of project: Market Transformation: Shifting Demand to Deforestation-free Vegetable Oil and Other Commodities.
- 1.5 Country and/ or region: Global
- 1.6 Financial support to the project from Norad for last calendar year 2015: NOK 14 652 611
- 1.7 Thematic area: REDD+ Relevant Commodity Supply Chains

2 Describe the project's progress for previous calendar year:

Result chain:



With reference to the Result Chain as illustrated above, Norad requires feedback mainly on products/ services (outputs) and end effect on target groups (outcomes) in the progress report.

2.1 Give a short description of the project's target group(s) and what the baseline for the target group was at the start of the project (from the approved project document).

The project's target groups include the key actors involved in the production, trading and consumption of palm oil.

Partners have advocated for the inclusion of stronger sustainability criteria in the legislation of the main developed countries consuming palm oil (United States & European Union) and put pressure for the adoption of deforestation-free policies by the main market players. At the same time investigations on the ground in the regions producing palm oil have identified and exposed the negative environmental and social effects linked to the palm oil business. As land becomes increasingly scarce in traditional production centers of Malaysia and Indonesia, the frontier of palm oil expansion is shifting to Africa and Latin America. Few of these countries have in place adequate legal frameworks to govern the scale of resource extraction and massive new influx of capital currently foreseen.

The identified project's target groups and related goals are:

- Major palm traders: strong deforestation-free commitments from at least one major trader.
- Major financial institutions: Traders and growers alike must respond to a degree to policies from their largest financiers, including investors, lenders, and underwriters. As the palm oil and other commodity industries increasingly look to global capital markets to finance their expansion, they are sensitive to policies that prohibit investment in commodities linked to deforestation. There is evidence that overall foreign investments in agriculture in developing countries has been on a rising trend, for more than a decade.
- Consumer-facing palm oil buyers (processed foods, vegetable oil, soap, detergent etc. sellers): deforestation-free procurement policies.
- EU policy makers: progress toward the adoption of strong indirect land use change (ILUC) standards in EU biofuels policies.
- US policy makers: Accurate greenhouse gas accounting for palm oil in US biofuels policy
- Palm producing country policy makers (indirect targets): implementation of strong deforestation-free policies to meet new demand for deforestation-free palm oil

2.2 Please repeat the project's desired impact (from the approved project document).

The overall goal of the project is to end peatland conversion for palm oil in Southeast Asia by 2020 and cut overall global deforestation rates for palm in half by that time—avoiding minimum 1

Gigatonne of CO₂e emissions. To achieve the needed market transformation, partners will engage with major palm traders to ensure a commitment by a major commodity trader to only offer deforestation free goods. In terms of legislative frameworks regulating the access of palm oil in the EU and US, efforts have been made to ensure accurate assessment of greenhouse gas impact of palm biodiesel in national and global policy bodies. In the EU this means the inclusion of strong Indirect Land Use Change (ILUC) standards in EU biofuel policies and a cap on land based biofuels. The successful integration of more stringent sustainability criteria in the EU's Renewable Energy Directive and Fuel Quality Directive will deliver significant benefits until 2020, by limiting ILUC emissions. This positive effect on deforestation will avoid the conversion of large land area the size of Ireland until 2020 and set clear basis for the EU 2030 climate and energy package. Focus in the palm producing countries is the adoption of improved law enforcement and governance. At the same time the project aims at making real progress towards eliminating abuse of human rights and promoting better human well-being in the palm oil industry.

2.3 Is the project still relevant for the desired impact? (Yes/No) If No, please give a short explanation.

Technically speaking, one could say that this project is no longer relevant, as the desired impact has been achieved thanks, in part, to our work in the period 2013-2015. The consortium remains convinced that this project has proven successful. However, work needs to continue to ensure sustainability of the achieved impacts and secure the complete market transformation and deforestation-free biofuels policy.

The relevance of this project now passes by implementing the acquired commitments and keep working to achieve deforestation-free vegetable oil markets and policies. To do so, all partners are already working in securing what we have proudly achieved thanks to this project and, although not together as a partnership, in continuing our hard work in each one's field of expertise.

2.4 Please repeat the project's outcome(s) (effect on project's target group(s), counterpart(s), beneficiary (-ies)) (from the approved project document).

In the market transformation section, the overall desired outcome is to achieve real progress toward the implementation of deforestation free production and trade through the verified commitment of the main traders, their financiers and buyers. The introduction of sustainability criteria in the palm oil supply value chain will eventually spread; creating incentives for major palm traders to implement similar policies and reach palm growers. At the same time, in the palm producing countries, concrete steps toward effective law enforcement against companies engaged in illegal conversion and labour abuses will be reflected in new policies.

In both the EU and US biofuels legislation, science will be used to evaluate the palm oil GHG emissions. In the EU, in particular, the reform of the biofuels policies will ensure the integration in the legislation of strong ILUC standards and appropriate limits on deforestation-based fuels in EU biofuels policy.

In the palm producing countries, the focus will be on improved forest law enforcement and governance, particularly as industry sustainability leaders support better policies and policy implementation to ensure that they and their competitors are working on a level playing field. Increased and intensified support for REDD+ finance and policies as policy-makers seek alternate finance streams from forests to replace income from palm oil plantation expansion. When it comes to financial institutions the goal is to ensure deforestation-free commitment in underwriting, investment, and lending focused initially on target traders.

- 2.5 Are there any internal and/ or external factors that have affected the project in any significant way?
- a) Specify deviations from plans.

Changes in staff: T&E and CA

The consortium of organisations working for this project – Transport & Environment, Union of Concerned Scientists, Climate Advisers and the Environmental Investigation Agency - remained strong and consistent during the overall period of the grant. This has permitted the successful achievement of our proposed outcomes. This said, over the 3 year span of this project, there was change within the individual teams in the different organisations but the consortium maintained its dynamic and collaborative approach as well as the core principles of each partner organization and the commitments under this Norad grant.

Transport & Environment has seen its clean energy team growing since this project was granted. At the time of the proposal's submission by T&E, Nusa Urbancic was the only person working on transport fuels: biofuels, oil and transport electrification. Norad's grant gave T&E great opportunities to expand its field of work and scope and to undertake new tasks and files. To this end two policy officers were hired to reinforce this one-person team: French Laura Buffet and Italian Pietro Caloprisco joined T&E in April 2013. Beginning of 2015 a new staff member joined the team as part-time employee, Carlos Calvo Ambel. He is T&E's policy analyst and also works on the development of clean energy for transport, looking into biofuels and specifically into aviation biofuels.

During 2015 both Nusa Urbancic and Pietro Caloprisco left T&E after 6 and 2 years respectively in the organization, to start different projects. To reinforce the team, Cristina Mestre was hired in the summer 2015. Despite changes in the composition of the team working on this project, T&E values and capacity to conduct the key pillars of our work remained unchanged, which ensured a good continuation of our tasks.

In 2015 there were also staff changes at Climate Advisers. In the early summer as the wider campaign team began to re-group after the *She's Not a Fan* victory against Astra Agro Lestar two of the campaign's leadership personnel, the Campaign Director and Senior Campaigner, unexpectedly left the organization. Climate Advisers quickly brought in an experienced new Campaign Director in August and a senior campaigner a few months later

Major palm traders & Consumer-facing palm oil buyers

During the 3-year duration of this Norad funded project, no one could have anticipated how quickly the world's major companies would go from opposing zero deforestation commitments to championing them. This impact of this change was particularly felt by Climate Advisers, who actively campaigned for corporate zero deforestation policy commitments. In short, campaigns succeeded at an unprecedented speed (e.g. Wilmar International, Astra Agro Lestari / Mandarin Oriental) and budget assumptions for utilization of, for example, grassroots campaigns and outside consultants were simply, and suddenly, not needed. What was needed was staff time and in-house political expertise to meet with companies, influence the media and help craft emerging new policies. Those are the areas on which Climate Advisers focused its efforts.

Some palm oil producers and industry organizations had falsely claimed that there is not a scientific consensus that peatland conversion releases high levels of carbon dioxide. To combat this, UCS had planned to create, release, and promote a scientist letter in support of peat protection in business supply chains and via government policies. However, the haze season in 2015 and the subsequent media and expert attention it drew shifted the global conversation about the impacts of peat clearance and created a new political imperative for companies and

governments to tackle the issue of peat clearance and peat fires more effectively. Given this development, we felt our resources were better used to publicize the findings of UCS's early 2015 report on haze and fires, *Clearing the Air: Palm Oil, Peat Destruction, and Air Pollution*, to the media, the government, and companies.

Palm producing countries

EIA budget was cut substantially so the scope and scale of the investigative work was significantly curtailed. However, EIA was able to carry out multiple successful investigations and are confident that the evidence gathered will contribute to successful enforcement actions in the future.

Global biofuels policy makers

There has not been significant variation in the activities carried out by T&E, other than those described in previous reports related to delays in the political agenda during the biofuels reform. It was not possible to negotiate the proposal before the European Elections in May 2014, and therefore the position of the new Parliament had the risk to change due to new political term. Also this would have delayed the discussion between representatives of Member States in the Council, which could have lead the European Commission to withdraw the proposal if no agreement was found. But the process finally continued until 2015 and the law was finally adopted in April 2015.

- b) Give a short risk assessment

Risks related to new commitments by major palm traders and consumer-facing palm oil buyers

The quick adoption of policies by a number of companies - both traders and palm oil buyers - can sometimes be more reflective of a company's desire to escape the media and consumer spotlight than it is reflective of a genuine commitment by company leadership to transition toward greater sustainability. Distinguishing real pledges backed by additional resources from public relations based pledges and policies that lack true corporate buy-in from senior leadership can be difficult.

The main risk here is that unsustainable status quo company management will be masked by cleverly written, yet ultimately meaningless, words on paper. Thus, moving forward continued efforts on accountability and transparency in reporting will be key to distinguish companies making progress from those employing greenwashing techniques.

Risks related to the EU biofuel policies reform

The main risk during the biofuel reform emerged when the process got delayed between the two main EU institutions, the Parliament and the Council. Given the huge amount of lobbying put up by the industry to weaken and possibly stop the process there was a concrete risk that the Commission would withdraw the proposal.

Had the Commission withdrawn the proposal, the reform of the EU biofuels policy would have been delayed for an unknown period of time, as the file would need to go back to the European Commission for it to rework on a new proposal likely to have support from the other institutions, i.e. a less ambitious proposal that could be backed by the Council of Member States.

