



MIGHTY EARTH



# RAPID RESPONSE Palm Oil Report

Report 38  
February 2022



Prepared with support from

**Waxman**

**MapHubs**



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## Cases identified using Planet and other spatial imagery

### Malaysian Companies

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### Supply chain information:

Supply chain information included in Rapid Response reports is based on the latest public versions of mill disclosures, recent export data, and company grievance logs. Mighty Earth encourages companies to send updated versions of mill disclosures as soon as they become available and to share any decision to suspend relations with a given group/company listed in those mill disclosures with [rapidresponse@mightyearth.org](mailto:rapidresponse@mightyearth.org).

Mighty Earth is now including biofuel companies and other manufacturers in the supply chain tables of Rapid Response reports, as these companies have both direct and indirect trading relationships with groups highlighted in these reports and should be filing grievances on these cases. These companies are listed in the "Supply Chain Information" tables.

# New Case

## Group: group companies held by Mr Chow Chuin Hai and Sultan of Johor

PTD 1815

Concession location: (2.29532, 103.90490)

### Deforestation and/or peat development

Report	Deforestation (ha)	Peat development (ha)	Peat forest development (ha)	Clearance prep/Stacking lines (ha)	Time period
Report 38	~25 (HCS)	-	-	-	Feb 2021 - January 2022

Satellite imagery (see below) shows that between February 2021 and January 2022 a total of ~25 hectares of forest (HCS) was cleared in the PTD 1815 concession. (Imagery: 2020-2 Planet Labs Inc)

### Supply Chain Information

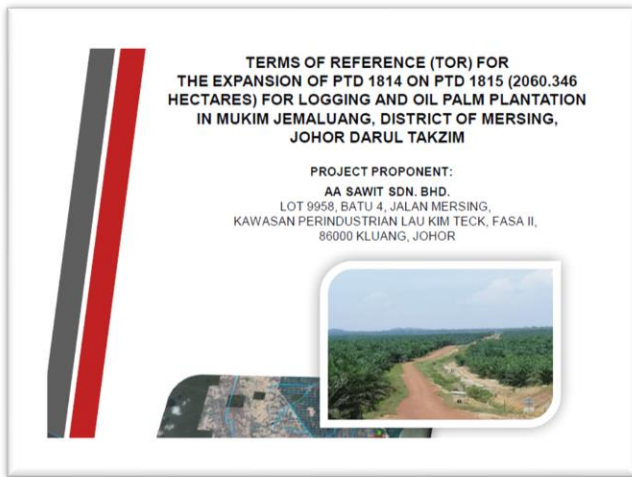
Company/Group	Trader	Biofuel / other manufacturers	Consumer Brand
Jernih Kemboja Sdn Bhd	AAK, ADM, Bunge, Cargill, Fuji Oil, Goodhope, IFFCO, IOI, Itochu, LDC, KLK, Mewah, Musim Mas, Olam, PIL, Sime Darby, Wilmar	BASF, Neste, Oleon	Colgate, Danone, Friesland Campina, Hershey, General Mills, ISF, Johnson & Johnson, Kellogg's, L'Oreal, Mondelez, Nestle, Pepsico, P&G, PZ Cussons, Reckitt Benckiser, Unilever, Upfield, Vandermoortele
FGV (sourcing FFB from AA Sawit and SH Trading Co Kluang Sdn Bhd - see p7 below)	AAK, FGV, Fuji Oil, Goodhope, IFFCO, IOI, Itochu, KLK, LDC, Mewah, Musim Mas, Olam, PIL, Sime Darby, Wilmar	Lipidos, Oleon	Colgate, Danone, Friesland Campina, Johnson & Johnson, L'Oreal, Nestle, Pepsico, P&G, PZ Cussons, Reckitt Benckiser, Upfield, Vandermoortele
<b>Group companies held by Mr Chow Chuin Hai/ Sultan of Johor</b>	AAK, ADM, Bunge, Cargill, FGV, Fuji Oil, Goodhope, KLK, IFFCO, IOI, Itochu, LDC, KLK, Mewah, Musim Mas, Olam, PIL, Sime Darby, Wilmar	BASF, Lipidos, Neste, Oleon	Colgate, Danone, Friesland Campina, Hershey, General Mills, ISF, Johnson & Johnson, Kellogg's, L'Oreal, Mondelez, Nestle, Pepsico, P&G, PZ Cussons, Reckitt Benckiser, Unilever, Upfield, Vandermoortele

# 'Partners in Crime': Mr Chow Chuin Hai and the Sultan of Johor

According to a July 2021 EIA report for PTD 1815,<sup>1</sup> the Project Proponent for this concession is AA Sawit Sdn Bhd (AA Sawit) which is 51% owned by the Sultan of Johor and 49% by Mr Chow Chuin Hai.

