

Stepping the pressure:

Financial backers of the major palm oil financiers



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Acronyms

EU	European Union
ESG	Environmental, social and governance
IWG	Investor Working Group
OECD	Organisation for Economic Cooperation and Development
RSPO	Roundtable on Sustainable Palm Oil
UN	United Nations
UNPRI	United Nations Principles for Responsible Investment

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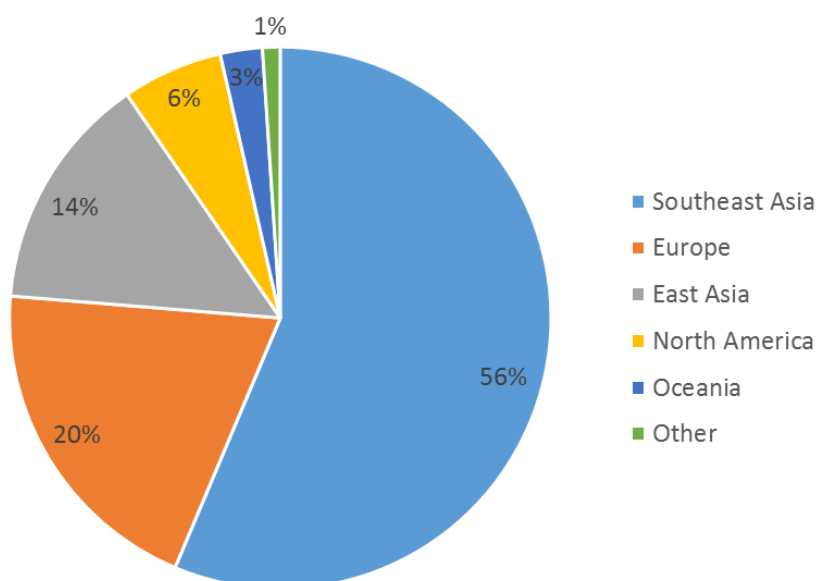
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Summary

Efforts to improve the environmental and social performance of companies engaged in the palm oil supply chain abound. These include: targeted efforts towards individual companies engaged in the up- and midstream segments, as well as towards individual companies engaged in the downstream/retailer segment. They have also included efforts to target individual banks financing companies in the palm oil supply chain.

Many Dutch and EU financial institutions have already improved their environmental, social and governance (ESG) risk mitigation policies under pressure from NGOs and governments. Gradually their practices are also improving, though there is still great room for improvement. However, research has shown that the major financiers of palm oil companies are predominantly from Southeast Asia (see Figure 1). Southeast Asian financial institutions provided more than half of all loans and underwriting services to palm oil companies in the period 2010 to 2016. These financial institutions, however, lack appropriate ESG risk mitigation policies. This implies that more than half the financial flows to the palm oil sector are not guarded by stringent ESG safeguards.ⁱ

Figure 1 Loans & underwriting service providers to palm oil companies by region of investor origin (2010-2016)



Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

In order to realise true sectoral change, *all* financial institutions involved in financing the palm oil sector should develop and implement adequate ESG risk mitigation policies. EU financial institutions enable their Southeast Asia peers to finance the palm oil sector through the loans and underwriting services they provide. Therefore, EU financial institutions have the responsibility as well as the leverage to ensure that the credit they provide is being utilized sustainably.

ⁱ See for example *Forests & Finance* (n.d.), "Home", online: <http://forestsandfinance.org/>, viewed in July 2017.

Moreover, EU financial institutions participating in syndicates with their Southeast Asian peers to provide financing to the palm oil sector have a responsibility to include ESG risk mitigation criteria in the financing covenants. This responsibility is based on the commitments of EU financial institutions to such international initiatives as the UN Global Compact and the OECD Guidelines for Multinational Enterprises which encourage responsible business conduct and environmental responsibility.

Within this context and in order to make headway in stopping the financing of unsustainable palm oil production, this research is geared towards identifying the Dutch and EU financial institutions with the most leverage over their Asian counterparts. They can be called upon to fulfil their responsibility to promote sustainable practices among their peers as enshrined in many of the initiatives that they participate in.

- **Research approach**

This research is composed of two major components designed to identify the pressure points for Dutch and EU financial institutions that can be used to encourage them to fulfil their responsibility to promote sustainable practices among their peers.

