



March 18, 2014

Mr. Soren Schroder  
Chief Executive Officer  
Bunge Limited  
50 Main Street  
White Plains, NY 10606

Dear Mr. Schroder,

The undersigned institutional investors representing approximately \$360 billion in assets under management believe that companies that attend to environmental and social risks may enjoy competitive advantages. We are writing out of concern that one of Bunge's main palm oil suppliers- Sarawak Oil Palms Berhad (SOP)- is actively fighting recent industry initiatives to protect forests, peatlands, and local communities. While we applaud Bunge's stated commitments to sustainable sourcing, we are concerned that failure to uphold these commitments throughout the company's supply chain exposes Bunge to significant reputational and market access risks given widespread uptake of sustainability commitments by consumer companies. Consequently, we urge Bunge to sever ties with SOP and to join efforts led by major palm oil producers, traders, consumers and financiers to eliminate deforestation, peatland development, and human rights violations from the palm oil supply chain.

The production of palm oil is associated with significant impacts on communities and the environment. Due to high levels of deforestation and conversion of carbon-rich peatlands, Indonesia was, by a 2007 World Bank estimate, ranked the 3<sup>rd</sup> largest emitter of GHGs globally. The Sarawak region has one of the highest rates of peatland clearance, due in part to pressure from industry- particularly SOP- to more aggressively expand palm oil development in the region.<sup>1</sup> A recent Stanford University study concluded that projected rates of peatland clearance in the area will result in more carbon emissions than all of Canada's fossil fuels by 2020.<sup>2</sup>

Recently, major companies including Wilmar International, Golden Agri-Resources, Nestle, Kellogg, Unilever, Ferrero Rocher, Delhaize, Safeway, and Reckitt Benckiser have recognized the need to more strictly enforce critical protections for forests,

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<sup>1</sup> <http://www.illegal-logging.info/content/sarawak-government-announces-destruction-1-million-hectares-tropical-forests>

<sup>2</sup> <http://news.stanford.edu/news/2012/october/oil-palm-plantation.html>



peatlands, and human rights and made commitments to only purchase from suppliers who adhere to these protections. These commitments from leading companies provide critical protection to local communities and the environment, and have the potential to transform the palm oil industry.

Unfortunately, one of Bunge's primary suppliers-- SOP-- is known to be spearheading a campaign to prevent companies from implementing their commitments to protect carbon rich forests and peatlands. For example, SOP's CEO Paul Wong Kee Hwong is also the CEO of the Sarawak Oil Palm Plantations Owners Association (SOPPOA), and has been using the trade association as a platform to aggressively lobby Sarawak's government to oppose peatland and forest protections, in addition to attacking and attempting to undermine Wilmar's recent efforts to implement these critical environmental protections.<sup>3 4</sup> According to industry trade data, Bunge purchases the majority of SOP's palm oil.

The undersigned investors are concerned that Bunge is purchasing a large portion of its palm oil from a supplier that has demonstrated a clear failure to respect or uphold Bunge's stated commitments to sustainable sourcing. Continuing to purchase from and support SOP in light of SOP's public campaign to prevent forest and peatland protection would represent Bunge's implicit endorsement of these practices.

In order to protect its reputation, market access, and shareholder value from the risks associated with supporting these radical actions, we urge Bunge to cut ties with SOP and to join efforts led by major palm oil producers, traders, consumers and financiers in adopting policies to eliminate deforestation, peatland development, and human rights violations from the palm oil supply chain

Thank you for your consideration.

Sincerely,

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<sup>3</sup> <http://www.theborneopost.com/2013/08/02/planters-concerned-about-fate-of-oil-palm-industry/>

<sup>4</sup> <http://www.thestar.com.my/Business/Business-News/2014/02/18/Planters-Its-unfair/>



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