As mentioned, a new proposal by the Commission could take years to be revised and released, therefore there was a high risk that the momentum created by the civil society groups would decrease or even disappear, bringing along a lack of interest from the European Institutions and the EU policy-making arena on this file.

Luckily, the withdrawal didn't take place and the EU institutions finally managed to agree on a final reform of the EU biofuels policies up to 2020. Although the recent biofuels reform is far from being perfect, it is a step in the right direction. Had the mentioned setbacks occurred, the EU would still be under a biofuels policy promoting and supporting the use of biodiesel produced from palm oil without any limit. Now, a 7% cap is in place to limit the use of crop-based biofuels to reach the 2020 EU climate targets. The risk that this policy changes before 2020 is almost close to zero, due to the decision-making process at EU level (no new reform of the current rules up to 2020 is foreseen, therefore no risk that the good elements of the reform will be withdrawn before 2020). The only risk now is that the cap disappears after 2020 and that another EU policy

supporting biofuels will be put in place up to 2030. Therefore, moving forward our efforts will focus on ensuring that the EU continues to limit the use of harmful biofuels after 2020 – this will be part of a new project targeting more specifically the 2030 EU policy framework.

Results:

Reporting of results must at least be at the output level (above the activity level). In addition, outcome must be stated where possible (see result chain above). Where it is too early to document outcome, please explain why.

2.6 Main outputs and outcome(s).

- a) Report on the main products/services (outputs) the project has delivered to achieve the planned outcomes.
- b) Report on all outcomes from the project document where possible:
 1. What changes have been achieved with reference to the baseline?
 2. Report on the key indicators used to document that the desired change has occurred.
 3. Are the outcomes expected to be sustainable?

This project was created to target 6 main groups, what are considered the “game-changers” to shift demand to deforestation-free vegetable oil and create a real market transformation. These game-changers are:

- Main palm traders: commitment to trade only deforestation- and peatland-free palm oil and other commodities.
- Consumer-facing palm oil buyers (processed foods, vegetable oil, soap, detergent etc.): deforestation-free commitment, focused mainly on purchases from traders and engagement by buyers with trader to change policies.
- Major financial institutions: Deforestation-free commitment in underwriting, investment and lending focused initially on target traders.
- Palm oil producing country policy makers (indirect target): improve forest law enforcement and governance; increase and intensify support for REDD+ finance and policies; Increases in yield of existing palm oil plantations.
- European Union policy makers: finalization of strong ILUC standards and appropriate caps on deforestation-based fuels in EU biofuels policy.
- Global biofuels Policy-makers: Accurate assessment of greenhouse gas impact of palm biodiesel in national and global policy bodies.

These target groups and outcomes require an international approach and different areas of expertise for them to be tackled from every angle. To do so, the partnership had interconnected but independent roles based on both each organization’s areas of expertise and geographical scope.

The activity profile for this project includes: Advocacy, both towards private sector as well as towards policy makers (biofuels, REDD+, forest); research on supply chain, health and biofuels impacts; and public awareness.

The nature of the partner organisations justify the formation of the consortium that made this project possible:

Transport & Environment (T&E) – Applicants, key Norad contact and project leaders. T&E is a Brussels based non-profit organization working for the promotion of transport policy

based on the principles of sustainable development; minimizing the use of energy and land, reducing harmful impacts on the environment and health while maximizing safety and guaranteeing sufficient access for all. T&E's experience and competence related to REDD+ and development work comes along with T&E's work on sustainable biofuels, being one of the key organisations involved in the EU biofuels policy debate working to improve the policy framework. This work on biofuels aims at decreasing the impact of biofuels policy on deforestation and development. T&E works together with other organisations which share the same goals at both EU and national level, basing all activities in science-based advocacy and strong communication campaigns. **T&E brings research-based advocacy expertise and political campaign skills to the consortium.**

The Environmental Investigation Agency (EIA) works closely with local organisations, right at the spot and focus of the problem. EIA uses undercover investigation to document environmental and social impacts of illegal logging, and its context of corruption and criminal activity, in countries like Indonesia, Malaysia, China, Honduras and Peru. They have been instrumental for the implementation of timber regulations both in the US and EU. Before this project, EIA had done significant work on the boom of palm oil in Papua, revealing how Papuan communities had sometimes been threatened to release large swathes of forested land to overseas investors. **EIA brings local activism and investigation for political advocacy.**

Climate Advisers is a mission-driven policy and politics shop working to deliver a strong low-carbon economy bringing together some of the world's leading scientists, governments, and private sector leaders dedicated to making a real difference. Its team includes globally recognized thought leaders on climate and energy, forests and lands, and sustainable development. Climate Advisers Forest Heroes program synergizes with this political expertise and runs hard hitting consumer facing market campaigns, and is considered a leading voice in forest advocacy. **Climate advisers brings advocacy, political campaign skills and local-focused action to the project.**

The Union of Concerned Scientists (UCS) carries out scientific and policy research which has built up a strong capacity in relation to tropical deforestation in both international and US policy arenas; doing as well significant outreach to businesses, consumers and the scientific community. UCS' research has produced numerous relevant reports and briefings. UCS' leadership working with other NGOs provided expert analysis to the US Environmental Protection Agency finding that palm oil does not qualify as a source of renewable biodiesel under US law. **The Union of Concerned Scientists bring high-level scientific research to the policy-making process.**

During the overall period of this grant each partner has effectively and successfully played its role to achieve the proposed outcomes. T&E has been one of the leading voices in the debates related to biofuels sustainability and indirect land use change at European level and has been instrumental in securing the EU policy achievements which, although still to be improved, are a key element for improving the sustainability of biofuels in the EU. EIA has developed on-the-spot undercover investigation and has exposed how the situation actually develops on the ground, for instance how local communities are being mistreated to take their lands to fulfil the interests of the industry. They also pioneer research into the new geographic frontiers of forest destruction and palm oil expansion. CA have achieved great success by targeting the main palm-oil traders

and engaging them in taking deforestation-free commitments, thanks to strong advocacy campaigns both towards private companies and national governments. UCS has served as the scientific source for important campaigns undertaken during the grant period, combining technical/scientific expertise with federal-level advocacy.

While the biggest portion of the outcomes outlined in the original project document have been successfully achieved, some other have been only partially achieved due to changes - mainly political and/or results achieved before expected - during the overall period - More information below.

The consortium's campaigns, successes, impacts and achievements are described in detail further down in this report.

Description of results by outcome

1. **Major palm traders:** Commitment to trade only palm oil free of deforestation, peatland conversion, and human rights abuses (here referred to as 'deforestation-free commitment')
2. **Consumer-facing palm oil buyers (processed foods, vegetable oil, soap, detergent etc. sellers):** Deforestation-free commitment, focused initially on purchases from traders and engagement by buyers with trader to change policies.

When we began our work together in 2013, no traders and only a small handful of consumer goods companies, had "No Deforestation, No Peat, No Exploitation" (NDPE) commitments. Our work, in conjunction with kindred organizations, sparked a fundamental transformation within the global palm oil sector - triggering a cascade of corporate commitments pledging to eliminate deforestation from global supply chains and safeguard the rights of indigenous peoples and the rural poor. The consortium played a leading role in securing NDPE commitments from key traders such as Wilmar, Cargill, ADM and Bunge, and helped deliver numerous commitments from leading consumer goods companies, including Kellogg's, Dunkin' Brands, McDonald's, Hershey's, Mars, Mondelez and P&G.

None of the partner organizations could have imagined how quickly so many of the world's major palm oil-dependent companies would go from opposing zero deforestation commitments, to championing them. Strategies and campaign plans envisioned to take a year or more were suddenly achieving victory within a matter of months or even weeks. Primary targets shifted to secondary targets, and outsider campaigning morphed into corporate dialogue as a rash of new procurement policies began to take shape. In the almost three decades that NGOs have been running forest protection based market campaigns, no one had experience a period of such sudden and system-wide change.

As largely captured in the 2013 and 2014 reporting documents, the consortium successfully directed corporate education and engagement efforts that engaged dozens of companies over the past three years. With the release of scorecards of consumer goods companies in 2014 and 2015, UCS was the first organization to score companies on a full deforestation- and peat-free commitment rather than simply an RSPO commitment. UCS coordinated public-facing consumer mobilization pushes on 26 low-scoring companies from 2013-2015.

In 2014 Climate Adviser's Forest Heroes program produced the Green Tigers report that ranked major palm oil companies' sustainability performance. Forest Heroes also ran a series of successful campaigns from 2013-2015 highlighted by victories against Wilmar International (the

world's largest palm oil company) and Astra Agro Lestari. In 2014, Climate Advisers played a critical role in negotiating the New York Declaration on Forests, a landmark commitment announced at the U.N. Secretary-General's Climate Summit and endorsed by over 175 governments, companies, CSOs, and indigenous people's organizations. The Declaration grew out of Climate Advisers' work organizing the forest session of the World Economic Forum's annual meeting in Davos in early 2014, and its broad support and transformative power is a credit to the extensive group of stakeholders organized by Climate Advisers.

The work undertaken by UCS during the overall period of the grant focused significantly on efforts towards market transformation, including engagement with key players along the palm oil supply chain as part of the RSPO, Consumer Goods Forum and TFA 2020. This has included key officials in the Malaysian and Indonesian governments, NGOs, and US and global business leaders. UCS' early work in 2013 focused on educating key members of the palm oil supply chain, organizing a meeting of major U.S. palm oil users, global producers, traders, and importers, in April 2013, entitled "Breaking Down the Barriers to Responsible Palm Oil", with firms such as Cargill, GAR, IOI, Lodders Croklaan, Nestlé, Procter & Gamble, and Unilever in attendance. This was followed up with individual meetings with dozens of companies, from 2013-2014, on their need to adopt NDPE policies; this work was supported by palm oil scorecards released in 2014 and 2015 analysing the sourcing policies and practices of 40 firms. Based on these scorecards, UCS launched targeted public mini-campaigns on 20 different consumer brands that were leaders in those sectors. UCS members and supporters sent more than a million emails urging the adoption of NDPE policies, in concert with social media ad campaigns, investor advocacy and shareholder resolutions, and in-person organizing at company outlets and annual shareholder meetings. The campaign efforts have met with dramatic success. UCS advised more than 30 companies on how to improve their palm oil sourcing practices over the course of 2013-2015, and this combination of direct advocacy, campaigning, and investor engagement by UCS and CA persuaded more than 20 firms to adopt new NDPE policies in this three-year period.