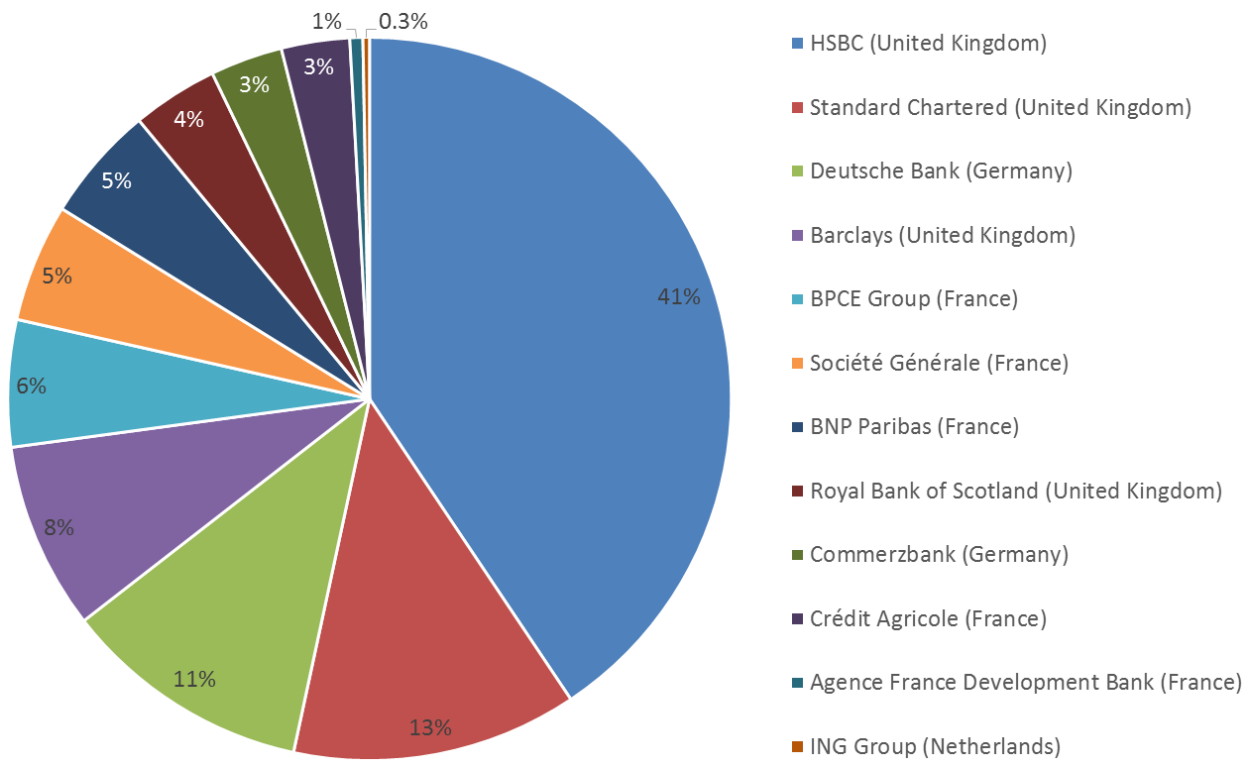
Firstly, both the leading creditors and investors of the top 20 palm oil financiers are identified. As financial backers of the major financiers of palm oil, they can be called upon to demand the implementation of palm oil sector policies with high ESG standards, or the improvement of existing policies. Credit that the major palm oil financiers attract can in turn be used to finance the palm oil exploitation activities of the companies they in turn provide credit to.

Secondly, the participation of these financial institutions in syndicated loans and underwriting to palm oil companies is analysed, with a particular focus on syndicates that involved at least one partner from a Southeast Asian country. The latter are known to have poorer, if any ESG standards. Syndicated financing is an important source of large scale capital for companies with plans to expand their business operations. Such syndicates often involve financial institutions from the European Union, however, the related covenants do not usually incorporate ESG criteria. EU and Dutch financial institutions participating in syndicated financing have a responsibility to use their frontrunner status and their influence to push for the inclusion of ESG criteria in syndicated financing covenants. Simply using ESG criteria for the screening of clients is not enough. By including ESG criteria in the covenants, their knowledge, experience and standards can be transferred to syndicate participants who have yet to develop such standards, financial institutions from Southeast Asia in particular. The more high ESG standards become the norm, the more improvements will be seen in the palm oil sector, and the more financial institutions can compete on the quality of their services and not on whether or not they have appropriate ESG standards.

- **Research findings**

Figure 2 shows that HSBC alone provided approximately 40% of the loans and underwriting services to major palm oil financiers headquartered in Southeast Asia. Together with the other financial institutions from the United Kingdom – Standard Chartered, Barclays and Royal Bank of Scotland – they provided approximately 65% of all loans and underwriting services to the major palm oil financiers headquartered in Southeast Asia. The French financial institutions together provided approximately 20% of the loans and underwriting services to these palm oil financiers. German financial institutions provided approximately 14%.

