

Appendix I						
Document Reference	Document Date	Document Title	Sections Relevant to Request	Released	Reason/s for withholding	Ref. page in Appendix I
1990355	2016-10-13	Responsible Investment – CFI Quarterly Paper - Global Equities - Engagement Update	Fourth bullet point (excluding bullets in table) in <i>Section 3 Focus List Update : Agenda items 5.c)(i) – 5.c)(iii)</i>	Partially withheld	Section 9(2)(a) Section 9(2)(b)(ii) Section 9(2)(ba)(i) Section 9(2)(g) Section 9(2)(i)	Page 2
2029922	2016-10-05	"Sending regards to you...". Email from Guardians staff member to Adrian Orr	Final sentence	Relevant sentence released in full (other than individuals' names)	Section 9(2)(a)	Page 3
2029927	2016-10-02	"Re: UNPRI Indonesian Palm Oil Trip". Email from Guardians staff member to trip participants and organisers; and attachment 2027960 ("Engagement Meeting Presentation (8 Sept 2016)).		Partially withheld	Section 9(2)(a) Section 9(2)(b)(ii) Section 9(2)(ba)(i) Section 9(2)(g) Section 9(2)(i)	Page 5
2040973	2016-10-06	Investment Forum Presentation – UNPRI Investor Trip to Indonesia RE: Palm Oil – Version 1	All	Partially withheld	Section 9(2)(a) Section 9(2)(b)(ii) Section 9(2)(ba)(i) Section 9(2)(g) Section 9(2)(i)	Page 10
2030729	2016-10-17	Investment Forum Presentation – UNPRI Investor Trip to Indonesia RE: Palm Oil – Version 2 (Revised Version shared with CFIs)	All	Partially withheld	Section 9(2)(a) Section 9(2)(b)(ii) Section 9(2)(ba)(i) Section 9(2)(g) Section 9(2)(i)	Page 28

**Responsible Investment – CFI Quarterly Paper - Global Equities - Engagement Update**

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			<i>items 5.c)(i) – 5.c)(iii)</i>			

**C3- Strictly Confidential**

- [REDACTED] attended the UNPRI arranged trip to visit palm oil companies in Indonesia. Companies met included: [REDACTED]

[REDACTED]

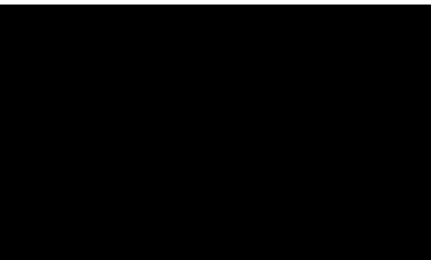
**“Sending regards to you...”. Email from Guardians staff member to Adrian Orr**

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██████████ was on the palm oil trip with me. He was asking interesting questions in the meetings we had with the palm oil companies about how they are measuring and managing climate change issues associated with palm oil.

Best



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Please consider the environment before printing this e-mail.

**“Re: UNPRI Indonesian Palm Oil Trip”. Email from Guardians staff member to trip participants and organisers; and attachment 2027960 (“Engagement Meeting Presentation (8 Sept 2016)).**

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[REDACTED]

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**From:**  
**Sent:**  
**To:**

[REDACTED]  
Monday, October 3, 2016 9:08 AM

**Cc:**  
**Subject:**  
**Attachments:**

[REDACTED]  
RE: UNPRI Indonesian Palm Oil Trip  
2027960-[REDACTED] Engagement Meeting Presentation (8 Sept 2016).PDF

Hi [REDACTED]