Another major emphasis of the work of UCS and CA at the beginning of this project and linked to these specific outcomes was in commissioning and releasing research linking corporate relationships and deforestation. In 2013, UCS used the remote sensing expertise of our contractors to identify and then highlight the role Wilmar played in the Indonesian fires in June – which allowed Climate Advisers to pitch media stories focused on Wilmar's insufficient sustainability standards and secure a meeting with top company leadership. In 2013, CA and UCS also commissioned research by AidEnvironment into deforestation from producers, such as Bumitama, linked to major U.S. firm Wilmar. CA and UCS worked to build a list of nearly 200 western firms (traders and consumer goods producers) that could be exposed to Bumitama oil through the Wilmar supply chain. UCS and CA's advocacy, outreach, and meetings with these firms, and their pressure on Bumitama as a supplier, led to Bumitama's adoption of a zero deforestation pledge.

Also in 2013 Climate Adviser's Forest Heroes program launched a campaign against the Kellogg's Corporation and Wilmar International, two companies whose joint venture partnership was seen as a strategic leverage point to reform the sector. As chronicled in previous reporting, the strategy worked. In 2013 Wilmar announced a broad "zero deforestation, zero exploitation" policy commitment that helped shift the entire industry. According to TFT Executive Director Scott Poynton, "Few companies dominate their sectors the way Wilmar dominates palm oil, controlling 45 percent of global trade. (The policy) dwarfs in ambition any previous joint commitment by the

palm oil sector.” With a Wilmar victory in hand Forest Heroes redoubled its efforts on Kellogg’s, supported by UCS, who met regularly with Kellogg’s and reviewed their draft policy. In February of 2014, Kellogg’s followed suit announcing its own zero deforestation, zero exploitation palm oil commitment.

As a result of the Wilmar commitment CA’s Forest Heroes and UCS unexpectedly found that many other leading palm oil companies and consumer goods companies had become more open to adopting zero deforestation commitments. Therefore, at the start of 2014 Forest Heroes’ primary strategy was to target palm oil traders Cargill, Bunge, and IOI. To influence them CA, supported by UCS, engaged directly with the companies and also with their key customers creating market demand for zero deforestation through hard hitting, high visibility grassroots campaigning targeting the North American doughnut industry. U.S. national chains Dunkin’ Donuts and Krispy Kreme, and Canadian chain Tim Horton’s each purchased palm oil from Cargill, Bunge and IOI. UCS simultaneously ran a consumer mobilization campaign on Dunkin’ Brands, and joined CA in investor advocacy and public mobilization at the company’s annual shareholder meeting. By the close of the campaign CA and UCS had secured No Deforestation, No Peat, and No Exploitation policies from all six of these companies.

The momentum of this campaign, in particular the work with Cargill, helped CA negotiate from a position of strength in the development of the New York Declaration on Forests at the U.N. Climate Summit in September 2014, on which Climate Advisers played a critical role. This declaration is a landmark commitment announced at the U.N. Secretary-General’s Climate Summit and endorsed by over 175 governments, companies, CSOs, and indigenous people’s organizations. The Declaration included a profound new vision to end deforestation from key commodities by 2020, and to end all deforestation by 2030. It contained the strongest REDD+ goals to date at the global level. The Declaration was seen (and reported on) as the most important outcome from the Secretary-General’s global climate summit, and it profoundly impacted and elevated the forest agenda heading into the global climate summit in Paris in December 2015. The New York Declaration grew out of Climate Advisers’ work organizing the forest session of the World Economic Forum’s annual meeting in Davos in early 2014, and its broad support and transformative power is a credit to the extensive group of stakeholders organized by Climate Advisers.

Cargill signed onto the declaration and their CEO served as the primary corporate spokesperson supporting the document. The New York Times heralded the announcement as “one of the most sweeping environmental pledges ever made by a large agricultural company”.

In 2015, UCS targeted consumer goods companies through consumer and investor pressure, as well as direct engagement and consultation. UCS released Fries, Face Wash, Forests: Scoring America’s Top Brands on Their Palm Oil Commitments, a follow-up to our 2014 scorecard; in our 2015 scorecard we added ten new companies from the retail supermarket and pharmacy sector.

UCS’s central campaign in 2015 expanded upon the late 2014 launch focused on the fast food sector, with special emphasis on Yum! Brands, Burger King, and McDonald’s. UCS partnered with allies such as Forest Heroes, Sum of Us, and SierraRise to generate nearly half a million petition signatures and emails to McDonald’s and targeted the brand through Twitter ads, reaching a potential audience of nearly five million. UCS engaged investors, who filed shareholder resolutions for both Yum! Brands and McDonald’s. The combination of activities brought both

companies to negotiate directly with UCS on draft policies. In response to this advocacy and engagement, Yum! Brands released a “No Deforestation, No Peat, No Exploitation” (NDPE) policy for palm oil. Soon after, McDonald’s, the largest fast food chain in the world, released its momentous cross-commodity commitment to eliminate deforestation from its entire supply chain, setting a new standard for the fast food and restaurant sector, beginning with its five priority products: chicken (which includes soy feed), beef, palm oil, coffee, and fibre-based packaging.

In addition to McDonald’s and Yum! Brands, by the end of the 2015 UCS’s advocacy and meetings with Costco, Clorox, Avon, and Dollar Tree translated into each company releasing new commitments to eliminate deforestation for palm oil from their sourcing; most companies announced new human rights provisions for palm oil sourcing as well. UCS also joined Climate Advisers to meet with First Resources and advance the campaign detailed below.

Climate Advisers’ Forest Heroes landmark initiative for 2015 was the [She’s Not a Fan](#) campaign, which was expected to last throughout the year. This campaign was designed as a strategic intervention to address one of the most difficult remaining challenges to the global Zero Deforestation effort: the role of the Indonesia Palm Oil Grower’s Association (GAPKI) in opposing any strong action to end deforestation. GAPKI’s destructive efforts in this regard were led by Astra Agro Lestari’s Senior Director, Joko Supriyono. If CA could shine a spotlight on Astra’s destructive practices, it could impact the whole sector. CA’s analysis found a way to powerfully leverage the campaign: Astra is owned by Jardine Matheson, a global conglomerate that also owns the luxury brand Mandarin Oriental Hotel.

Led by Forest Heroes and together with a range of non-profit partners, CA created an explosive [online report](#) documenting Astra’s practices (archived now), including drone footage of deforestation that went viral. CA’s partners staged coordinated protests at Mandarin Oriental sites in London and New York City. Taken together, the effort received global press and social media attention, and Forest Heroes quickly brought Astra to the negotiating table. This led first to an immediate moratorium on further deforestation and peatland development in June, and then to a full [zero-deforestation policy in September](#).

Parallel to the development of the Astra campaign, Forest Heroes played a critical role in engaging directly with Chicago-based agribusiness giant Archer Daniels Midland (ADM) to convince the company to make a landmark cross-commodity zero-deforestation commitment. Forest Heroes had a unique platform for engaging with ADM: most of their palm oil is bought from Wilmar, and CA’s role in the transformation of the Asian commodity giant is well-known and appreciated. CA engaged at the leadership level with ADM and worked to ensure a strong policy outcome when they came forward with a cross-commodity commitment.

In the early part of the year, CA updated the “Green Tigers” report rankings of the major palm oil companies’ commitment to environmental sustainability and human rights protection. This was a strategic step to reflect the dramatically changed state-of-play after a series of victories in the fall of 2014, and to refocus pressure on the remaining “Red List” laggards that would be targeted next. Palm oil giant First Resources was listed as an “irresponsible supplier” in CA’s 2014 Green Tigers report which ranked 18 of the world’s largest palm oil companies. In 2015 and together with UCS, lobbying and C-Suite engagement helped lead to First Resources releasing a new policy pledging to eliminate deforestation and human rights abuses from its supply chain, making it one of the industry’s first companies operating primarily at the grower level to do so.

Finally, in 2015 Climate Advisers' Forest Heroes program acted on its lingering concern that demand for deforestation free commodities is largely confined to North America and Western Europe and that several important traders and producers are clinging to their unsustainable practices. To confront these issues simultaneously Forest Heroes commissioned new research investigating the link between palm oil and instant noodles. CA found that the four top selling instant noodle companies operating in the US not only control 84% market share there, but are also key players in more than 80 countries worldwide. Furthermore, for U.S. based manufacturing these companies are reliant on one of the last remaining laggard producers in the palm oil trade. Forest Heroes is currently devising a campaign targeting instant noodles manufacturers within the U.S. market (whose products are sold globally) and in turn, we will directly challenge one of the last remaining laggards in the Southeast Asian palm oil trade.

Since its inception, UCS and Climate Advisers have served as members of the High Carbon Stock (HCS) Approach Steering Committee, a multi-stakeholder group developing a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed. The approach is fundamental for the implementation of zero deforestation policy. In addition to serving on the Steering Committee, CA and UCS have provided financial support. UCS has filled a vital role representing the scientific perspective to key traders and in other policy venues such as at the Roundtable for Sustainable Palm Oil (RSPO).

In 2015, UCS published a study with researchers from the University of Minnesota Institute on the Environment in the journal *Environmental Research Letters*. The study found that draining tropical peatlands for oil palm plantations may result in nearly twice as much carbon loss as official estimates indicate. UCS used this analysis to press for revisions to the RSPO's GHG emissions-measuring methodology and reporting tool. Another UCS report released in 2015, *Clearing the Air: Palm Oil, Peat Destruction, and Air Pollution*, detailed the role of deforestation and the use of fire for agricultural purposes in producing the deadly haze in Southeast Asia. Released in advance and in anticipation of the 2015 haze season, which was expected to be exacerbated due to El Niño, the report showed how increasing demand for deforestation- and peat-free palm oil could help reduce the incidence of landscape fires and their devastating health impacts. UCS leveraged this report to persuade consumer goods companies to demand that the RSPO expand protections for all peatlands, regardless of depth. In part as a result of UCS and CA's advocacy combined with company and investor advocacy focused on the RSPO, additional protections to peatlands and HCS forests were included in the RSPO NEXT voluntary standards.