According to a Chain Reaction Research (CRR) [report](#) from 2021, AA Sawit has around 4,400 ha of oil palm concessions in Johor state, including the 2,190 ha plantation.

Mr Chow Chuin Hai also owns 54% of SH Trading Co Kluang Sdn Bhd (FFB trader) and 100% Jernih Kemboja Sdn Bhd (palm oil mill), which is registered at the same business address as AA Sawit. Further, according to trade data for 2020 and 2021, AA Sawit and SH Trading Co Kluang Sdn Bhd are named as two major FFB suppliers (~95%) to the Jernih Kemboja palm oil mill.



Jernih Kemboja Palm Oil Mill maintain receive and process fresh fruit bunches (FFB) from small growers, independent smallholders and its own group estates namely Jernih Kemboja Estate. Details of the FFB actual and projected contribution from each source to the mill are shown in the following tables.

**Table 1: Actual FFB production by the supply base for the period from (January 2020 to December 2020)**

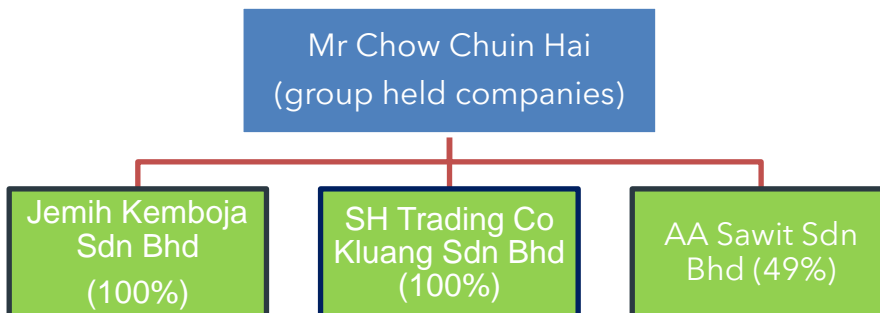
Suppliers	FFB Production	
	Tonnes	Percentage (%)
SH Trading Co. Kluang Sdn Bhd (Estate)	124,501.83	48.00
AA Sawit Sdn Bhd - Estate	123,031.26	47.32
Syarikat Yu Lian	220.81	0.08
Hai Guan Co.	508.13	0.20
Alishan Jaya Enterprise	6,377.72	2.45
Risda Semaian Dan Landskap	5,063.58	1.95
<b>Grand Total</b>	<b>259,963.33</b>	<b>100.00</b>

**Table 2: Projected FFB production by the supply base for the next reporting period (January 2021 to December 2021)**

Suppliers	FFB Production	
	Tonnes	Percentage (%)
SH Trading Co. Kluang Sdn Bhd (Estate)	153,000.00	47.81
AA Sawit Sdn Bhd - Estate	150,000.00	46.88
Syarikat Yu Lian	500.00	0.16
Hai Guan Co.	1,000.00	0.31
Alishan Jaya Enterprise	8,000.00	2.50
Risda Semaian Dan Landskap	7,500.00	2.34
<b>Grand Total</b>	<b>320,000.00</b>	<b>100.00</b>

## Group control and NDPE non-compliance

Based on the revised [RSPO definitions for Groups](#), a group includes the 'Same individual(s) who own controlling interests in each of the companies forming the group' whereby a 'controlling ownership interest' is defined as **25 per cent or more of a legal entity**. Based on RSPO group definition, the simplified group structure for Mr Chow Chuin Hai group companies is shown below.



1. Terms of Reference (TOR) for the expansion of PT 1814 (2060.346 hectares) for logging and oil palm plantations in Mukim Jemaluang, District of Mersing Johor Darul Takzim.

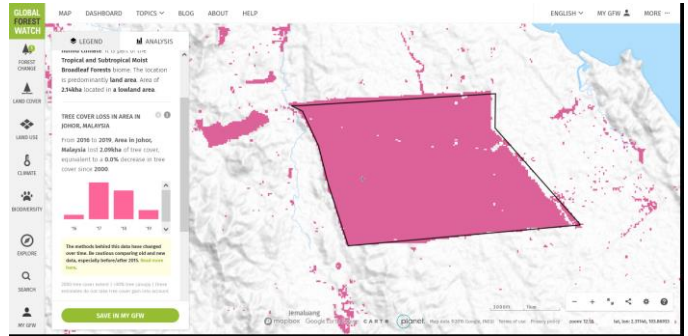
# 'Partners in Crime': Mr Chow Chuin Hai and the Sultan of Johor (cont)

The table below<sup>2</sup> shows that the Sultan of Johor is the 'Land Owner' for PTD 1815 (as well as PTD 1814 which is an active palm plantation) whilst AA Sawit is the 'Operator'. AA Sawit is also named as the 'Operator' of PTD 1814, where the Sultan of Johor is the 'Landowner'. PTD 1814 was developed by AA Sawit between 2016 and 2019, where there was a total of 2,090 ha of tree cover loss during this period. See map below.