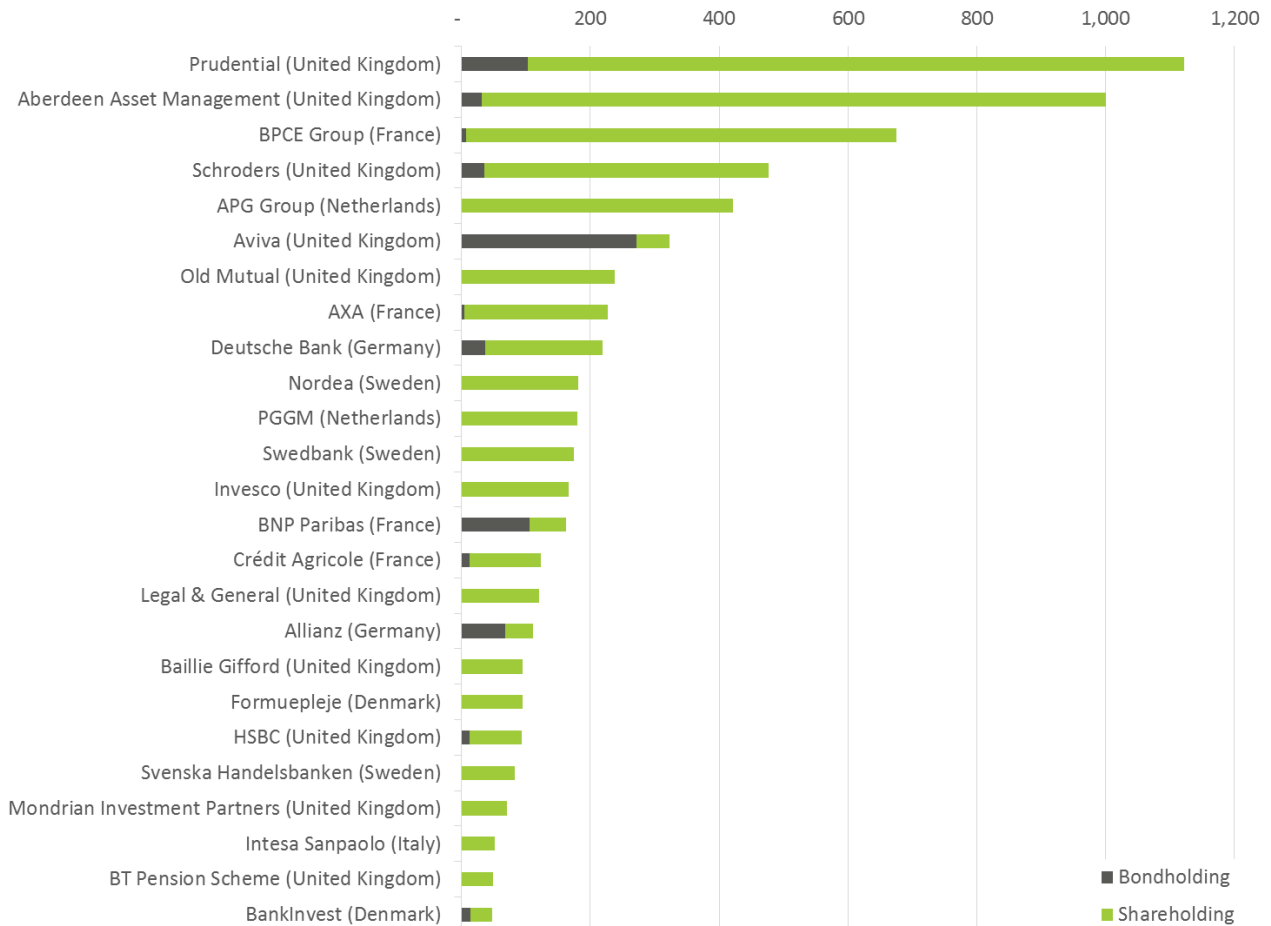
Figure 2 EU loan & underwriting service providers to major palm oil financiers headquartered in Southeast Asia (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 3 ranks the top 25 EU investors in the bonds & shares of the top palm oil financiers from Southeast Asia. It shows that Prudential and Aberdeen Asset Management each had investments of approximately US\$ 1 billion at the most recent filing date. Overall, investors from the United Kingdom played a dominant role in investing in the top Southeast Asian financiers of palm oil. They were followed by French, Dutch, Swedish and German investors.

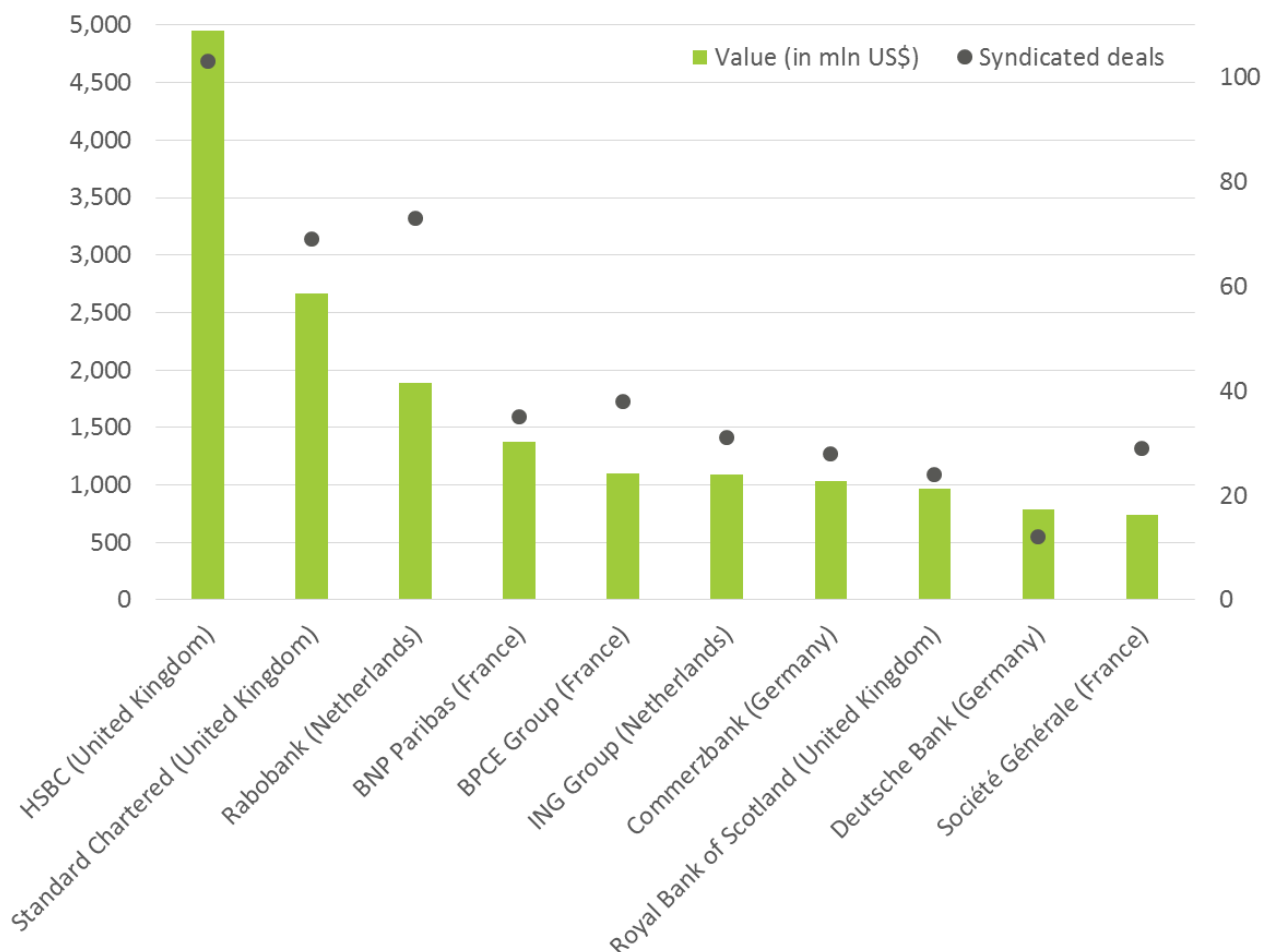
Figure 3 Top 25 EU investors in bonds & shares of top Southeast Asian palm oil financiers (US\$ mln, most recent filing date, June 2017)



Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 4 shows that HSBC was the EU financial institution that provided the highest level of syndicated financing to the selected palm oil companies in the period 2010 to 2016 in syndicates where at least one participant was from Southeast Asia. In the period of study it participated in more than one hundred of such syndicated financings for a value of just under US\$5 billion. It was followed by Standard Chartered and Rabobank, who each participated in approximately 70 syndicated financings to the selected palm oil companies in the period of study with a value of approximately US\$ 2.5 billion and US\$ 2 billion, respectively.

Figure 4 Ranking of top 10 EU financial institutions providing syndicated loans & underwriting services to palm oil companies involving participants from Southeast Asia (2010-2016, US\$ mln)



Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

It is noteworthy to see the role that HSBC and Standard Chartered play both in terms of their participation in syndicated financing to palm oil companies in syndicates that involve at least one participant from Southeast Asia, and in terms of financing the major palm oil financiers from Southeast Asia. Given that HSBC has recently updated its palm oil policy, and Standard Chartered has a palm oil policy that scores above average on *Forests & Finance* (though with a lot of room for improvement), they can be readily called upon to step up their efforts for sustainable palm oil. These financial institutions can be encouraged to incorporate ESG criteria into their syndicated financing covenants, and to promote sustainable palm oil financing policies and practices among their peers in Southeast Asia.

From the Netherlands, it is evident that both Rabobank and ING play an important role both in syndicated financing of palm oil companies where at least one of the syndicate participants is from Southeast Asia, and in terms of their financing of the major palm oil financiers. According to *Forests & Finance*, Rabobank has the second highest policy assessment score, second only to ABN Amro, at 23/30. Although there is still room for improvement, it can be expected that Rabobank and ING can be called upon to include ESG criteria in syndicated financing agreements, in order to fulfill their responsibility to promote sustainable palm oil financing policies and practices among their peers in Southeast Asia.

- **Recommendations**

The time is right to initiate partnerships with Dutch and European banks that are members of the RSPO to promote the adoption of sustainable palm oil financing policies among their Southeast Asian peers. The RSPO itself is looking for ways to engage with Southeast Asian financial institutions. Therefore, there is already a suitable forum in the form of the RSPO. Dutch and European RSPO member banks also have an obligation within the RSPO to promote sustainable palm oil, including among their peers. Moreover, some of these financial institutions as mentioned above have already expressed concerns about local and regional banks not upholding the same standards.

Strategies to demand that the Dutch and EU financial institutions require their customers among the major palm oil financiers to develop palm oil specific ESG risk mitigation policies and to incorporate ESG criteria into syndicated financing covenants, should be focused in the first instance on engagement with financial institutions. A public campaign targetting financial institutions for their financing relationships with palm oil financiers is at this stage likely to not be the most effective approach. They would likely go on the defensive rather than cooperatively seeking solutions. Building partnerships with banks is a more constructive approach. Initial engagement could inquire what is already done to integrate ESG criteria in syndicated financing and to demand that the Southeast Asian financiers of palm oil have a ESG risk mitigation framework. This engagement can then demand reporting of these processes either confidentially or – optionally at a later stage – publicly either in the financial institutions' CSR reports, or if they are RSPO members, in their ACOPs.

This is not to rule out a public campaign. Engagement with the financial institutions analysed in this research demonstrates to the financial institutions that they can be publicly held to account for financing the major financiers of palm oil, despite these often having inadequate policies to address the ESG risks associated with the sector. If Dutch and/or EU financial institutions are unresponsive, or actions taken are unsatisfactory, a public campaign linking them to controversial palm oil companies they indirectly finance could be considered an effective option.

- Recommended content of engagement

- Southeast Asian financial institutions ESG risk mitigation policies

Palm oil companies have a responsibility to make its production sustainable. Financial institutions in turn have a responsibility to use their leverage to demand that palm oil is produced sustainably, or to cut financial relationships if a company does not improve its conduct. Civil society organizations can engage European financial institutions to demand the adoption of palm oil sector specific ESG risk mitigation from the Southeast Asian financial institutions that they finance. As 60% of the financing to palm oil companies in the period 2010 to 2016 was provided by Southeast Asian financial institutions, these financiers will play a pivotal role in achieving a sustainable palm oil sector. Arguments for demanding the adoption of palm oil sector relevant ESG risk mitigation policies are based on the risks for Southeast Asian financiers posed by poor ESG track records of the palm oil companies they finance.

Moreover, Dutch and EU financiers should be made aware of the reputational risk that they face from being indirectly linked to controversial companies through the Southeast Asian financial institutions that they finance.

Investors in the bonds and shares of the palm oil financiers can also be linked to these controversial palm oil companies. Moreover, they too should be concerned about the financial performance of the Southeast Asian palm oil financiers they have invested in. Poor financial performance may impact the ability of the Southeast Asian financiers to pay their debt obligations and dividends, and will impact share price performance. These are all sources of serious concern for investors.