The long-term sustainability of any of these policies and initiatives will depend upon the degree to which there is open corporate transparency and traceability of product flows. At the start of this project "traceability" was an issue deemed largely impossible for industry-wide adoption across the palm oil industry. Today it is considered an essential part of a trader's operating practices. Wilmar International's transparency and traceability efforts have reshaped expectations for the palm oil sector, and include geospatial details about mills and plantations, and reveal third-party supplier relationships all in an easy to understand public and transparent manner. Other palm oil firms like Sime Darby and Musim Mas have begun to emulate elements of Wilmar dashboard approach, in reporting on progress against their own goals.

While none of the progress listed above, in and of itself, can meet the ambitions set of commitments set forth in the No Deforestation, No Peat, No Exploitation policies they do

nonetheless clearly signal a sea change in expectation for more sustainable and long-term reform.

The ultimate object of this consortium's work was to cut carbon emissions, aiming for reductions for approximately 1.5 gigatons. [Note that the expected figure of avoided emissions of 1.5 gigatons by 2020 is now outdated based on recent science. Recent papers authored by Zarin and by Tyukavina indicate that global emissions from tropical deforestation estimated annually for the 2000-2012 period are closer to 2.27 Gt (Zarin) and 2.16 Gt (Tyukavina). Given that deforestation from palm oil contributes a small amount of the overall emissions from deforestation, halving deforestation for palm oil and thus eliminating the associated emissions from palm oil would not arrive at the 1.5 gigatons figure we had originally proposed.] UCS conducted a review and analysis of the latest science on emissions from palm oil, emissions from tropical deforestation (excluding peat and soil emissions), and changes in emissions in Indonesia and Malaysia over the course of the project. This data, and our methodology, are included in the "Menu of Common Indicators" document. We estimate that palm-oil driven emissions (excluding soil/peat emissions) in Indonesia and Malaysia have been reduced by about 123.3 Mt CO₂eq for 2013 and 2014 (data is still unavailable for 2015), or more than half of the baseline of an average from 2000-2011 of 220 Mt CO₂eq (derived from Henders et al 2015). We feel that our consortium's work, detailed above, has contributed significantly and meaningfully to these reductions.

3. **Major financial institutions:** Deforestation-free commitment in underwriting, investment, and lending focused initially on target traders.

Climate Advisers has worked with some of Wilmar's biggest investors to repeatedly weigh in and urge the company to adopt deforestation-free sourcing policies, in 2013. CA worked with Green Century Funds to organize letters to Wilmar and others representing hundreds of billions of dollars in assets under management. We helped arrange for Green Century to join a shareholder conference call with Wilmar's joint venture partner Kellogg's to question Kellogg CEO John Bryant about his links Wilmar in front of journalists.

Also, throughout 2014 and 2016, EIA and allies have been exploring how to address the increasing prominence of US financiers in harmful large-scale land acquisitions for agricultural commodities. Building on research commissioned by colleagues in Europe, a small informal coalition commissioned a research paper examining the capabilities and limitations of US regulations and policies to regulate investment by US based financial institutions in large scale agricultural projects in foreign countries. The paper outlines the different types of investors: commercial and investment banks, institutional investors which include insurance companies, pension funds, mutual funds and privately-held funds; and identifies in those categories the most emblematic companies. In order to pinpoint Environmental and Social Governance risks, the paper focuses on land acquisitions since they can easily embed such risks.

There is not one "silver bullet" regulation that can tackle all the elements of the problem. However, the right combination of a cluster of regulatory initiatives could have a significant cumulative impact. This cluster should include regulatory requirements that agribusiness projects receiving investment from US or European financiers fully comply with national laws and policies, are free of contestation (respect customary law), supplemented by rigorous due diligence assessments, potentially through the model of "Know-Your-Project," which takes its conceptual inspiration from "Know-Your-Customer" requirements in Anti-Money Laundering legislation.

The mentioned paper has formed the basis of ongoing engagement with stakeholders in the United States (both policymakers and the NGO community) as well as collaborative efforts between EU and US NGOs. Both European and American civil society recognize the necessity of collaboration across the Atlantic. The emerging cross-Atlantic coalition continues to meet to develop a strategy for achieving these necessary reforms.

4. Palm producing country policy makers (indirect target):

- a. Improved forest law enforcement and governance as industry sustainability leaders support better policies and policy implementation to ensure that they and their competitors are working on a level playing field.
- b. Increased and intensified support for REDD+ finance and policies as policy-makers seek alternate finance streams from forests to replace income from palm oil plantation expansion.
- c. Increases in yield of existing palm oil plantations (beyond the rates of the past decade) as producers move to a strategy of technological improvement rather than expansion of plantation area into forests.

The consortium believes this outcome was a key one to understand the size of the problem: it was essential to have a clear view of what is/was happening on the ground, and this partnership has been instrumental in picturing the environmental and social problems linked to palm oil plantations exploitation. Governments and civil society, and even industry, are now aware. The next steps are naturally to design and deploy fit-for-purpose regulation and policy tools to avoid corruption, environmental degradation and social injustice.

Southeast Asia

The campaign stimulated industry leadership that helped fundamentally change governance and land-use decisions, including in Southeast Asia. Palm oil traders and producers that once lobbied against environmental protections began to call for reform and stronger environmental regulations. In Indonesia and Malaysia Musim Mas, Cargill, Asian Agri, Wilmar, Golden Agri-Resources and Astra Agro Lestari have come together to form the Indonesian Palm Oil Pledge (IPOP), a growing partnership of palm oil companies with a mission to promote deforestation-free palm production and expand social benefits to local communities.

Governance of peat and regulation of peatland development and restoration became a focal topic of conversation in late 2015 due to the haze crisis. The calls from civil society, including strong calls from members of this consortium, for the extension of conservation protections to all peat, regardless of depth, became a rallying point for government reform, and the Indonesian president both announced new measures to protect peat and announced the formation of a new agency for peat restoration. As stated previously, Climate Advisers played a leading role in negotiating the New York Declaration on Forests, a landmark commitment announced at the U.N. Secretary-General's Climate Summit and endorsed by over 175 governments, companies, CSOs, and indigenous people's organizations.

Peru

In 2013, EIA began investigating the scale of palm oil expansion, the relevant legal framework, the actors involved, and whether such expansion was taking place in violation of Peruvian laws and policies. EIA has found that palm oil projects covering a minimum of 140,000 hectares of Peruvian Amazon forest are being developed, in clear violation of the Government of Peru's assurances that any palm oil expansion would not threaten primary forests. EIA has investigated the two major actors responsible the current and planned deforestation for palm oil expansion - the largest economic actor in the country, known as Grupo Romero, and a network of companies linked to a foreign investor that EIA refers to as the Melka Group. EIA's investigation has revealed

that not only are many of these projects resulting in significant deforestation, several are operating in violation of Peruvian laws and policies. In some instances, the confusing and contradictory legal framework has generated massive loopholes that allow for significant deforestation to occur.

Foreign investment is also increasingly playing a prominent role in palm oil expansion in Peru. Prior to opening these 25 agricultural companies in the Peruvian Amazon, Dennis Melka established numerous businesses, including investment holdings and land acquisitions for oil palm plantations in Sarawak, Malaysia's biggest state, located on the South East Asian island of Borneo. The Melka Group, a network of 25 companies controlled by Dennis Melka, is now developing palm oil operations in Peru and quickly acquiring massive new tracts of land in Peru. Asian Plantations Limited was the main company through which Melka built his plantation portfolio in Sarawak. Thanks to careful analysis of Asian Plantations Ltd.'s financial statements and leaked information about land acquisition in Sarawak, EIA found that the company achieved its success by acquiring four out of its five plantations from parties involved directly in corrupt land deals. Further, Asian Plantations Ltd. received its initial injection of capital from parent companies that had profited for decades from corrupt land deals and forest clearance in Sarawak in exchange for political favours.

Two of Grupo Melka's agribusiness projects have generated significant and illegal deforestation in Peru in the last three years, and Grupo Melka has attained lands through irregular procedures for the purpose of expanding palm oil and other agriculture crops. At the time of writing this report, deforestation conducted by the Melka Group is estimated at nearly 10,000 hectares, and is still increasing.

In the United Cacao Ltd.'s (UCL) Admission Document to the AIM, in November 2014, referring to their operations in Tamshiyacu, the company states that "all necessary environmental consents and approvals have been received from the relevant Peruvian authorities." However, since September 2013, when EIA and allies released analyses of the ongoing illegal deforestation on the property, there has been strong public controversy about the legality of both of these companies' operations – Cacao del Perú Norte and Plantaciones de Ucayali – with several national and regional authorities from the executive, the judiciary and the congress involved, and extensive media coverage.

The corporate research conducted by EIA to establish links between the Melka Group's operations in Peru and its operations in Malaysia also yield several important insights about how palm oil companies operate that may affect ongoing corporate campaigns. EIA's research revealed a complicated web of holding companies, subsidiaries and ownership, often involving the prevalent use of offshore tax havens that appears designed to obscure illicit financial flows from corrupt land deals. As consumer campaigns increasingly focus on generating transparency and accountability in palm oil supply chains, civil society must be increasingly vigilant in ensuring that bad actors do elude scrutiny by establishing a labyrinthine network of companies that mask beneficial owners, illicit financial flows and past wrongdoings.

EIA spent 2015 tracking two main sets of information by acquiring, reviewing, and inputting into databases documents from the Peruvian property registry (SUNARP, for its Spanish acronym). The first set of data builds on information for 25 companies released in the Deforestation by Definition report regarding corporate structure and ownership, including: changes in company name, management, capital, and corporate structure. These companies are referred to as the "Melka Group," due to Dennis Melka's involvement in legally controlling each of them, which began to be incorporated in Peru starting in 2011. The second set of data tracks the approx. 568 private, rural properties (predios rurales) which since 2012, seven of these 25 companies have acquired in the regions of Loreto and Ucayali, in the Peruvian Amazon. By analysing 972 documents (and counting) which correspond to these properties, we are building a database which includes the location, size, date of purchase, selling price, and name of the previous owner for each piece of land, alongside other information.

Based on initial analysis for three of the seven land-holding companies, the Melka Group owns at least 312 pieces of land with a total of approximately 8,886.6239 ha. This constitutes about 55% of known private property holdings by the group, but projections for a final number are difficult given that average property size has been observed to be between 25-50 hectares, with some properties as large as 4,000 hectares. There are several cases of apparent irregularities in the acquisition of the private properties, which will be the subject of further research.