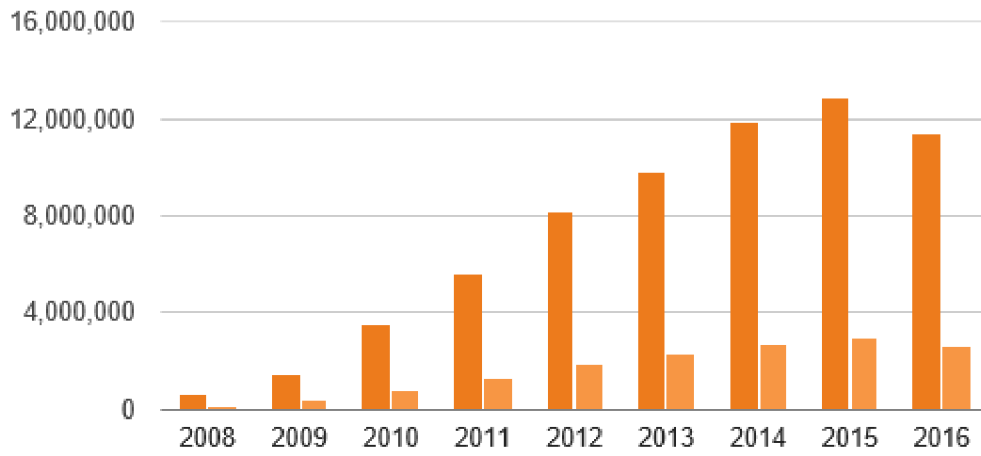
I also missed the meeting with [REDACTED] but please find below my notes and the presentation from the meeting with [REDACTED]

If anyone is able to share the [REDACTED] presentation with me, I would also really appreciate it.

Thanks also to the PRI, CLSA and WWF (and everyone else) for organising the trip. [REDACTED]

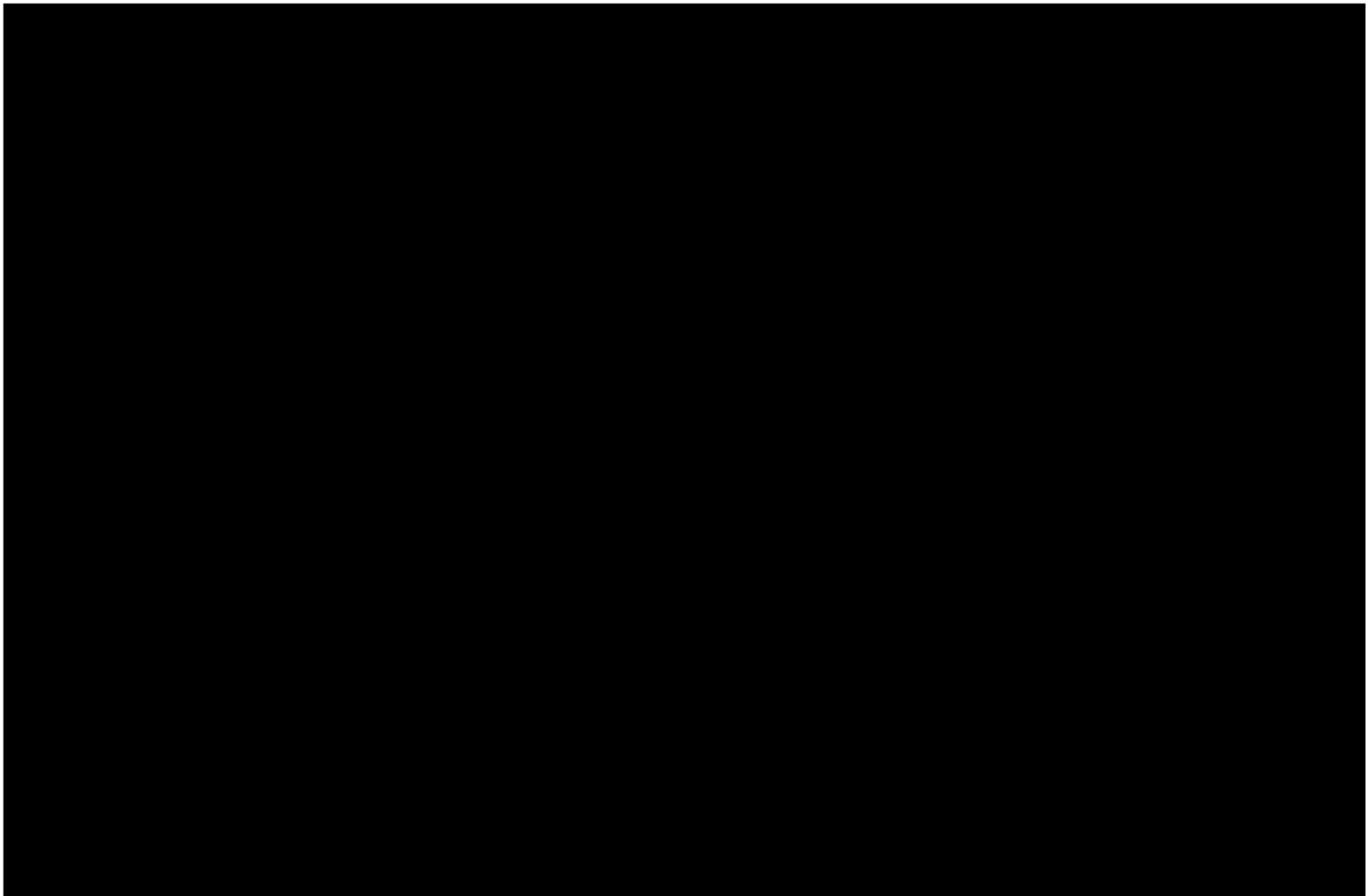
[REDACTED]