- Integrate ESG criteria into syndicated financing

Some financial institutions may state that they already include (some) ESG criteria in their loan covenants. However, this is usually only the case in project finance covered by the Equator Principles. The financial institution will then have to publicly state if ESG criteria are also incorporated in financing not covered by the Equator Principles, to what extent this is done, and for which sectors. Given the confidentiality agreements between financial institutions and their clients, and the fact that detailed financing covenants are generally not publicly available, it is not possible for this research to determine the extent to which ESG criteria are already included in financing covenants. The burden of proof, therefore, lies with the financial institutions,

EU, Dutch and RSPO member financial institutions participating in syndicated financing have a responsibility to use their frontrunner status and their influence to push for the inclusion of ESG criteria in syndicated financing covenants. Many of these financial institutions have committed to international initiatives such as the UN Global Compact and the OECD Guidelines for Multinationals which all encourage signatories to further promote sustainable business activities. Moreover, many of these financial institutions have already developed palm oil financing policies themselves, which have helped to improve the corporate behaviour of many of the companies they finance.

Simply using ESG criteria for the screening of clients is not enough. By including ESG criteria in these covenants, knowledge, experience and standards of EU, Dutch and RSPO member financial institutions will be transferred to syndicate participants who have yet to develop such standards, financial institutions from Southeast Asia in particular. The more high ESG standards become the norm, the more improvements will be seen in the palm oil sector, and the more financial institutions can compete on the quality of their services and not on whether or not they have appropriate ESG standards. When asking Dutch and EU financial institutions to report on the integration of ESG criteria in syndicated financing covenants to palm oil companies this does not need to include the names of companies. However, reporting should at least include:

- number of times this was successfully done;
- number of times this was unsuccessful, with explanation and consequence;
- number of times the syndicated financing involved a Southeast Asian peer in the syndicate;
- what specific ESG requirements were included in the the covenants, and;
- how these requirements were to be monitored; what the consequences of non-compliance would be.

- Engagement focus per geography
 - EU financial institutions

EU financial institutions provided US\$ 17 billion in loans and underwriting services to major palm oil financiers headquartered in Southeast Asia. In the same period, they provided approximately US\$ 34.2 billion in syndicated financing to the selected palm oil companies, of which US\$ 20.1 billion involved participants from Southeast Asia. Therefore, engagement with these financial institutions should cover both issues: require the Southeast Asian financial institutions that receive financing to adopt ESG risk mitigation policies, and; integrate ESG criteria into syndicated financing.

EU investors hold bonds and shares of the Southeast Asian palm oil financiers. Engagement with these financial institutions should revolve around considering sustainable palm oil to not only be the responsibility of the companies in the palm oil supply chain, but also the responsibility of the financial institutions that finance them. Members of the United Principles for Responsible Investment Investor Working Group on Palm Oil should be encouraged to require investors in the major palm oil financiers particularly from Southeast Asia to demand that these adopt adequate ESG risk mitigation policies.

- Dutch financial institutions

Dutch financial institutions play a relatively small role in terms of providing credit to global top 20 palm oil financiers. Only one Dutch financial institution provided credit to a Southeast Asian financier of palm oil. The role in syndicated financing to palm oil companies is more relevant for Dutch financiers. Therefore, at least initially the more pertinent discussion is the integration of ESG criteria in syndicated financing covenants.

Dutch investors hold bonds and shares of the Southeast Asian palm oil financiers. For investors in the bonds and shares of the main palm oil financiers, the UNPRI and the the IWG on Palm Oil are the most relevant platforms to promote sustainable palm oil financing. The discussions should then revolve around considering sustainable palm oil to not only be the responsibility of the companies active in the palm oil supply chain; it is also the responsibility of the financial institutions that finance them. Dutch investors should be encouraged to engage the IWG to require investors in the major palm oil financiers particularly from Southeast Asia to demand that these adopt adequate ESG risk mitigation policies.

Introduction

Efforts to improve the environmental and social performance of companies engaged in the palm oil supply chain abound. These include: targeted efforts towards individual companies engaged in the up- and midstream segments, as well as towards individual companies engaged in the downstream segment. They have also included efforts to target individual banks financing companies in the palm oil supply chain.

Many Dutch and EU financial institutions have already improved their environmental, social and governance (ESG) risk mitigation policies under pressure from NGOs and governments. Gradually their practices are also improving, though there is still great room for improvement. However, research by *Forests & Finance* has shown that the major financiers of palm oil companies are predominantly headquartered in Southeast Asia. *Forests & Finance* show that Southeast Asian financial institutions provided more than half of all loans and underwriting services to a selection of 85 palm oil companies in the period 2010 to 2016 (see Section 1.3.1). These financial institutions, however, lack appropriate ESG risk mitigation policies. This implies that more than half the financial flows to the palm oil sector are not guarded by stringent ESG safeguards.

In order to realise true sectoral change, *all* financial institutions involved in financing the palm oil sector should develop, adopt and implement adequate ESG risk mitigation policies. EU financial institutions can play a crucial role in promoting the sustainable practices of their peers in Southeast Asia. EU financial institutions enable financial institutions from Southeast Asia to finance the palm oil sector through the loans and underwriting services they provide. Therefore, EU financial institutions have a responsibility to ensure that the credit they provide is being utilized sustainably.