Additionally, and not part of this database effort, the Melka Group has submitted multiple requests for large tracts of public land, potentially up to 100,000 hectares in the Peruvian Amazon. EIA has submitted information requests for these documents, but we have only obtained one government response. Therefore, the total public land figure is less certain, and we have calculated it based on our one primary source document and other reports about palm oil expansion in Peru.

These actors are also using financial markets to raise capital for their destructive practices. EIA developed a complaint to submit to the Alternative Investments Market (AIM), a junior market of the London Stock exchange, exposing abuse of its listing rules by these corporate actors. AIM's Rules for Companies require the "disclosure of that information would be seriously detrimental to the applicant and its omission would not be likely to mislead investors with regard to facts and circumstances necessary to form an informed assessment of the applicant's securities." The on-site inspections of Cacao del Peru Norte and Plantaciones de Ucayali occurred in September 2014, well before United Cacao's admission to trading on Dec. 2, 2014. The lack of disclosure of these ongoing administrative proceedings, and their potential impact on the company's operations, success, and thus trading position, raises questions about United Cacao's compliance with AIM rules.

The further lack of disclosure that the company's subsidiaries and "related" companies had been ordered to halt operations due to lack of compliance with Peruvian law, both in December 2014 and later, in September 2015 after an August 2015 inspection of the Plantaciones de Pucallpa project area, show further disregard for AIM's description of ongoing disclosure requirements, which state that: "An AIM company must issue notification without delay of any new developments which are not public knowledge which, if made public, would be likely to lead to a significant movement in the price of its AIM securities."

Colombia

In 2014, EIA established a new partnership with Comisión Intereclesial de Justicia y Paz (CIJP). CIJP have initiated and executed high quality research, investigations and legal cases regarding palm oil expansion in Colombia between 2002 and 2014 and their efforts resulted in an unprecedented sentencing in Colombian courts for violations related to palm oil expansion of 16 businessmen. CIJP has substantial expertise and experience investigating palm oil in Colombia. EIA partnered with them to provide greater visibility and therefore safety for their ongoing investigations, as well as to provide additional investigative and trade data analysis support to strengthen their current research on palm expansion.

EIA supported CIJP to strengthen and advance research and investigation regarding operations of the business group Poligrow, which is operating in the municipality of Mapiripan (Meta, Colombia). The investigation's emphasis is on documenting the mechanisms used by this business to acquire lands on which it currently has (palm) plantations, on documenting the labourful structures used by the business and the threats the (palm) project represents to nature reserves. In 2014, the investigation was concluded and as planned, EIA's support in 2015 strengthened distribution of information generated by this research and investigation as well as advocacy efforts related to palm expansion threatening the environment, human rights and land rights.

To support these investigations, EIA has purchased trade data to identify major traders and consumers of palm oil developed on illegally acquired Colombian lands. EIA also developed strategies for using anti-corruption laws in the EU and the US to bring those responsible for

crimes in Colombia to justice. EIA is currently in discussions with lawyers in relevant jurisdictions about how to package this information for enforcement purposes and further investigation. EIA also served a bridge between Colombian civil society and the international palm oil community relaying information between them. EIA also produced [a short documentary](#) about the impacts of palm oil production in Mapiripán.

CIJP, through their grant provided by EIA, also worked to build capacity of Indigenous communities affected by oil palm in Mapiripán, Meta. CIJP supported Jiw and Skuani Indigenous communities in meetings with relevant state actors. The meeting aimed to clarify land holdings in order to assess possibility and mechanics of increasing reservation lands, taking into account the occupation of lands (and needs) of campesinos in the area.

CIJP supported the Jiw in preparing and participating in these meetings, in which the expansion of the Caño Ovejas (Sikuani) reservation [resguardo] was addressed. The expansion is an ongoing process which had stalled significantly and has been revisited, as required, by relevant Colombian authorities since CIJP and Indepaz/Somo published reports on the expansion of oil palm plantations, specifically belonging to Poligrow Ltda, in Mapiripán, Meta and the effects on Jiw and Sikuani communities. The meeting also included campesino families and resulted in two commissions to assess campesino-held lands in the area, including options for purchase.

CIJP organized meetings for Sikuani and Jiw leaders with government authorities and the diplomatic corps in Bogota. Sikuani and Jiw leaders met with the Ministry of Interior, Ministry of Defense, Land Restitution Unit, and the Presidential Council for Human Rights. The leaders shared the human rights situation of their communities with each office, including territorial disputes arising from the presence of Poligrow Ltda. The meetings led to an immediate meeting with Colombia's National Protection Unit where the leaders presented the risks faced by their respective communities and proposed protection measures that are still being evaluated by the Unit. The leaders met with Embassy representatives from Norway, the United States, Holland, Germany and the UK to share the commitments made by Colombian authorities in meetings (listed above) and share details of the human rights situation in Mapiripán and disputes with Poligrow Ltda.

Meetings facilitated by CIJP for Sikuani and Jiw leaders with the National Police resulted in agreed upon protection measures, to be offered by the police, for Sikuani and Jiw communities in Mapiripán. CIJP has led efforts to secure official and increased protection measures for William Aljure and his family, who have denounced Poligrow and are seeking a return of their lands which were acquired illegally by Poligrow Ltda. CIJP provided content for a letter sent to President Juan Manuel Santos, supported by 21 US and European environmental and human rights organizations calling for protection of land claimant William Aljure, protection and expansion of Jiw and Sikuani lands, and for action regarding the irregular accumulation of lands for oil palm plantations. CIJP facilitated William and his family's removal, with EIA financial support, from Meta after they received multiple threats.

CIJP enabled land claimants and Indigenous leaders to meet with the National Attorney General's office to receive a report on advances in the case being led by the same office into Poligrow Ltd. CIJP also finalized an extra procedural declaration for the case that the Prosecutor of Bogota is building on Poligrow. The declaration includes accusations of falsifying public documents, and illegal appropriation of lands in Barandales.

In response to reports of sexual aggression against Sikuani women by paramilitaries in the region (CIJP received a report in September 2015 that a Sikuani girl had been raped by Urabeño paramilitaries), CIJP mobilized their gender and psychosocial team, carrying out a visit to meet with women and provide guidance for protection of the young victim of sexual assault. In addition, CIJP lead community meetings in which Sikuani community members identified, social, economic, cultural, physical and environmental impacts of oil palm expansion specifically Poligrow Ltda. in their community, and carried out an initial mapping of community resources as well as the effects identified.

In December, 2014, CIJP collaborated with EIA during COP 20 in Lima, Peru. CIJP participated in Voces por el Clima and the Cumbre de los Pueblos - two COP 20 side events - providing testimony and analysis to more than 150 people regarding palm oil expansion in Colombia. The presentations included recommendations for engaging with communities to strengthen their land rights in the face of growing palm oil expansion in Latin America. CIJP staff provided recommendations to EIA staff for continued research on palm oil expansion in Peru, recommendations based on their 17 years of experience in the “field” of palm oil. This information sharing among affected community members is critical to generating sustained interest and engagement from civil society about the potential impacts of palm oil.

EIA staff also provided information and contacts to Transport and Environment for the production of a film to be released in 2016 by T&E. The film will focus on the effects of palm expansion in Latin America as related to growing demand in Europe. EIA staff accompanied T&E staff to Colombia, supporting filming and interviews with communities affected by palm oil expansion (water sources limited by plantation expansion, human rights violations, displacement for palm investments and plantations) on the Caribbean coast of Colombia, in the plains region and in Bogota.

In 2016 EIA will continue to collaborate with EU organizations, sharing information and trade data regarding Colombian palm expansion and palm oil exports to the EU.

Central America

In September 2015, EIA convened meetings between human rights and environmental organizations working in and on Guatemala, to discuss a response to killing of Rigoberto Lima Choc. The murder and kidnapping occurred shortly after a criminal court ordered palm oil company Empresa Reforestadora de Palma de Petén SA (REPSA) to suspend operations based on charges that Mr. Lima and his environmental group had filed denouncing the pollution of waterways caused by REPSA when its effluent ponds overflowed into the Pasión River. The meetings resulted in a public letter to global palm oil traders requesting they engage suppliers in Guatemala, and detailed recommendations traders can take to help prevent future human rights abuses, including murder.

Congo Basin

EIA has made significant progress in documenting the social and environmental impacts as well as various illegalities in the palm oil frontier of Central Africa. EIA has developed and strengthened partnerships with community based organizations throughout Central Africa to support and enable significantly increased capacity of monitoring palm oil expansion. Investigations of oil palm plantations expansion have been conducted in collaboration with local partners.

EIA organized an unprecedented regional workshop for Civil Society Organizations (CSOs), local communities, and Indigenous people groups in the Congo Basin to address the emerging threat of palm oil development in the region. Nearly 40 civil society experts and community leaders from over 25 organizations gathered in Douala, Cameroon for three days of discussion, presentations, and strategic reflections on how to address harmful issues related to palm oil expansion in the region. Participants at the workshop included civil society and indigenous peoples groups from Cameroon, the Central African Republic, the Democratic Republic of Congo, Gabon, and the Republic of Congo. Participants agreed to a joint position on the expansion of oil palm in the region, including recommendations for the Congo Basin governments. This initial meeting has served as a necessary foundation for sustained engagement by several civil society organizations throughout the region.

EIA also hosted meetings for traditional chiefs in Cameroon to examine opportunities in the current forest law of Cameroon. EIA helped identify pressure points for revisions in the law and facilitated a joint statement from the chiefs to support indigenous rights and transparency in forest clearance for agriculture. Two factsheets were produced and distributed.

In June 2015, more than 600 stakeholders met in Yaoundé, Cameroon as part of the 15th Meeting of Parties of the Congo Basin Forest Partnership (CBFP - a multi-stakeholder partnership that was launched in 2002 during the World Summit on Sustainable Development in Johannesburg, South Africa by former U.S. Secretary of State, Colin Powell - includes Congo Basin countries, donor agencies and governments, international organizations, non-governmental organizations, academics, and private sector companies). EIA organized a side event aimed at raising awareness and catalysing the dialogue amongst stakeholders about the increasing commodity-driven illegal forest conversion in the region. EIA brought representatives from throughout the region together to share perspectives with decision makers about the threats posed by illegal conversion for agriculture. .

Members of the CBFP meet every two years to coordinate priority activities, to propose action on emerging issues, and to share information with partners and networks active in the region. The side event represents one of the first instances of developing a regional approach to the threat of illegal and unsustainable agricultural conversion.