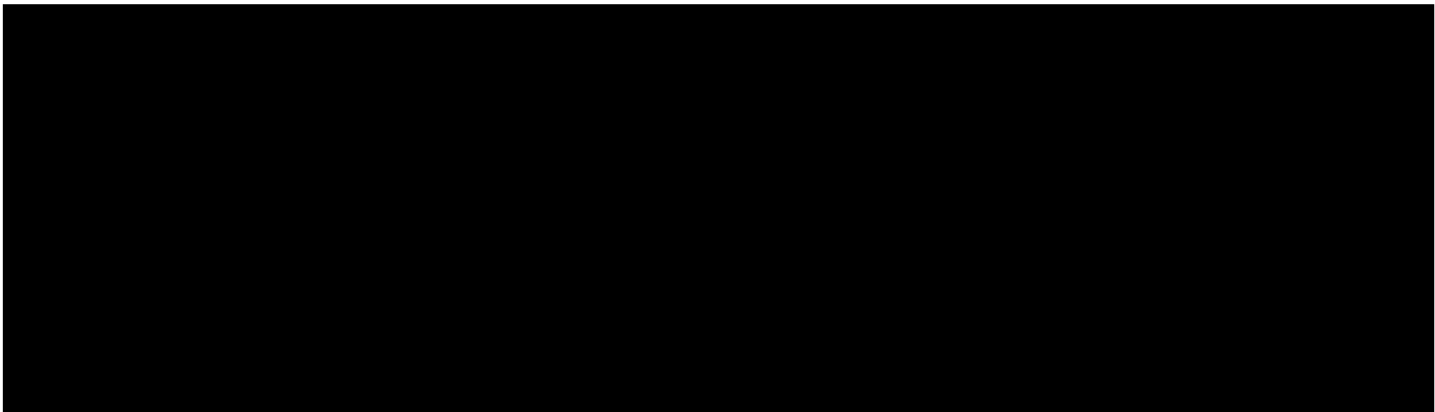
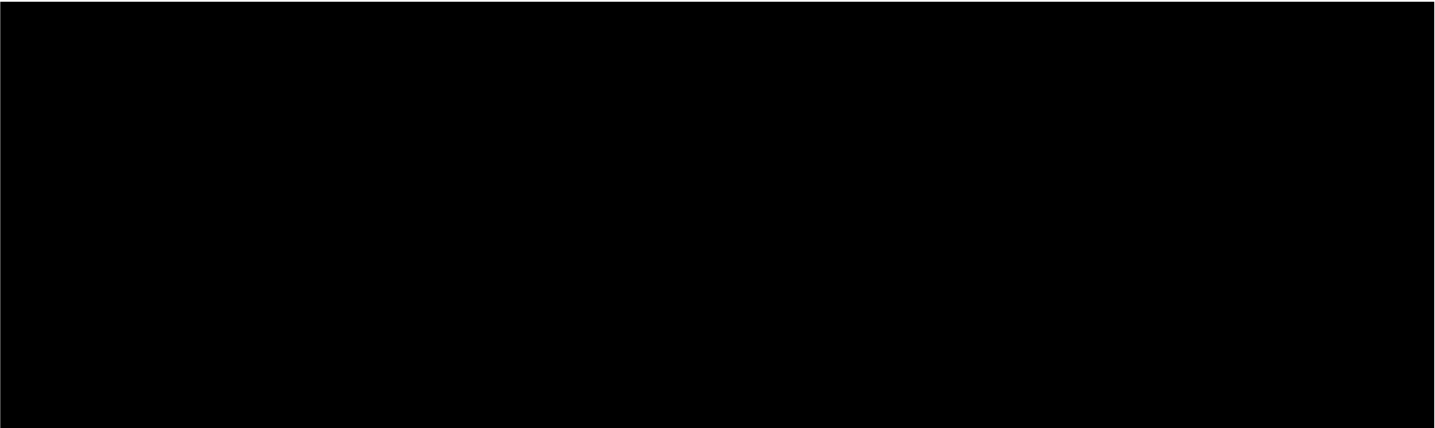
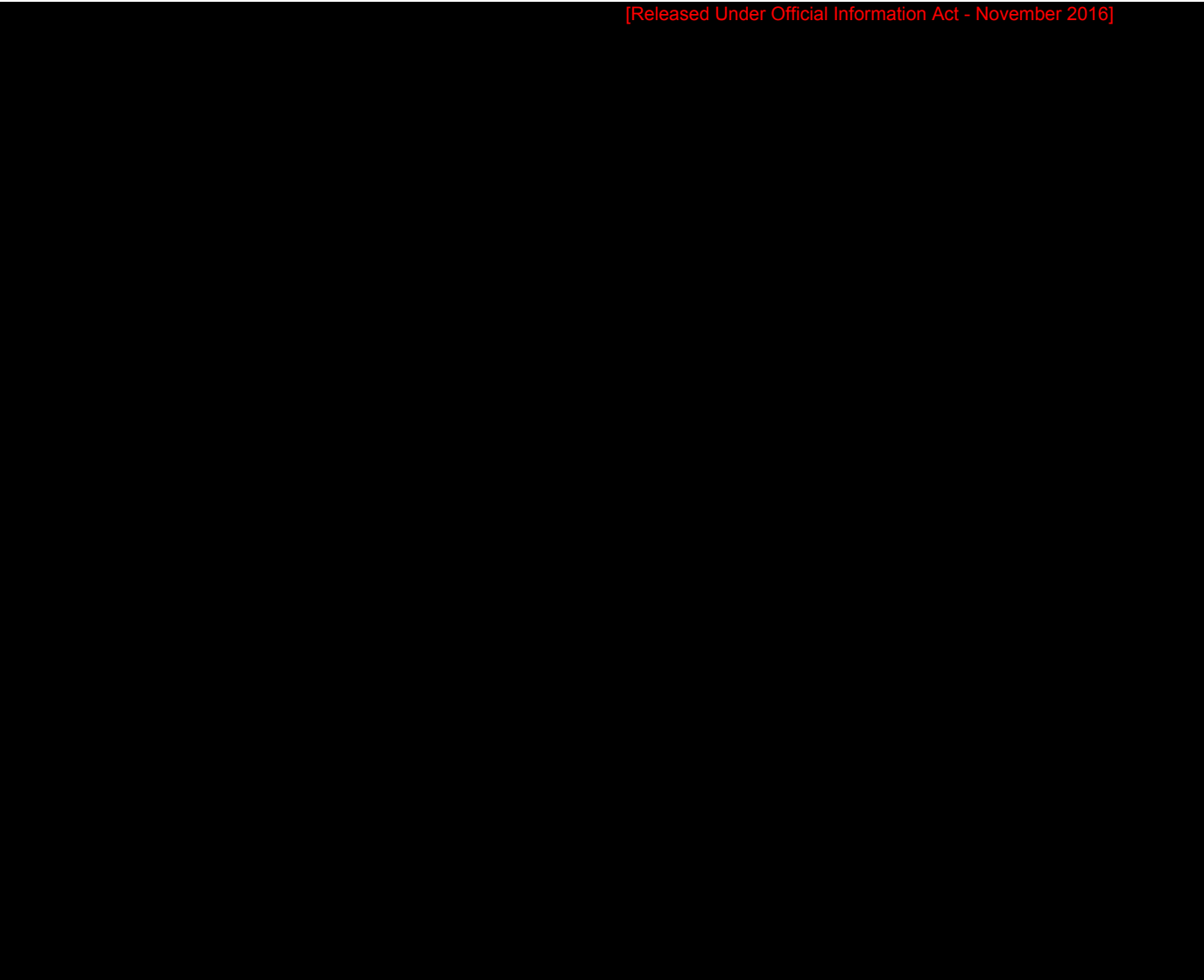
### Certified Sustainable Palm Oil and Certified Sustainable Palm Kernel Volume (tonnes)