Hence, the Sultan of Johor has contracted AA Sawit Sdn to deforest and develop the land in PTD 1814 and 1815.

**Table 6-4: List of Neighbouring Developments of the Project Site**

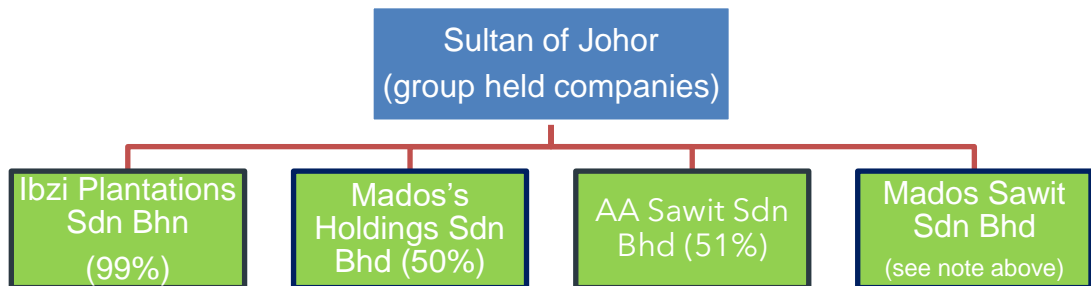
Lot Title	Project Status	Land Owner	Operator	EIA Approval
PTD 1814	Developed (active oil palm plantation)	D.Y.M.M Sultan Ibrahim Ibni Almarhum Sultan Iskandar	AA Sawit Sdn Bhd	EIA Approval FAS(B)J 11/123/000/18'17) dated 2 <sup>nd</sup> C 2017
PTD 1815	Forested (TOR preparation)	D.Y.M.M Sultan Ibrahim Ibni Almarhum Sultan	AA Sawit Sdn Bhd	-



In addition to the Sultan of Johor shares in AA Sawit, he is the majority shareholder (99%) in Ibzi Plantation Sdn Bhd (which has 2 concession areas, covering ~5,700 ha) and is a major shareholder (50%) in Mados's Holdings Sdn Bhd, which has been an [RSPO member](#) since October 2020.

The Sultan of Johor is listed as a director of Mados Sawit Sdn Bhd, whereby his deceased parents are still listed as the existing shareholders of the company i.e. his late father DYMM Almarhum Baginda Sultan Iskandar (50%), who died in 2010, and his late stepmother Y. A. M Tunku Zanariah Ahmad (50%), who died in 2019.

Under the revised [RSPO definitions for Groups](#), a group includes the 'Same individual(s) who own controlling interests in each of the companies forming the group' whereby a 'controlling ownership interest' is defined as 25 per cent or more of a legal entity'. Hence, based on RSPO group definition, the simplified group structure for the Sultan of Johor group-held companies is shown below.



2. Terms of Reference (TOR) for the expansion of PTD 1814 (2060.346 hectares) for logging and oil palm plantations in Mukim Jemaluang, District of Mesing Johor Darul Takzim.

## 'Partners in Crime': Mr Chow Chuin Hai and the Sultan of Johor (cont)

According to the [RSPO website](#), Mados's Holdings has 9 oil palm plantations covering 17,401ha in Johor State and 'sell[s] fresh oil palm bunches to contract traders who subsequently sell it to the mill.' As Mados's and Ibzi Plantation do not own any palm oil mills, supply chain connection to these Sultan of Johor group held companies will be through the third-party CPO mills that these companies sell to.

As highlighted by [Chain Reaction Research in May 2021](#): 'The eight largest palm oil refiners of Peninsular Malaysia [i.e. Mewah, Wilmar, FGV/Felda, Sime Darby, IOI, Nisshin Oillio, HSA/PIL and Musim Mas - as listed below] have No Deforestation, No Peat, No Exploitation (NDPE) policies. The implementation of such policies has, however, been set back due to unknown concession boundaries of deforesters (so-called ghost deforestation).'