EIA continued its investigation of a major palm oil producer in the region. Through multiple field visits and undercover interviews, EIA secured incontrovertible evidence of high level corruption in the sector. Due to the security considerations of the staff involved, written descriptions of the evidence are being kept to a minimum, though can be provided upon request. EIA is working with allies to determine the most strategic timing of publication.

EIA was also requested to join on ongoing international campaign against Herakles Farms, a New York-based group, particularly to lend its investigative capacity of both timber trade and opaque corporate structures. The company was illegally granted an initial 99 years-old land lease of 73,086 hectares of pristine forests in the South-West region of Cameroon in 2009. A year later, its local subsidiary, SG Sustainable Oils Cameroon (SGSOC), began clear-cutting forest and established oil palm nurseries despite the fact the project did not have a land lease signed by the president as required by Cameroonian law. Forest clearing operations were then temporarily suspended by the Minister of Forestry in April 2013 for “violating forestry regulations”. These operations led to Herakles Farms stockpiling hundreds of illegally felled logs in its nursery site – many of which have been there for nearly two years. As a result of multiple NGO campaigns against the project, a presidential decree significantly reduced the size of the original concession to only 20,000 hectares in 2013.

The same decree also granted Herakles Farms a three year provisional land lease. After these 3 years (i.e. in 2016), the contract may be renewed if there is a satisfactory assessment of the company’s activities by the government. The renewal of the land lease may happen in November 2016 and it will be for 99 years. Despite claiming to not have interests in timber, Herakles Farms established a front timber company called Uniprovince to run logging operations within the concession. The company was (again) illegally awarded 2500 hectares of forest as a *vente de coupe* (sale of standing volumes) to harvest the timber from the concession. Recent satellite imagery analysis from Greenpeace suggests that more than 1,000 hectares of land have already been cleared since the project started (exact figure still need to be confirmed). Unfortunately, there is not yet an estimate of the timber that has been harvested within the concession so far. Around 400 hectares of palm trees have already been planted.

Given the financial difficulties encountered by the company since the beginning of the project, new investors - apparently from the UK- have recently acquired the project. Jonathan Watts is now the new Chief Operating Officer of SGSOC. He is also the managing director of the Volta Red palm oil project in Ghana which was also previously owned by Herakles Farms and is part of the UK-based Wyse Group. EIA participated in multiple planning meetings throughout the grant period, building trust with local partners, and is now pursuing an investigation of the company.

The work of the consortium on this specific outcome has focused on the activities described above: work on the ground in the palm producing countries, aiming at unmasking social and

environmental abuses suffered in communities and indigenous peoples, due to bad policy-making in local and national governments. Whereas these activities have been very successful in uncovering bad practices, they have not necessarily led to the achievement of the other two sub-outcomes as such: increase in yield linked to technology development (instead of palm oil plantation expansion) and increased support for REDD+ finance and policies for better alternatives to replace income from palm oil extension.

5. **European Union:** Finalization of strong ILUC standards and appropriate caps on deforestation-based fuels in EU biofuels policy.
6. **Global Biofuels Policy-Makers:** Accurate assessment of greenhouse gas impact of palm biodiesel in national and global policy bodies. In the United States, the EPA upholds the findings of its initial rulemaking and does not approve a specific pathway for palm oil under the Renewable Fuel Standard (RFS) program.

Over the course of this 3 years' project, biofuels policies in the EU and in the US have seen a clear improvement on several points.

Since the beginning of this project efforts have been made to ensure accurate assessment of greenhouse gas impact of palm biodiesel in national and global policy bodies. A big focus of the consortium's work has been related to the legislative frameworks in the EU and the US, that drive the demand for biofuels and therefore for palm oil. This work has been led by T&E in the EU and UCS in the US. In the EU context, the work focused on the reform of the two EU laws driving biofuels demand: the Renewable Energy Directive with a 10% renewable target in transport and the Fuel Quality Directive.

EU Biofuels Policy

In the EU, the multi-year campaign resulted - in 2015 - in the adoption of a 7% limit on the amount of crop-based biofuels that can be counted by each EU Member State to reach the 10% target. According to [a recent study commissioned](#) by the European Commission, the 7% cap would deliver GHG savings equivalent to up to 541 MtCO_{2e}. When it comes to palm oil, the study expects a decrease of 1,2Mt in palm oil imports for biodiesel compared to a scenario without the 7% limit.

The reform of the EU biofuels policies also led to the recognition of Indirect Land Use Change emissions (ILUC) in the Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD). These emissions are now taken into account for reporting purposes, recognizing that palm oil biodiesel has on average more GHG emissions than the fossil diesel it is supposed to replace, but the ILUC emissions are not used for accounting purposes.

Over the three years of this project, T&E has been leading a campaign in Brussels and in some key Member States, to ensure that the reform of the EU biofuels policies would permit to tackle the issues related to ILUC, while at the same time giving more space for truly sustainable alternatives like renewable electricity. Each year of this project, T&E has been conducting a very effective work thanks to a well targeted and research-based advocacy strategy, combined with impactful communication tools.

Advocacy activities

T&E's advocacy activities followed the EU decision-making process during the period 2013-2015. Following a proposal by the European Commission in 2012, the European Parliament and the Council of Member States started to discuss the matter early 2013 in view of adopting an official position on the file. In 2013 efforts focused first on the European Parliament, where seven parliamentary committees had to give an opinion on the reform. This resulted in a final vote, with a very progressive position by the Parliament's plenary in September 2013. This was a very

important step in the EU decision-making process that reflected several elements of the NGO position. In parallel, we liaised with representatives of the EU 28 Member States in Brussels and in the capitals to ensure that the final result in the Council would also be reflecting the environmental and climate concerns.

Because the Council of Member States did not manage to adopt a position in 2013, T&E advocacy efforts in 2014 focused on ensuring the continuation of the negotiations in Council. At the same time in May 2014 a new European Parliament was elected and as a consequence half of the members of the parliament (MEPs) involved in the reform were new. Given the political controversy surrounding the discussion and the technicalities of the topic, T&E started an important educational campaign involving a large group of MEPs. It was key to empower MEPs as the Parliament had a more progressive position than the Council and had the chance to improve the council's text. The first result of the Parliament's discussions was the release of draft recommendations by the rapporteur of the file in December 2014. These recommendations took into account most of NGOs' requests on the limit applied to the amount of 1st generation biofuels and the treatment of ILUC emissions, but was a bit weaker on the sustainability criteria for advanced biofuels. With the strong industry lobby, the rapporteur could have decided to adopt a much weaker position and this was a good political highlight in 2014. A key political signal of 2014 came also from an [official document](#) of the European Commission that highlighted its intention not to continue the RED target in transport, recognizing the harmful impacts that the biofuels policies up to 2020 have had.

End of February 2015, T&E's campaign of information and awareness raising succeeded in making the Environment committee of the European Parliament adopt a good report and give a strong mandate to the rapporteur Nils Torvalds. The adopted report required a 6% cap on biofuels from food and energy crops, ILUC factors accounting under the Fuel Quality Directive (FQD) and reporting under the Renewable Energy Directive (RED) as well as sustainability criteria for advanced biofuels. This vote was a significant step forward in the process, as there was a risk of starting the negotiations with the Council with a weaker position than the text adopted in 2013 by the Parliament. T&E has followed very closely the discussions at that stage to ensure that the good position secured by the ENVI Committee would not be weakened too much by the Council. It has been challenging and as foreseen, most of the progressive elements secured by the Parliament ended up being watered down by the Council. But the [final compromise](#) agreed by all institutions includes key elements that make it a U-turn at EU level. The EU now has in place a 7% cap on crop-based biofuels, with an option for Member States to go lower if they want to. ILUC emissions will be reported under both FQD and RED, recognizing the harmful impacts of EU biofuels policies when it comes to land use. There is also a review to potentially include ILUC emissions for accounting purposes later on.

Over the three years of the project, T&E has provided financial support to several members at national level every year. They provided key support in influencing the position of their national governments and MEPs throughout the entire decision-making process. Their activities typically involved contact with governments, advocacy meetings with MEPs in the European Parliament, contact with media and social media communication.

T&E has also been taking part in a number of relevant expert groups where the use and the sustainability of biofuels are discussed, including the ICAO (International Civil Aviation Organisation) Alternative Fuels Taskforce which is estimating the potential benefits for the use of biofuels in the aviation sectors and an expert group on alternative fuels & advanced biofuels.

The use of advanced biofuels is an important factor of the biofuels policy debate. Besides T&E's work on limiting the use of unsustainable biofuels, T&E joined in 2013 the platform "Biofrontiers" – a multistakeholder group which includes research organisations, civil society groups and representatives from the advanced biofuels industry. The aim of this project is to investigate both technicalities and political feasibility of the deployment of advanced biofuels to replace first

generation biofuels. This group has produced papers of different nature trying to explore the economics, competing uses, sustainability and availability of advanced biofuels.

The group is still working on potential outcomes on which all the members agree, aiming at producing a set of policy recommendations to make sure that the use of advanced biofuels is based on sustainability considerations – which will be discussed in late 2016 or 2017.

Also, by the end of 2015 T&E took part of preliminary discussions with other industry groups – such as food industries or electric vehicles industry- with an interest in the deployment of non-food based advanced biofuels. This is still in a very early stage and we are currently discussing this potential collaboration.

During the entire duration of the EU biofuels reform, T&E has been one of leading voices of the NGO community in Brussels. T&E has had a key influence through mobilizing national organizations and coordinating national campaigns in key countries. T&E has regularly engaged with companies and business associations that could potentially benefit from a shift away from unsustainable crop-based biofuels and towards sustainable low-carbon biofuels, as well as other low-carbon alternatives like renewable electricity. Thanks to its strong leadership within the NGO community and its constant engagement with industry stakeholders on fuels policies, T&E has contributed a lot to the crucial change that happened in 2015 on the EU biofuels policies.