It was great to meet you all and please make sure you get in contact if you ever make it to NZ!

Best









**Investment Forum Presentation – UNPRI Investor Trip to Indonesia RE: Palm Oil – Version 1**

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TITLE:

## **UNPRI investor trip to Indonesia re. Palm Oil**


**September 2016**

AUTHOR:



EVENT | PRESENTATION:

**Investment Forum, 22 September 2016**

 **NZSUPERFUND**  
Te Kaitiaki Takekaiwhiri  
Kaitiaki Takekaiwhiri

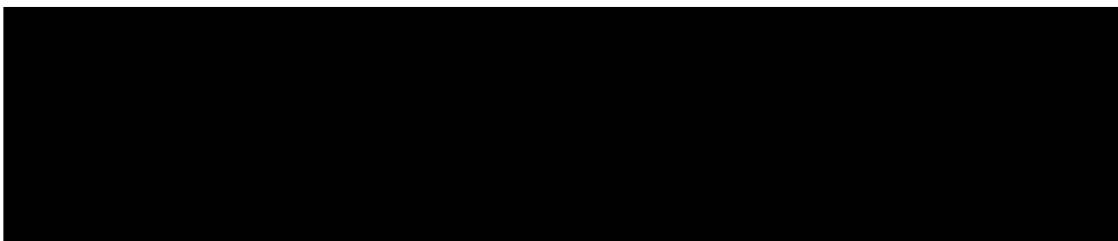
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## Our interest in the issue

- GNZS part of the UNPRI Palm Oil Working Group since its inception in 2011
  - Goal: Prohibit palm oil being grown in forest land, peat land and without abuse of human rights
  - Early engagements targeted buyers
  - Latterly engagements targets growers, traders and processes
- Government Pension Fund of Norway divested from 4 companies in August 2015: Posco, Daewoo International, IJM and Genting
- Sourcing of Palm Kernel Extract (PKE) for our farms

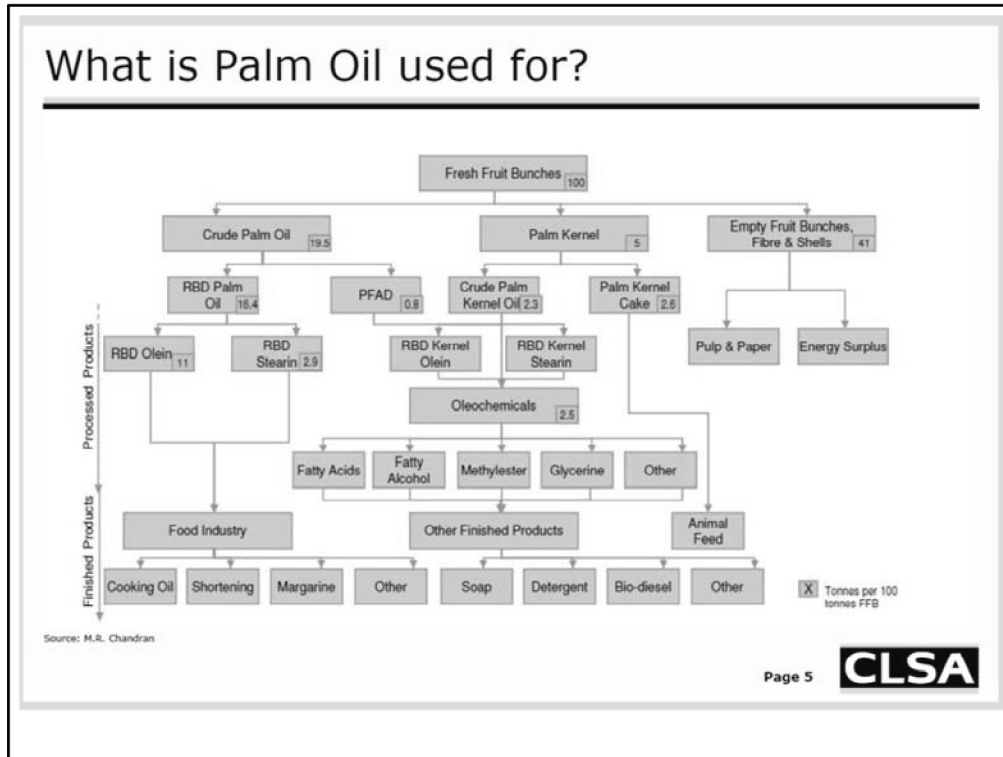
- 1.
- 2.
- 3.