**Figure 4: Main palm oil refiners inside Peninsular Malaysia**

Palm oil refiner	Palm oil refining capacity (million tonnes/year)	NDPE policy?	NDPE implementation	
			Supply chain transparency	Operational grievance system
Mewah International	2.6	<a href="#">Yes</a>	<a href="#">Yes</a>	<a href="#">Yes</a>
Wilmar International	2.4	<a href="#">Yes</a>	<a href="#">Yes</a>	<a href="#">Yes</a>
FGV Holdings/Felda	1.7	<a href="#">Yes</a>	<a href="#">Yes</a>	<a href="#">Yes</a>
Sime Darby	1.3	<a href="#">Yes</a>	<a href="#">Yes</a>	<a href="#">Yes</a>
IOI Group	1.2	<a href="#">Yes</a>	<a href="#">Yes</a>	<a href="#">Yes</a>
Nisshin Oillio	1.0	<a href="#">Yes</a>	<a href="#">Yes</a>	<a href="#">Yes</a>
HSA Group/Pacific Inter-Link	0.7	<a href="#">Yes</a>	<a href="#">Yes</a>	<a href="#">Yes</a>
Musim Mas	0.7	<a href="#">Yes</a>	<a href="#">Yes</a>	<a href="#">Yes</a>
<b>Total eight largest refiners</b>	<b>11.6 (70%)</b>			
Agri Asia Group	0.5	No	No	No
Tee family (Prosper) + Far East Holdings	0.4	<a href="#">Yes + Yes</a>	No	No
Other companies	4.1			
<b>Total Peninsular Malaysia</b>	<b>16.6 (100%)</b>			

In summary, group-level NDPE non-compliance in this case relates to the collective controlling ownership interests in AA Sawit, Jernih Kemboja Sdn Bhd, SH Trading Co Kluang Sdn Bhd, as well as the Sultan of Johor group held companies.

Given the evidence highlighted in this report, Mighty Earth expects Mewah, Wilmar, FGV/Felda, Sime Darby, IOI, Nisshin Oillio, HSA/PIL and Musim Mas, for example, to fully investigate all NDPE non-compliance (post January 2016) related to the group companies controlled by Mr Chow Chuin Hai and the Sultan of Johor.

## 'Partners in Crime': Mr Chow Chuin Hai and the Sultan of Johor (cont)

### Case update: FGV sourcing from AA Sawit Sdn Bhd and SH Trading Co Kluang Sdn Bhd

FGV Holdings Bhd - which has an [NDPE policy](#) - claims to account for '[about 15% of Malaysia total annual production of CPO](#)'. In 2020, [FGV sources](#) around 70% of its FFB supply came from third parties with 50% coming from smallholders, 19% from the '*FFB dealer networks*' and 4% from 'external estates.' Only 30% of its FFB supply was sourced from FGV estates.

Further research in this case highlighted in this report, shows that mills owned by FGV Holdings Bhd have been sourcing FFB from AA Sawit Sdn Bhd and/or SH Trading Co Kluang Sdn Bhd (FFB dealer) since at [least 2014](#): The BSI '*RSPO P&C Public Summary*' [final report](#) dated 10 May 2021 on FGV Holdings indicates that 32 (~60%) of FGV's 55 listed mills in Peninsula Malaysia have been sourcing FFB from these 2 companies, based on FGV's '*active supplier list*' of External FFB Suppliers for 2018. See list of 32 mills below.

FGV mill	State	FFB Supplier	FFB Supplier
KS SELANCAR 2B	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS MOAKIL	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS BELITONG	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS KULAI	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS ADELA	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS TENGGAROH	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS NITAR	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS WAHA	Johor		SH Trading Co Kluang Sdn Bhd
KS SELANCAR 2A	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS SEMENCHU	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS AIR TAWAR	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS LOK HENG	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS KAHANG	Johor	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS TENGGAROH TIMUR	Johor	AA Sawit Sdn Bhd	
KS ARING A	Kelantan	AA Sawit Sdn Bhd	
KS CHIKU	Kelantan	AA Sawit Sdn Bhd	
KS SERTING	Negeri Sembilan	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS SERTING HILIR	Negeri Sembilan	AA Sawit Sdn Bhd	
KS PASOH	Negeri Sembilan	AA Sawit Sdn Bhd	
KS SELENDANG	Pahang	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS KERATONG 9	Pahang	AA Sawit Sdn Bhd	SH Trading Co Kluang Sdn Bhd
KS TRIANG	Pahang	AA Sawit Sdn Bhd	
KS CHINI 3	Pahang	AA Sawit Sdn Bhd	
KS KERATONG 9	Pahang		SH Trading Co Kluang Sdn Bhd
KS CHALOK	Pahang	AA Sawit Sdn Bhd	
KS JENGA 8	Pahang	AA Sawit Sdn Bhd	
KS CHINI 2	Pahang	AA Sawit Sdn Bhd	
KS PANCHING	Pahang	AA Sawit Sdn Bhd	
BESOUT	Perak	AA Sawit Sdn Bhd	
KS SG TENGI	Selangor	AA Sawit Sdn Bhd	
KS NERAM	Terengganu	AA Sawit Sdn Bhd	
KS JERANGAU BARAT	Terengganu	AA Sawit Sdn Bhd	

