

RSPO BANKS ARE FINANCING NON-RSPO PALM OIL COMPANIES



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Executive Summary

Between 2010 and 2016, 8 RSPO member banks were involved in finance to at least 4 non-RSPO member palm oil groups operating in South East Asia. Together, these RSPO banks provided corporate loans and revolving credits to the 4 non-RSPO member groups worth USD 212 million. They also held shares in these companies worth around USD 29 million.

The top 3 banks providing corporate loans and revolving credits to non-RSPO member companies are Standard Chartered (USD 26 million), HSBC (USD 72 million) and Credit Suisse (USD 94 million).

These are initial findings based on analysis of the data from the *Forests and Finance* website.¹

If a palm oil company is member of the RSPO this does not necessarily mean its operations are certified. Some companies are member for years without certifying

¹ Forestsandfinance.org

a single hectare. Therefore, banks should not use RSPO membership as a proxy for their due diligence, as they would risk getting involved with controversial companies.

However, RSPO membership is the first step towards certification. If little else, it is a sign of acknowledgement by the company that it needs to improve sustainability aspects of its operations. Financial institutions, and especially those that are RSPO members, should therefore consider it to be an absolute minimum requirement for their palm oil clients. This requirement should apply to all the services the banks provide, including their bond and shareholding portfolios.

Furthermore, the financial research is limited to the dataset of the ForestsandFinance website, which only covers syndicated financing and investments in bonds and shares. The data set is limited to only 40 major palm oil groups.

Analysis per bank

ANZ

RSPO member since: 10 August 2008

ANZ provided revolving credits to **Jardine Matheson's Astra International** in 2010, 2011, 2013 and 2014, worth in total USD 8 million.

BNP Paribas

RSPO member since: 14 May 2011

*BNP Paribas provided a revolving credit to **Jardine Matheson's Astra International** in 2010, when BNP Paribas was not yet an RSPO member, but also again in 2013, by when it was a RSPO member. In total, its revolving credit facilities were worth USD 3 million.*

*In 2015 it held shares in 2 non-RSPO member palm oil companies: **Jardine Matheson's Astra Agro Lestari** and **Shin Yang's Sarawak Oil Palms**, together worth USD 11 million.*

Citigroup

RSPO member since: 27 October 2010

*Citigroup provided revolving credits to **Jardine Matheson's Astra International** in 2010, the year it became a RSPO member, and again in 2013 and 2014, in total worth USD 7 million.*

Credit Suisse

RSPO member since: 19 April 2010

*Credit Suisse provided a corporate loan to the **Rajawali Group's Green Eagle Resources** in 2014, worth USD 94 million.*

*In 2015 it held shares in **Jardine Matheson Holdings** and **Jardine Matheson's Astro Agri Lestari**, together worth over USD 1 million.*

HSBC

RSP0 member since: 3 August 2004

*HSBC has provided a corporate loan to **Barito Pacific Group** in 2011 and 2012, worth in total USD 45. It provided revolving credit facilities to **Jardine Matheson's Astro Agro Lestari** in 2014 and 2015, worth USD 18 million, and to Jardine Matheson's **Astra International** in 2010, 2013 and 2014, worth USD 9 million.*

*In 2016 it held shares in 3 non-RSP0 member companies: **Jardine Matheson holdings**, its **Astra Agro Lestari** and in **Shin Yang's Sarawak Oil Palms**, in total worth almost USD 15 million.*

Rabobank

RSP0 member since: 10 October 2004

*The Rabobank has provided a revolving credit to **Jardine Matheson's Astra International** in 2010, worth USD 2 million.*

Standard Chartered

RSPO member since: 21 May 2006

*Standard Chartered provided corporate loans to **Barito Pacific Group** in 2011, worth USD 20 million and to **Jardine Matheson's Astra Agro Lestari** in 2010, worth USD 3 million.*

*It provided revolving credit facilities to **Jardine Matheson's Astra International** in 2010 and in 2013, worth USD 3 million.*

UBS

RSPO member since: 14 September 2012

*In 2015 UBS held shares of subsidiaries of **Jardine Matheson's Astra Agro Lestari** and of **Jardin Matheson Holdings**, worth over USD 1 million.*

Analysis per Company

Barito Pacific Group

Neither Barito Pacific Group nor any of the four subsidiaries that are listed in the database (Barito Pacific, Barito Pacific Tbk, Grand UtamaMandiri and TintinBoyokSawitMakmur) are RSPO members.

Between 2011 and 2012 the group received USD 65 million worth of corporate loans from two RSPO member banks: HSBC (USD 45 mln) and Standard Chartered (USD 20 mln).

Jardine Matheson

Neither the holding company, nor Astra International or its subsidiary Astra Agro Lestari are RSPO members.

Between 2010 and 2016, the group received USD 54 million worth of corporates loans and revolving credit, from HSBC (USD 28 mln), Standard Chartered (USD 6 mln), ANZ (USD 8 mln), BNP Paribas (USD 3 mln), Citigroup (USD 7 mln) and Rabobank ((USD 2 mln).