4. GPFN divested from these 4 companies due to concerns that they are creating severe environmental damage as they convert tropical forest into palm oil plantations
5. PKE is basically the crushed up pip of the palm fruit.
6. Its used as a supplementary feed for cows. Over the last 12 or so years, New Zealand's annual use of PKE has gone from nothing to over two million tonnes.
7. Press interest in the issue in NZ. Fonterra has created a voluntary guidelines for the use of PKE. They recommended maximum of 3kg/per day/per cow.
8. Landcorp has committed to phasing out use of PKE on their farms after June 2017.

Farmers have used the product because it is so easy to use, requiring minimal infrastructure, and without the animal health problems that can occur with grain, brassicas and fodder beet.

From a farmer perspective, it is a great feed for dealing with feed deficits in the shoulder seasons, when animal demands exceed pasture growth. And its popularity has been driven in particular by its value as a flexible drought feed.



WWF estimates 50 per cent of products in the supermarket contain palm oil (<http://www.worldwildlife.org/pages/which-everyday-products-contain-palm-oil>). That includes hair conditioner, toothpaste, lipstick, soap, detergent, chocolate, ice cream, biscuits and bread.

In New Zealand, we do not require palm oil to be labelled as such within foods, and so typically it is simply labelled as "vegetable oil". In this form, it is even present across the globe in many brands of infant formula, including Australasian brands.

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Kaitiaki Takekua Piritihana

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## The issues with palm oil

- Deforestation to plant palms
- Illegal clearing of land
- Loss of biodiversity
- Carbon released during deforestation / fires
- Human rights issues if people are displaced or need land
- Questions around ownership of land
- Traceability
- Lax governmental control
- Weak legislative frameworks
- Bribery and corruption

The screenshot shows two line graphs for Indonesia. The top graph, titled 'GDP (current US\$)', shows a steady increase from 1980 to 2014, with a sharp rise after 2000. The bottom graph, titled 'Poverty headcount ratio at national poverty lines (% of population)', shows a general downward trend from 1980 to 2014, with a notable dip around 2002 and a slight recovery thereafter.

Very complex issue in Indonesia

- Land is an opportunity for development
- Income for families if land is used for horticulture or agriculture
- Unable to monetise ecosystem services, the value of natural capital, the value of biodiversity
- Weak governance framework to protect forests
- Lack of knowledge / awareness / don't care attitude to the wellbeing of the forest or to future generations
- 63% of Indonesia's carbon emissions are from forestry and peat burning.

Indonesia is an developing country:

2015: 258m

See growth of GDP from 2000

Poverty has reduced from 18% to under 12% between 2002 and 2014.

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Kaitiaki Takekōwhiri

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## Peat and fires

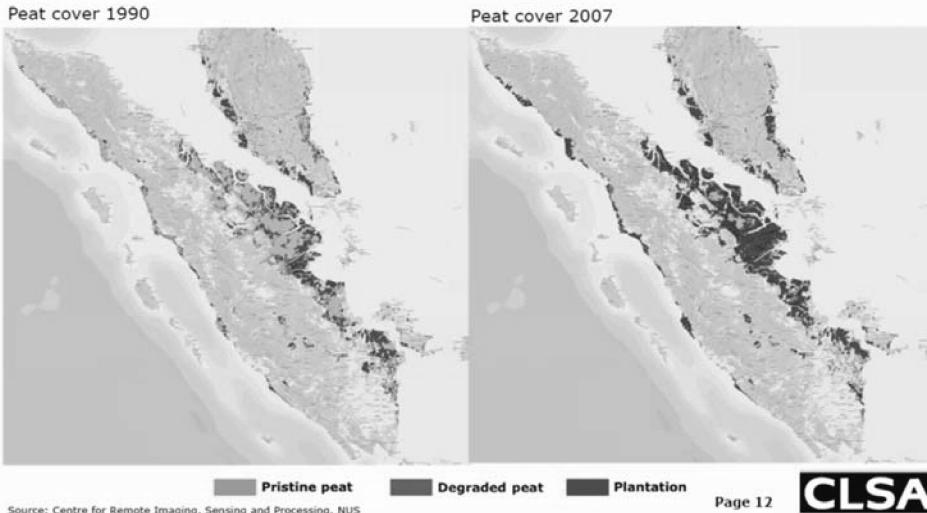
### Smoke and fires over Kalimantan 19 October 2015