Research

T&E has a long history of research-based campaigning, where science and sound technical studies form the basis of our advocacy work. In that spirit, the T&E campaign on biofuels has been based on robust different pieces of research that have been commissioned thanks to the NORAD grant, from 2013 to 2015. In 2013, in cooperation with Global Subsidies Initiatives IISD, T&E produced a study entitled – Uneven returns? The economics of EU biofuels policy that was followed by 3 national case studies (available [here](#)). These studies had an enormous impact on the political discussion as it revealed the cost of the biofuels policies borne by society vs scarce environmental and economic benefits generated by the industry. In 2014, T&E commissioned and published two studies on energy crops and forest biomass (available [here](#)), as well as several technical briefings and recommendations, in collaboration with BirdLife Europe and the European Environmental Bureau. T&E also commissioned a study on the post 2020 policy framework for transport fuels, in order to provide the key elements of a post-2020 framework that would not rely on crop-based biofuels for decarbonizing the transport sector. This study has been released in 2015 (available [here](#)) and contributed to the definition of key principles to support our advocacy work on the 2020 biofuels policies but most importantly for 2030. Additional pieces of analysis have been commissioned in 2015 for internal purposes, including a legal analysis of the current state aid rules in place at EU level, a piece of work on oil imports to the EU (including diesel), in link with the biodiesel imports to the EU and an economic analysis of the EU's projected energy mix for 2030, looking specially into the role of biomass within this mix.

Communication and media work

Over the 3 years of the project, T&E organized six public events on biofuels for various audiences: MEPs and their assistants, Permanent representatives of Member States, Commission staff and external stakeholders. One of the events, a breakfast in the European Parliament in October 2014, was featuring speakers from Indonesia that are experiencing environmental destruction and human rights violations due to palm oil expansion. In addition to this, T&E co-organized several NGO meetings in Brussels that gathered people from national organizations all over Europe working on bioenergy and biofuels' policies. The goal of these meetings was to update national organizations on the political situation, provide specific trainings and give an opportunity for them to meet decision-makers in Brussels. In addition to meetings that we have organized, T&E also participated as speaker at several events and conferences, not only in Brussels but in different Member States.

One of the building blocks of T&E's biofuel campaign consisted in the communication toward the wider public, policy makers and media outreach. T&E has regularly published stories on this issue in T&E bulletin, wrote blogs and editorials and was invited to comment on the issue for several publications. T&E has also used social media to interact with MEPs and the industry. In 2013, the key highlight of the communication work has been the release of an interactive infographic (explaining ILUC) and a petition on the website Stopbadbiofuels.org. The purpose of this was to brand the campaign with one name and symbol (a half-burned tree) and to influence the vote in the Parliament's plenary. This visual identity has been reused for the rest of the campaign. In 2014, we released an information tool "[The little book of biofuels](#)" to support T&E's awareness-raising campaign in the European Parliament. It has been shared with several EU decision-makers, MEP assistants, national organizations, etc. Early 2015, a new website biofuelsreform.org has been developed and put online early, explaining the ILUC reform and the different aspects of the reform. Ahead of the vote in the ENVI Committee, T&E also developed a Twitter tool for national organizations to target the ENVI MEPs – it was available [here](#). This tool permitted to engage the discussion with key MEPs on social media. Finally, T&E staff travelled to Colombia for the production of a film to be released in 2016. The film will focus on the effects of palm expansion in Latin America as related to growing demand in Europe. For its realization, T&E collaborated closely with EIA given its expertise in on-the-ground work, being key for establishing contact with key players of the palm oil expansion in Colombia.

Upcoming EU policy developments

The work undertaken by Transport & Environment is going to be of key importance: the upcoming years are going to be highly important for the EU policy battle, as big political developments in the fields of biofuels and bioenergy are expected to happen in the EU.

The European biofuels legislation –in place up to 2020 - aims at decarbonizing the transport sector but turned out to have a rather opposite effect due to the issue of Indirect Land Use Change. Following a proposal by the European Commission in 2012 to reform the EU biofuels policies, the EU decision-making process ended up with a very important tool to reduce the use of deforestation-based biofuels in the EU: a 7% cap on the use of crop-based biofuels until the year 2020.

Due to the way the EU decision-making process works, it is certain that the cap will remain in place until 2020 but while this was a U-turn and a step in the right direction, there is still a lot to be done to improve the current state of play and ensure that the EU will strengthen its sustainability standards in the long run. For example, ILUC emissions are recognized and reported under the current framework but not accounted for. In addition, there is still a question mark on what will happen after 2020.

This is why the upcoming years are of crucial importance as the pieces of legislation described are going to be reviewed and new policy frameworks will be proposed and voted for the next decade.

Moreover, the ILUC reform is to be implemented by Member States in 2017, meaning that the period up to 2017 will be as well crucial to ensure a good implementation and ensure that Member states willing to be more ambitious will adopt a lower cap for the use of crop-based biofuels.

In order to continue working and pursue the described above, T&E is glad to have been granted again by the Norad CFI program on which we will work with other 2 organisations – the International Council for Clean Transportation (ICCT) and Waxman Strategies – to keep pursuing our goal of turning the market into a deforestation-free biofuels policy.

US Biofuels Policy

UCS has worked from 2013-2015 to ensure that the U.S. biofuels debate included consideration of accurate scientific assessment of palm oil greenhouse gas emissions, including submitting analysis and commentaries on the Renewable Fuel Standard, and submitting analysis to the

California Air Resources Board and EPA that reinforces previous studies that show the high carbon cost of palm-based biofuels.

In 2015, UCS's advocacy and technical input presented palm oil as a very unattractive feedstock for use in California and helped inform the California Air Resources Board (CARB) finalized updated lifecycle analysis for biofuels, ensuring that its palm oil analysis gave palm oil a very high indirect land use score. UCS analysis also informed Oregon's closely-related Clean Fuel Program, expanding the reach of the California analysis. UCS also educated CARB about why Palm Fatty Acid Distillate, a by-product of palm oil production, should not be treated as a waste (in which case a low lifecycle score would support its use in California).

UCS partnered with the ICCT, along with prominent Oklahoma State University agricultural economist Wade Brorsen, on analysis that recommended a lower value for expansion of biodiesel mandates—29 million gallons a year—as compared to EPA's proposed expansion by 100 million gallons a year. In contrast, the biodiesel industry association (the National Biodiesel Board, or NBB) commissioned analysis suggesting that biodiesel mandates should grow by 300 million gallons per year. While the EPA's final rule was predictably more than UCS suggested, our analysis served as a counterweight to the NBB argument, and points the way to more pragmatic strategy to manage the growth of biodiesel mandates in years to come. Although the EPA has not yet issued a final rule on palm oil biofuels, palm oil biodiesel cannot currently be used for RFS compliance (with the exception of grandfathered facilities that are exempt from any GHG emissions accounting).

Going forward

In the almost three decades that NGOs have been running market-based forest protection campaigns, no one has experienced a period of such sudden and system-wide change. Moving forward, two great questions persist: (1) has enough market demand been generated to truly drive change on the ground; and (2) to what degree is there substance behind the cornucopia of new corporate policies?

Moving forward, the consortium believes that we must keep the pressure on by targeting laggard producers who have not yet joined the zero deforestation revolution and to also find ways to stimulate demand for zero deforestation products from emerging markets where little demand has yet been expressed; This commitment passes by continuing, and where possible enhancing, our ongoing investigative work in palm-producing countries - both in current producers and the potential new frontiers - to make sure that good practices, respect for local communities and zero-tolerance to corruption are correctly applied. This therefore must be supported by global biofuels policy that is based on both environmental and social considerations and that ensures that no-deforestation is driven by such policies. Each partner is committed to these causes and will make sure by different means that the work keeps going after this grant.

To achieve this, NGOs must continue to research markets and supply chains to shine a spotlight on companies and actors clinging to outdated and unsustainable business practices; we must work collectively to establish common definitions, benchmarks and tools to hold companies accountable for the policy commitments that they have made; and we must work with governments to establish the enabling conditions that allow this to happen, such as sound policy development and the rule of law. Finally, progress, precedent and lessons learned must be extended to other geographies and other commodities that currently are driving deforestation.

2.7 Cross cutting concerns. Report on whether the project has contributed to

a) *Reduced corruption*

This project has had an important contribution in regard to reducing corruption, but obviously we still a long way to go. EIA has tirelessly investigated abuse of authorities in countries exploiting palm, for example in Colombia and Peru, where EIA found out and revealed that big palm oil producers are just not respecting the law and are developing their activities as part of complicated corporate lawyers. EIA has shown how this misuse of power is driving significant deforestation and is endangering local communities which have suffered mistreatment and violations to their rights. As mentioned above, EIA's data gathering and involvement has raised awareness amongst civil society groups who have called for business transparency. In the case of Colombia, EIA together with on-the-spot partners have investigated and revealed information which led to sentencing in Colombian courts for violations related to palm oil expansion of 16 businessmen. EIA has and currently is further investigating the mechanisms that big corporations have used to illegally acquire lands for palm growth.

In the meantime, some other producers, traders and consumer companies who have adopted No Deforestation, No Peat, No Exploitation (NDPE) policies have agreed to build traceable, transparent, and legal supply chains. A direct result of this project was the NDPE commitment of Wilmar International whose public reporting dashboard, which reveals over 800 suppliers, has set a new standard for transparency and accountability. Transparency is a cornerstone in the fight to reduce corruption, which by its very nature relies on opacity. Furthermore, consortium targets Musim Mas, Cargill, Asian Agri, Wilmar, Golden Agri-Resources and Astra Agro Lestari have come together to form the Indonesian Palm Oil Pledge (IPOP) with the Indonesian Chamber of Commerce, Kadin, which has played an important voice advocating for improved forest governance. Cracking down on corruption is a top priority on their agenda.

a) Gender equality

UCS and CA have worked with Wilmar to include a number of policies that will support women's well-being including prohibitions on forced labor, sexual harassment and abuse, as well as provisions for separate accommodation for single men and women.

Women are disproportionately affected by deforestation, and have historically played a leading role in reforestation, ecological restoration and conservation. Deforestation can deprive traditional female gatherers of firewood, or make them walk long distances for it: subjecting them to greater risks and reducing time available for education or tending to children, family members, community concerns, or scarce leisure opportunities. Indeed, firewood gathering itself can be tied to deforestation in some cases; resulting soot can hurt women's health when low carbon, forest free alternatives like solar or cleaner gas cookers are available. Deforestation is frequently used as cover for sex trafficking and other crimes against women.