Rajawali Group

Rajawali Group is not a member of the RSPO, neither was its subsidiary Green Eagle Resources in 2014, when it received a USD 94 million corporate loan from Credit Suisse.

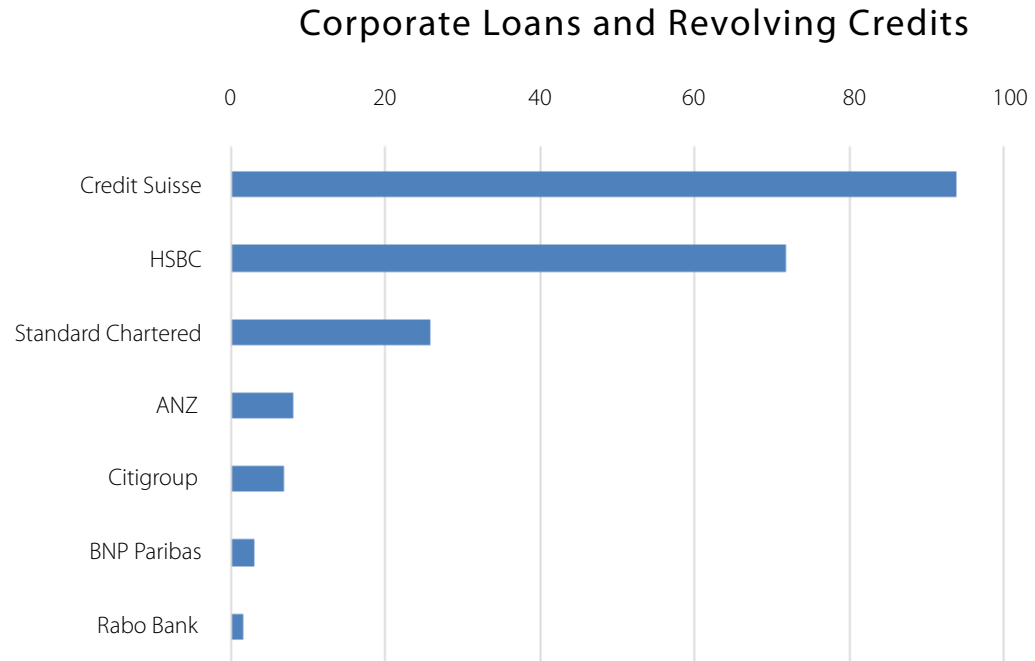
In December 2014, Green Eagle Resources was bought by BW plantations, which at the same time changed its name to Eagle High Plantations. This company is an RSPO member, as BW plantations has been a (non-active) member of the RSPO since 2008.

Shin Yang

Shin Yang's subsidiary Sarawak Oil Palms Berhad is not an RSPO member.

In 2015, both BNP Paribas and HSBC held shares in Sarawak Oil Palms, worth USD 24 million.

Figure 1. Corporate loans and revolving credits provided by RSPO member banks to non-RSPO member companies operating in South East Asia, between 2010 and 2016. Values in USD million



Financial services to non-RSPO member companies

Bank	Group - Client / Type of finance	2010	2011	2012	2013	2014	2015	2016	Total
ANZ	JardineMatheson - Astra International								
	Revolving credit facility	2	2		2	2			8
BNP Paribas	Jardine Matheson - Astra Agro Lestari								
	Shareholding						1		1
	JardineMatheson - Astra International								
	Revolving credit facility	2			1				3
	Shin Yang - Sarawak Oil Palms								
Shareholding						10		10	
Citigroup	JardineMatheson - Astra International								
	Revolving credit facility	2			3	2			7

Credit Suisse	Jardine Matheson - Astra Agro Lestari								
	Shareholding							0.4	0.4
	JardineMatheson Holdings								
	Shareholding							1	1
	Rajawali Group - Green Eagle Resources								
	Corporate loan					94			94
HSBC	Barito Pacific Group								
	Corporate loan		40	5					45
	Jardine Matheson - Astra Agro Lestari								
	Revolving credit facility				10	8			18
	Shareholding							0.2	0.2
	JardineMatheson - Astra International								
	Revolving credit facility	2			3	4			9
	JardineMatheson Holdings								
	Shareholding							0.1	0.1
	Shin Yang - Sarawak Oil Palms								
Shareholding							14	14	

Rabobank	JardineMatheson - Astra International								
	Revolving credit facility	2							2
Standard Chartered	Barito Pacific Group								
	Corporate loan		20						20
	Jardine Matheson - Astra Agro Lestari								
	Corporate loan	3							3
	JardineMatheson - Astra International								
Revolving credit facility	2			1				3	
UBS	Jardine Matheson - Astra Agro Lestari								
	Shareholding						0.4		0.4
	JardineMatheson Holdings								
Shareholding							1	1	

Table 1. Values in USD millions.



Jl. Tebet Utara II A No. 13, Kecamatan Tebet, Jakarta Selatan 12810,
Indonesia. Telepon : 021-8352955; Email: office@tuk.or.id