



TEMPLATE LETTER SENT TO 20 MAJOR SNACK FOOD COMPANIES

December 3, 2013

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Dear CEO,

The undersigned investors believe that companies that attend to environmental and social risks may enjoy competitive advantages. We are writing to urge [COMPANY] to join a growing number of companies in adopting palm oil purchasing policies that go beyond Roundtable on Sustainable Palm Oil (RSPO) standards. The production of palm oil is associated with significant impacts on communities and the environment including, making palm oil a highly controversial ingredient that exposes end users to related brand and reputational risks. Consequently, the undersigned investors representing approximately \$270 billion in assets under management urge [COMPANY] to adopt a policy for purchasing palm oil traceable to suppliers verified as not engaging in deforestation, development on peat, or exploitation of people and communities.

Palm oil is the most widely used vegetable oil in the world, and is currently produced under notoriously socially and environmentally degrading conditions. Approximately 85% of palm oil is grown in Indonesia and Malaysia, and is a leading driver of deforestation in those areas. Due to high levels of deforestation and conversion of carbon-rich peatlands, Indonesia was, by a 2007 World Bank estimate, ranked the 3rd largest emitter of GHGs globally. The palm oil industry is also listed as one of the most notorious for using child and forced labor, according to the U.S. Department of Labor. A recent Bloomberg Businessweek exposé further documented detailed evidence of slavery on palm oil plantations by companies that supply palm oil to some of the world's largest brands, raising the profile of this issue and heightening the reputational and business risks to companies doing business with the palm oil industry.

Consumer-facing brands are increasingly being held responsible for upholding strong environmental and social standards throughout their supply chains. Companies that have failed to mitigate the impacts of their palm oil supply chain have faced reputational damage and consumer rejection of their products. Twenty major snack food companies- [INCLUDING COMPANY]- are currently the public targets of a NGO-led campaign linking these palm oil consuming brands to tropical deforestation. Controversies associated with palm oil production continue to attract media and public attention, heightening the brand and reputational risks to companies driving the demand for palm oil.

To address the social and environmental concerns associated with palm oil production, the RSPO was formed in 2004. Many companies, including some of your company's competitors, have committed to source 100% certified sustainable palm oil (CSPO) by 2015 or sooner. Although purchasing 100% RSPO certified palm oil is an important first step, the RSPO is widely recognized by most major environmental



organizations as insufficient for enforcing supplier compliance and preventing deforestation¹. Consequently, companies need to go beyond RSPO in order to verify that their supply chains are not linked to illegal deforestation and human rights violations.

Major companies such as Nestlé and Unilever have made time bound commitments for purchasing palm oil that is traceable to suppliers verified by credible third parties as not engaged in (1) deforestation, (2) development on peat, (3) human rights violations including child and forced labor, and eliminating suppliers who do not meet these standards. These commitments signal evolving market expectations regarding sustainable palm oil production standards.

The undersigned investors urge [COMPANY] to adopt a policy for purchasing palm oil grown in accordance with the following principles:

1. **No deforestation**
 - a. Protection of High Carbon Stock and High Conservation Value lands
 - b. No Burning
 - c. Greenhouse Gas Emissions Reductions

2. **No development on peat**
 - a. No development on peat regardless of depth;
 - b. Best management practices for existing plantations on peat and;
 - c. Peat restoration, where feasible

3. **No exploitation**
 - a. Respect for land tenure rights and rights of indigenous and local communities to give or withhold their Free, Prior, and Informed Consent to operations on lands to which they hold legal, communal or customary rights;
 - b. Respect and recognition of workers' rights
 - c. Open and transparent conflict resolution process

[COMPANY] has an opportunity to demonstrate its commitment to sustainable sourcing and tackling climate change, and position [COMPANY] as a leader on this issue.

We welcome the opportunity to discuss steps [COMPANY] can take to secure the sustainable production of palm oil. Please contact Lucia von Reusner lvonreusner@greencentury.com to discuss this issue further.

Sincerely¹,

¹ Skinner, Benjamin (July, 2013). Indonesia's Palm Oil Industry Rife with Human-Rights Abuses. Bloomberg Businessweek. <<http://www.businessweek.com/articles/2013-07-18/indonesias-palm-oil-industry-rife-with-human-rights-abuses>>



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ⁱ This is a partial list of signatories