Note: Red dots represent fires (hotspots) in the image  
Source: NASA Earth Observatory

- Peat is formed over many years as leaves from the forest foliage drop to the floor and build up over time. It's a bit like compost.
- They form dome shapes. A huge carbon reservoir.
- The peat is very wet because it's nearer the sea (which means ports) and also due to the high rain fall.
- Due to the proximity to the coast and ports and to the growing demand for palm oil, over recent years, much of the peatland has been cleared, drained and palm trees planted. The peat dries out and becomes a fire risk.
- Fires in 2015 impacted 875 Ha. Because the peat is so flammable, the fires go down below ground and spread underneath, out of the line of vision. They can re-appear 700m away from where it started.
- Once peat is burned, carbon is released into the atmosphere and it becomes degraded. If burned multiple times, it can become acidic causing a barren land.
- There are over 2m Ha of degraded peatland across 7 provinces in Indonesia.

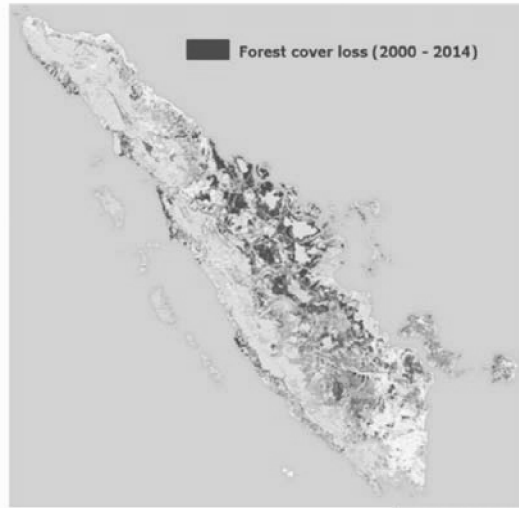
## Peat degradation continues apace





## Deforestation is dramatic - Sumatra


**>18% of  
Sumatra's forest  
cover was lost over  
2000-2014**



Source: University of Maryland, Global Forest Change, Hansen et al

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**CLSA**

 **NZSUPERFUND**  
*Te Kaitiaki Takekaiwhiriwhiri  
Kaitiaki Takekaiwhiriwhiri*

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## Is it an investment issue?

Risks are significant

- Like climate change, risks are not necessarily priced
- Likelihood of further governance reform
- Public perceptions are impacting sales
- Potential for transition – pledges for zero deforestation, zero peatland development and zero exploitation

**579** companies have now committed to ending tropical deforestation in their supply chains

IOI: RSPO certification suspended in March 2016: **27** companies suspended their relationship

Statistics from Chain Reaction Research

2011: Moratorium on the granting of new concessions for the exploitation of primary natural forests and peat

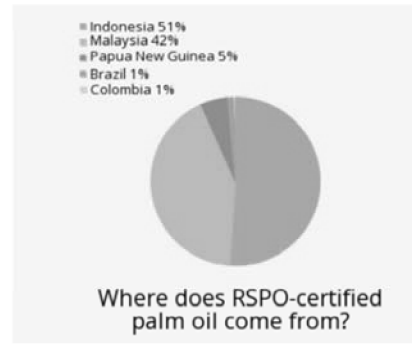
2013: Above moratorium continued

2016: Moratorium on new licenses to establish palm oil plantations

Transition – also about seeds, improving yields and farming practices

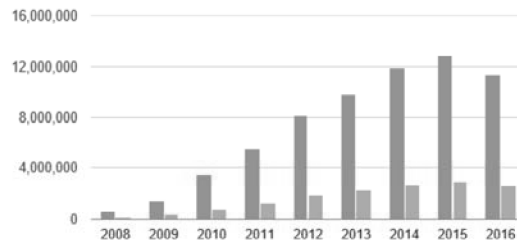
## Can palm oil be sourced sustainably?

RSPO: Roundtable on Sustainable Palm Oil



## Can PKE be sourced sustainably?

Certified Sustainable Palm Oil and  
Certified Sustainable Palm Kernel Volume (tonnes)



NZ's annual use is 2m tonnes per year (and growing)

## Next steps for GNZS

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- BMO continuing engagement with buyers
- Continued involvement with the UNPRI working group which is moving its focus to deforestation (palm oil, soy, dairy and timber)