Moreover, EU financial institutions participating in syndicates with their Southeast Asian peers to provide financing to the palm oil sector have a responsibility to include ESG risk mitigation criteria in the financing covenants. This responsibility is based on the commitments of EU financial institutions to such international initiatives as the UN Global Compact and the OECD Guidelines for Multinational Enterprises which encourage responsible business conduct and environmental responsibility. *Chain Reaction Research* has found that syndicated loans and bond issuances are increasing to the palm oil sector, while share issuances are decreasing. The research also noted that companies with improved ESG track records were able to attract more financing overall, while companies that not improved their track records relied heavily on loans and avoided bond markets.ⁱⁱ

Within this context, this research is geared towards identifying the Dutch and EU financial institutions with the most leverage to be called upon to fulfil their responsibility to promote the sustainable practices among their peers as enshrined in many of the initiatives that they participate in.

ⁱⁱ Brascamp, F., A. Christopolou and G. Thoumi (2017, February), *Banks Finance More Palm Oil than Investors: Investors Face Indirect Exposure*, Washington, DC: Chain Reaction Research, p. 1.

This research is composed of two major components:

The first component of the study is to identify both the creditors and investors of the top 20 palm oil financiers. The financial institutions backing the major financiers of palm oil can be called upon to demand that the major financiers of palm oil develop and implement palm oil sector policies with high ESG standards, or improve existing policies. In cases where the financial institution already has a decent palm oil policy, it can be called upon to integrate these standards into the syndicated financing covenants. This is based on the reasoning that credit that the major palm oil financiers attract can be used to finance the palm oil exploitation activities of the companies they in turn provide credit to.

The second component is an analysis of the participation of these financial institutions in syndicated loans and underwriting to palm oil companies, with a particular focus on syndicates that involved at least one partner from a Southeast Asian country; the latter are known to generally have poorer if any ESG standards. Syndicated financing is an important source of large-scale capital for companies with plans to expand their business operations. The covenants of these syndicated financings do not usually incorporate ESG criteria. EU and Dutch financial institutions participating in syndicated financing have a responsibility to use their frontrunner status and their influence to push for the inclusion of ESG criteria in syndicated financing covenants. Simply using ESG criteria for the screening of clients is not enough. By including ESG criteria in these covenants, their knowledge, experience and standards can be transferred to syndicate participants who have yet to develop these standards, financial institutions from Southeast Asia in particular. The more high ESG standards become the norm, the more improvements will be seen in the palm oil sector, and the more financial institutions can compete on the quality of their services and not on whether or not they have appropriate ESG standards.

This report is organized as follows: Chapter 1 outlines the methodology used for this research; Chapter 2 analyses the creditors and investors of the top 20 palm oil financiers; Chapter 3 provides an analysis of syndicated financing to palm oil companies, and; Chapter 4 provides a conclusion.

A summary of the findings of this report can be found on the first pages of this report.

Chapter 1 Methodology

This chapter describes the methodology that was used for this research. The chapter is organized as follows: Section 1.1 will describe the types of finance that were researched; Section 1.2 will describe the methodology to calculate financial institution contributions to deals when these were not known, and; finally Section 1.3 will describe the scope of the study.

1.1 Types of finance

This section describes the types of finance included in the research. Financial institutions can invest in companies through a number of modalities. They can provide credit to a company. This includes providing loans and the underwriting of share and bond issuances. Financial institutions can also invest in the equity and debt of a company by holding shares and bonds. This section outlines the different types of financing, how they were researched and the implications for the study.

1.1.1 Corporate loans

The easiest way to obtain debt is to borrow money. In most cases, money is borrowed from commercial banks. Loans can be either short-term or long-term in nature. Short-term loans (including trade credits, current accounts, leasing agreements, et cetera) have a maturity of less than a year. They are mostly used as working capital for day-to-day operations. Short-term debts are often provided by a single commercial bank, which does not ask for substantial guarantees from the company.

A long-term loan has a maturity of at least one year, but generally of three to ten years. Long-term corporate loans are in particular useful to finance expansion plans, which only generate rewards after some period of time. The proceeds of corporate loans can be used for all activities of the company. Often long-term loans are extended by a loan syndicate, which is a group of banks brought together by one or more arranging banks. The loan syndicate will only undersign the loan agreement if the company can provide certain guarantees that interest and repayments on the loan will be fulfilled.

- **Project finance**

One specific form of corporate loan is project finance. This is a loan that is earmarked for a specific project.

- **Corporate loans for general corporate purposes / working capital**

Often a company will receive a loan for general corporate purposes or for working capital. On occasion while the use of proceeds is reported as general corporate purposes, it is in fact earmarked for a certain project. This is difficult to ascertain.

- **Revolving credit facilities**

Revolving credit facilities can be used for many purposes, including general corporate purposes / working capital. Revolving credit facilities are lines of credit the company can use when needed to during the period of commitment. Revolving credit facilities tend to be short-term, often one year. They are often renewed upon expiry.

1.1.2 Share issuances

Issuing shares on the stock exchange gives a company the opportunity to increase its equity by attracting a large number of new shareholders or increase the equity from its existing shareholders.

When a company offers its shares on the stock exchange for first time, this is called an Initial Public Offering (IPO). When a company's shares are already traded on the stock exchange, this is called a secondary offering of additional shares.

To arrange an IPO or a secondary offering, a company needs the assistance of one or more (investment) banks, which will promote the shares and find shareholders. The role of investment banks in this process therefore is very important.

The role of the investment bank is temporary. The investment bank purchases the shares initially and then promotes the shares and finds shareholders. When all issued shares that the financial institution has underwritten are sold, they are no longer included in the balance sheet or the portfolio of the financial institution. However, the assistance provided by financial institutions to companies in share issuances is crucial. They provide the company with access to capital markets, and provide a guarantee that shares will be bought at a pre-determined minimum price.