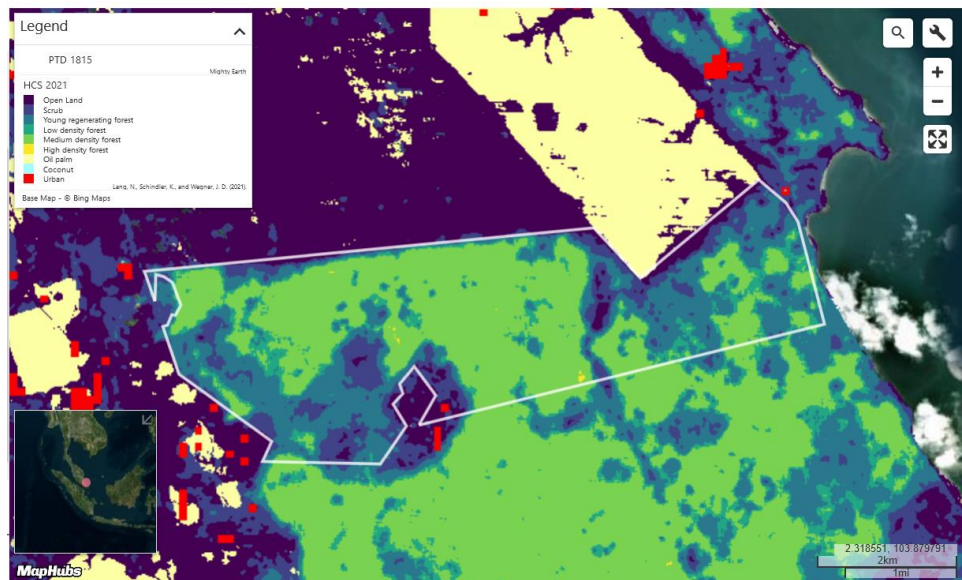
Mighty Earth has now sent this revised Rapid Response report to FGV and asked them to investigate this case under its [Grievance Mechanism](#) and address the NDPE non-compliance in line with [FGV's NDPE policy](#). However, we also expect that companies sourcing from FGV also include this supply chain connection as part of their own grievance on this case.

## Mapping analysis

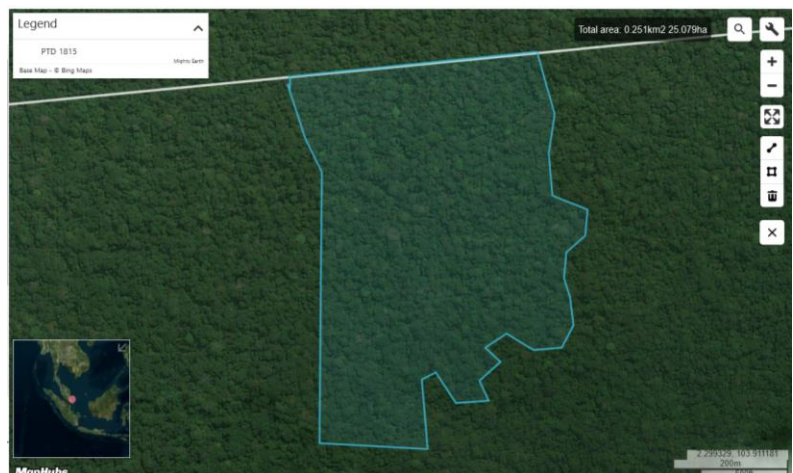


## Alert Imagery (before and after satellite images)

The map below shows that the areas within the concession are likely to be High Carbon Stock (HCS) forest based on the indicative map published by [Lang et al. 2021](#)



The map below shows the quality of forest canopy cover (in the area of forest clearance) prior to any road development or plantation development within PTD 1816 (source: Bing Maps)





## Mapping analysis

### Alert Imagery (before and after satellite images)

Clearance location: (2.29532, 103.90490)

The map below shows the area of road development between September 2020 and December 2021.

Date: September 2020



Date: December 2021



The map below shows the area of new forest clearance between December 2021 and January 2022.

Date: February 2021



Date: January 2022