Also, EIA has supported increased civil society capacity throughout the palm-oil producer countries, ensuring that women have participated substantially in workshops and strategy sessions. A very specific case arose in response to reports of sexual aggression against Sikuaní women by paramilitaries in the region (CIJP received a report in September 2015 that a Sikuaní girl (minor) had been raped by Urabeño paramilitaries) CIJP with the support of EIA mobilized their gender and psychosocial team, carrying out a visit to meet with women and provide guidance for protection of the young victim of sexual assault. In addition, CIJP lead community meetings in which Sikuaní community members identified, social, economic, cultural, physical and environmental impacts of oil palm expansion specifically Poligrow Ltda. in their community, and carried out an initial mapping of community resources as well as the effects identified. The specific effects on women were discussed and shared broadly with the community, revealing the extra responsibility women and mothers carry for protecting young women from sexual violence as well as reported prostitution that has emerged with the arrival of palm oil plantations in Mapiripán.

b) Respect for human rights

Consortium members, in coordination with a broader coalition of groups, have uniformly pushed for No Deforestation, No Peat, No Exploitation commitments. Accordingly, we have succeeded in getting major traders and consumer goods companies to include provisions in their policies regarding adherence to international norms on human rights. Consumer-facing companies now widely cite the requirements of FPIC for their suppliers. The High Carbon Stock approach committee (HCSA), of which UCS and CA are steering committee members, has begun work to strengthen the integration of FPIC into new plantation development procedures.

EIA and CIJP also offered basic training/presentation to local communities such as the Sikuni community (and Jiw community) about collective protection measures (Medidas cautelares) by the Inter-American Commission of Human Rights (IACHR). This involved a presentation about the IACHR and the role it plays in safeguarding human rights, as well as how the communities may benefit from collective measures. The community agreed to allow CIJP to present a request to IACHR for “medidas cautelares,” for 19 Indigenous and campesino leaders (land claimants).

Throughout the whole biofuels campaign T&E has been part of an NGO coalition including development NGOs such as Oxfam and Action Aid. T&E has jointly pushed for the inclusion in the EU texts of principles such as Free prior and informed consent (FPIC). T&E has also financed through the NORAD fund the “Biofuels Speaking Tour 2014” organized by the “Down to earth” Indonesian NGO. Among other things, this initiative allowed two representatives from Indonesia to attend an event organized in the European Parliament in 2014, aiming at explaining to the EU policy makers the abuses generated in Indonesia by the EU biofuels policies. .

2.9 Lessons learned. Give a short description of lessons learned during the year in question. For final report, please summarize lessons learned for the whole agreement period.

In the case of UCS and CA, when first awarded Norad funding in 2013, none of the partner organizations could have imagined how quickly so many of the world’s major palm oil-dependent companies would go from opposing zero deforestation commitments to championing them. Strategies and campaign plans envisioned to take a year or more were suddenly achieving victory within a matter of months or even weeks. Primary targets shifted to secondary targets, and outsider campaigning morphed into corporate dialogue as a rash of new procurement policies began to take shape. In the almost three decades that NGOs have been running forest protection based market campaigns, no one had experienced a period of such sudden and system-wide change. CA and UCS learned some important lessons over the course of this three-year period. First, the pace of change possible was perhaps underestimated –that targets such as Cargill and IOI who had resisted calls from NGOs and activists for many years would finally commit in such rapid succession. This meant that Forest Heroes, in particular, spent many weeks planning intensive campaign activities that never ended up needing to be deployed because the targets committed earlier than we expected.

Second, while the corporate palm oil sector has made ambitious commitments to eliminating deforestation and exploitation, questions still remain on how to evaluate company progress towards those aims, and how to monitor for non-compliance and hold corporate actors accountable for failure to comply with the new commitments, or their ambitious timelines. This is exacerbated by the fact that companies usually sign non-disclosure agreements with implementation partners, which can limit the extent to which progress is transparent (though we’ve been encouraged by Wilmar’s and other companies’ recent 2015 transparency announcements). Finally, as a community, NGOs largely came to a place of agreement on the major “asks” for company commitments, but we still have significant work to do to determine what common “asks” we should be making on implementation and key indicators for measuring success on implementation. Many of our organizations are now part of a Packard-funded project to align investor and NGO expectations on reporting and accountability for corporations. Beginning a similar project in the future with a more integrated set of expectations on reporting, accountability, and transparency would ensure that civil society could more accurately monitor progress towards compliance with NDPE policies.

For EIA, perhaps the greatest and most important lesson learned over the course of the project is that the initial assumptions about the nature and extent of illegality and governance failings in the agricultural commodity expansion in developing countries bore out. Generally speaking, countries do not have yet in place adequate legal frameworks to govern the capital inflows, plantation expansion and infrastructure development. While initial and positive reactions from government officials have been seen, much remains to be done to reform weak legal regimes and ensure that those who have egregiously and intentionally violated the law are held to account. As seen in the illegal logging fight, there are some actors in the national context that are willing to carry out investigations and instigate enforcement actions. However, devoid of international support for clamping down on illegal conversion for agriculture, many agencies responsible for enforcement will face a hostile political context in the national level, as many agricultural companies wield considerably greater influence over national policymaking than even timber companies.

As noted earlier, the corporate research has yielded several important insights about how palm oil companies operate that may affect ongoing corporate campaigns. EIA's research revealed a complicated web of holding companies, subsidiaries and ownership, often involving the prevalent use of offshore tax havens that appears designed to obscure illicit financial flows from corrupt land deals. As consumer campaigns increasingly focus on generating transparency and accountability in palm oil supply chains, civil society must be increasingly vigilant in ensuring that bad actors do elude scrutiny by establishing a labyrinthine network of companies that mask beneficial owners, illicit financial flows and past wrongdoings.

For T&E a key lesson has been the importance of seeking alignment with like-minded entities – including other NGOs but also industry with similar positions and values - in order to influence more effectively the decision-making process at EU level. In some instances, aligning messages with a big group of organizations with common views but a diversity of end goals has been sometimes challenging and time-consuming. However, building a formal coalition with social and environmental NGOs as well as more informal coalitions with industries (food industry and advanced biofuels) has helped a lot in opposing the conventional biofuels industry, a powerful lobby in the EU. It managed to secure some key political victories thanks to the common use of well-built arguments in favour of the strengthening of environmental and social considerations in the EU biofuels policy.

T&E has also learnt that it is crucial to be consistent with the messaging that needs to be delivered and that a victory might not be granted indefinitely. During the period of the grant, T&E has seen (and still sees) how the same debate held before the biofuels reform, is alive again as the biofuels industry tries to push the exact same old arguments (denying the existence of ILUC being one of them), this time to influence the 2030 EU policy framework. As there's a lack of certainty regarding the upcoming policy package, all stakeholders involved in this debate have been again speaking up using the same arguments, including the biofuels industry of course. Because of this, T&E and civil society groups working on this at European level will continue working together and presenting powerful, science-based and coordinated messaging. During the overall period of this grant, T&E has also appreciated the importance of science-driven regulation and has put all the efforts in insisting on the importance of proper carbon accounting in transport policy. Looking a bit ahead, this will also be of key importance in 2016 and 2017 where sustainability principles for bioenergy will be discussed in the EU political agenda.

3 Case/success story

- 3.1 Please give a short description of a positive result (at any level of the results chain) which the project has achieved the last year. The case should include a short description of the activity, a description of what was achieved and how this relates to the planned outcomes. The case may be shown on norad.no or other public Norwegian website.

Please attach a relevant picture, which can be used by Norad, including name of photographer.

The past three years have rapidly transformed the palm oil industry. Climate Advisers (Forest Heroes) and UCS launched targeted public outreach campaigns, investor outreach, and direct engagement focused on dozens of consumer-facing companies as well as many of the globe's largest palm oil traders and producers. From protests to scorecards, from media hits to petitions, companies were increasingly exposed—to their consumers, to their investors, and to the general public—because of their links to sourcing irresponsible palm oil.

In December 2013 Wilmar International Ltd—the world's largest palm oil trader—responded to an active campaign by Forest Heroes by pledging to end deforestation, peatland destruction, and exploitation across its global operations, including the palm oil it buys from other palm oil growers and processors. This development was significant because Wilmar's market share constitutes 44 percent of global palm oil supplies, which provides the company considerable influence to change industry practices. Additionally, Wilmar's actions signalled to palm oil buyers further up the supply chain that in the future there will be a supply of palm oil meeting the deforestation-free and peat-free standards that consumers are demanding.

The next two years saw a flurry of activity with many consumer goods companies releasing new or strengthened palm oil commitments. In 2014 and early 2015, other traders began to join Wilmar's ranks. Golden Agri-Resources Ltd, the first palm oil producer to adopt a deforestation-free policy, expanded that policy to also cover the oil it trades. Cargill, one of Wilmar's competitors and the largest privately held company in the United States, committed to sourcing palm oil with standards similar to those of Wilmar. Cargill then quickly expanded its commitment to cover other commodities linked to deforestation, including soy. This shift in the commitments of leading traders established a new benchmark for palm oil production and trading; it also made clear that business as usual was no longer an option for companies wanting to remain competitive. Soon other traders began to release NDPE policies, including trader giants Bunge Ltd, IOI Group, and Musim Mas Holdings, as well as producers such as Bumitama, Astra Agro Lestari, and First Resources.

Overall, the recent change in the industry is unprecedented. At least 25 consumer goods companies have pledged to eliminate deforestation and human rights abuses from their palm oil supply chains. This is in large part due to the public demanding responsibly produced deforestation-free and peat-free palm oil. In short, a new industry standard for sourcing deforestation-free, peat-free, and human and labor-rights abuse-free palm oil has been set in the global marketplace.



Credit: Forest Heroes

More details, stories and pictures from the campaign are available at www.forestheroes.org

4 Project's accounts for last year:

4.1 The accounts must relate to the approved budget for the year in question. All deviations (positive and/or negative) must be clearly shown and explained.

Attachment: Audited accounts and completed form from the accountant for last year's accounts. Only after a contract expires should unspent funds be returned to Norad.

Date: 30 May 2016

Signature:



Jos Dings, Executive Director of T&E

Attachments:

- External audit report on the consolidated financial statements (O. de Bonhome)
- External audit report on the 2015 expenditure for EIA (Gelman, Rosenberg & Freedman)
- External audit report on the 2015 expenditure for Climate Advisers (Moran & Company P.C.)
- External audit report on the 2015 expenditure for UCS (Tonneson & company P.C.)
- Consolidated statement of receipts and expenditure for the year ending December 31, 2015 (all partners)
- Detailed expenditures for the year 2015 by activity, by country and by partner.