1.1.3 Bond issuances

Issuing bonds can best be described as cutting a large loan into small pieces, and selling each piece separately. Bonds are issued on a large scale by governments, but also by corporations. Like shares, bonds are traded on the stock exchange. To issue bonds, a company needs the assistance of one or more (investment) banks which underwrite a certain amount of the bonds. Underwriting is in effect buying with the intention of selling to investors. Still, in case the investment bank fails to sell all bonds it has underwritten, it will end up owning the bonds.

1.1.4 (Managing) shareholdings

Banks can, through the funds they are managing, buy shares of a certain company making them part-owners of the company. This gives the bank a direct influence on the company's strategy. The magnitude of this influence depends on the size of the shareholding.

As financial institutions actively decide in which sectors and companies to invest, and are able to influence the company's business strategy, this research will investigate the shareholdings of financial institutions of the selected companies. Shareholdings are only relevant for stock listed companies. Not all companies in the study are listed on a stock exchange

Shareholdings have a number of peculiarities that have implications for the research strategy. Firstly, shares can be bought and sold on the stock exchange from one moment to the next. Financial databases keep track of shareholdings through snapshots, or filings. This means that when a particular shareholding is recorded in the financial database, the actual holding, or a portion of it, might have been sold, or more shares purchased. Secondly, share prices vary from one moment to the next, again only allowing a snapshot at the time of accessing the data.

1.1.5 (Managing) investments in bonds

Banks can also buy bonds of a certain company. The main difference between owning shares and bonds is that owner of a bond is not a co-owner of the issuing company; the owner is a creditor of the company. The buyer of each bond is entitled to repayment after a certain number of years, and to a certain interest during each of these years. It should be noted that there is very low coverage in financial databases of the bondholders.

1.2 Financial institution financing contributions

During the financial data collection process, this research utilized financial databases (Bloomberg, Thomson ONE Banker, Thomson EIKON, TradeFinanceAnalytics, and IJGlobal), company reports (annual, interim, quarterly) and other company publications, company register filings, as well as media and analyst reports. Financial databases often record loans and issuance underwriting when these are provided by a syndicate of financial institutions.

Company reports and publications, company register filings, and the media will also provide information on loans provided bilaterally, i.e. between one bank and the company in question. The level of detail per deal often varies. Some sources may omit the maturity date or term of the loan, the use of proceeds, or even the exact issue date.

Financial databases often do not report on the proportions of a given deal that can be attributed to the participants in deal. In such instances, this research calculated an estimated contribution based on the rules of thumb described below.

1.2.1 Loans and underwriting

Individual bank contributions to syndicated loans and underwriting were recorded to the largest extent possible where these details were included in financial database, or company or media publications.

In many cases, the total value of a loan or issuance is known and also the banks that participate in this loan or issuance. However, often the amount that each individual bank commits to the loan or issuance has to be estimated. The bookratio (see formula below) is used to determine the spread over bookrunners and other managers.

Table 1 shows the commitment assigned to bookrunner groups with our estimation method. When the number of total participants in relation to the number of bookrunners increases, the share that is attributed to bookrunners decreases. This prevents very large differences in amounts attributed to bookrunners and other participants.

Table 1 Commitment to assigned bookrunner groups

Bookratio	Loans	Issuances
> 1/3	75%	75%
> 2/3	60%	75%
> 1.5	40%	75%
> 3.0	< 40%*	< 75%*

* In case of deals with a bookratio of more than 3.0, we use a formula which gradually lowers the commitment assigned to the bookrunners as the bookratio increases. The formula used for this:

$$\frac{1}{\frac{\sqrt{\text{bookratio}}}{1.443375673}}$$

The number in the denominator is used to let the formula start at 40% in case of a bookratio of 3.0. As the bookratio increases the formula will go down from 40%. In case of issuances the number in the denominator is 0.769800358.

Forests & Finance can present the underlying deals dataset for verification of deals and contributions when requested. This dataset includes data sources and dates of access.

1.2.2 Shareholding

The number and values of shares held by financial institutions are reported in financial databases, they were not subject to adjustment.

1.2.3 Bondholding

The number and values of bonds held by financial institutions are reported in financial databases, they were not subject to adjustment.

1.3 Scope

This section describes the scope of the study. The section is organized as follows: sub-section 1.3.1 describes the company selection for the syndicated financing analysis; sub-section 1.3.2 defines the major financiers of palm oil; sub-section 1.3.3 lists the financial institutions that are member of the Roundtable on Sustainable Palm Oil (RPSO), and; sub-section 1.3.4 defines the researched periods for the different components of the study.

1.3.1 Company selection

For the syndicated financing analysis, this research relied on the recently updated *Forests & Finance* data set. The focus of *Forests & Finance* lies on companies engaged in the upstream exploitation of four forest-risk commodities: palm oil, pulp & paper, rubber and timber in Southeast Asia, with a particular focus on Indonesia. Companies were therefore selected if they had upstream forest-risk commodity exploitation activities in Southeast Asia.

Palm oil companies were selected on the basis of their planted area. Information on planted areas was garnered from companies' publications and websites, trade journals, as well as the Indonesian Industrial Forest register (hutan tanaman industri (HTI)). The following companies engaged in palm oil were included in the study:

- Albukhary Group
- Anglo-Eastern Group
- Artha Graha Group
- Asian Plantations Group
- Austindo Group
- Bakrie Group
- Barito Pacific Group
- Batu Kawan Group
- BHR Group
- BLD Group
- Bolloré
- Boon Siew Group
- Boustead Group
- Carson Cumberbatch Group
- Cepatwawasan Group
- Chin Teck Group
- Darmex Agro Group
- Djarum Group
- DSN Group
- DutaLand Group
- Felda Group
- Genting Group
- Global Palm Resource Holdings
- Golden Land Group
- Gozco Group
- Hap Seng Group
- Harita Group
- IJM Group
- Innoprise Group
- IOI Group
- Izzisen Global
- Jardine Matheson Group
- Java
- Jaya Holdings
- Johor Group
- Kencana Agri Group
- Kim Loong Group
- Korindo
- Kretam Group
- Kwantas Group
- Lam Soon
- Medco Group
- Merbau Jaya Indah Raya
- MP Evans
- Musim Mas Group
- Noble Group
- NPC Resources Group
- Olam Group
- Perkebunan Nusantara Group
- POSCO
- Provident Agro Group
- Puncak Niaga Holdings
- QL Resources
- R E A Holdings
- Rajawali Group
- Rimbunan Hijau Group

- Royal Golden Eagle Group
- Salim Group
- Samling Group
- Sampoerna Agro (Sampoerna Group)
- Sarawak Oil Palms
- Sarawak Plantation Group
- Sime Darby Group
- Sinar Mas Group
- Sipef
- Socfin
- Sungai Budi Group
- Surya Dumai Group
- Ta Ann Group
- Tadmax Group
- Tanah Makmur Group
- Tanjung Lingga Group
- TDM
- TH Group
- Tiga Pilar Sejahtera Group
- Triputra Group
- Tsani Hutani Abadi
- TSH Group
- United International Enterprises
- United Malacca Group
- United Plantations
- Univanich Palm Oil
- Wah Seong Group
- Wilmar Group
- WTK Group

Given the current objectives of Millieudefensie, this study only researched syndicated financing to the selected palm oil companies.

1.3.2 Major financiers of palm oil selection

The research focused on financial relationships with the top 20 financiers of palm oil companies in the period 2010 to 2016 according to the *Forests & Finance* dataset. In order of value of loans and underwriting services provided to the selected companies engaged in palm oil in the period of study, these are:ⁱⁱⁱ

- Malayan Banking (Malaysia)
- RHB Banking (Malaysia)
- CIMB Group (Malaysia)
- Oversea-Chinese Banking Corporation (Singapore)
- HSBC (United Kingdom)
- Mitsubishi UFJ Financial (Japan)
- Standard Chartered (United Kingdom)
- Mizuho Financial (Japan)
- DBS (Singapore)
- Bank Mandiri (Indonesia)
- Credit Suisse (Switzerland)
- Bank Negara Indonesia (Indonesia)
- Bank Rakyat Indonesia (Indonesia)
- Sumitomo Mitsui Financial Group (Japan)
- JPMorgan Chase (United States)
- Morgan Stanley (United States)
- Rabobank (Netherlands)
- AmBank Group (Malaysia)
- Citigroup (United States)
- Deutsche Bank (Germany)

Nine of these major palm oil financiers are headquartered in Southeast Asia.

1.3.3 RSPO member financial institutions

The following financial institutions were included as members of the Rountable on Sustainable Palm Oil (RSPO):

- ABN Amro (Netherlands)
- ANZ (Australia)
- BNP Paribas (France)
- Citigroup (United States)
- Commerzbank (Germany)

ⁱⁱⁱ Dutch financial institutions rank as follows: Raboabnk (17), ABN Amro (30), ING Group (40).

- Credit Suisse (Switzerland)
- HSBC (United Kingdom)
- ING Group (Netherlands)
- Rabobank (Netherlands)
- Standard Chartered (United Kingdom)
- UBS (Switzerland)

1.3.4 Time period

Both syndicated financing as well as loans and underwriting services provided to the top 20 financiers of palm oil were researched for the period 2010 to 2016. Bond and shareholders of the top 20 financiers of palm oil were researched at the most recent filing date in June 2017.

Chapter 2 Financiers of the major financiers of palm oil

This chapter provides an analysis of the financial institutions that provide credit to and invest in the major financiers of the selected palm oil companies. Section 1.3.2 lists the researched financial institutions. Financial relationships were researched for the period 2010 to 2016.

Similar to companies, financial institutions also issue bonds and shares, and attract loans. They do so in order to manage their liquidity and meet regulatory capital reserve requirements, and enable them to lend money companies and individuals. By attracting financing, banks can lend more. In other words, when Bank A provides financing to Bank B, it enables Bank B to provide loans to Company A. Therefore, the financiers of the major palm oil financiers enable the latter to provide credit to the palm oil sector – among others – and can thus be held to account. If a financial institution's lending practices are unsustainable due to increased financial and ESG risks, this may affect its ability to meet its obligations to creditors.

Financial institutions backing the major financiers of palm oil can be called upon to demand that the latter develop and implement palm oil sector policies with high ESG standards, or improve existing policies. This demand can be made in the context of mitigating the ESG and financial risks that palm oil financiers are exposed to.

In cases where the financial institution already has a decent palm oil policy, it can be called upon to integrate these standards into the syndicated financing covenants as a form of risk mitigation.¹

This chapter is organized as follows: Section 2.1 will provide an analysis of the creditors of the major palm oil financiers, and; section 2.2 will provide an analysis of the investors in bonds and shares of the major palm oil financiers.

2.1 Creditors

This section analyses the loans and underwriting services provided to the top 20 financiers of palm oil. The section is organized as follows: sub-section 2.1.1 will analyse financial institutions headquartered in the EU; sub-section 2.1.2 will focus in on Dutch financial institutions, and; sub-section 2.1.3 will analyse the loans and underwriting services provided to the top 20 financiers of palm oil by the RSPO member financial institutions.

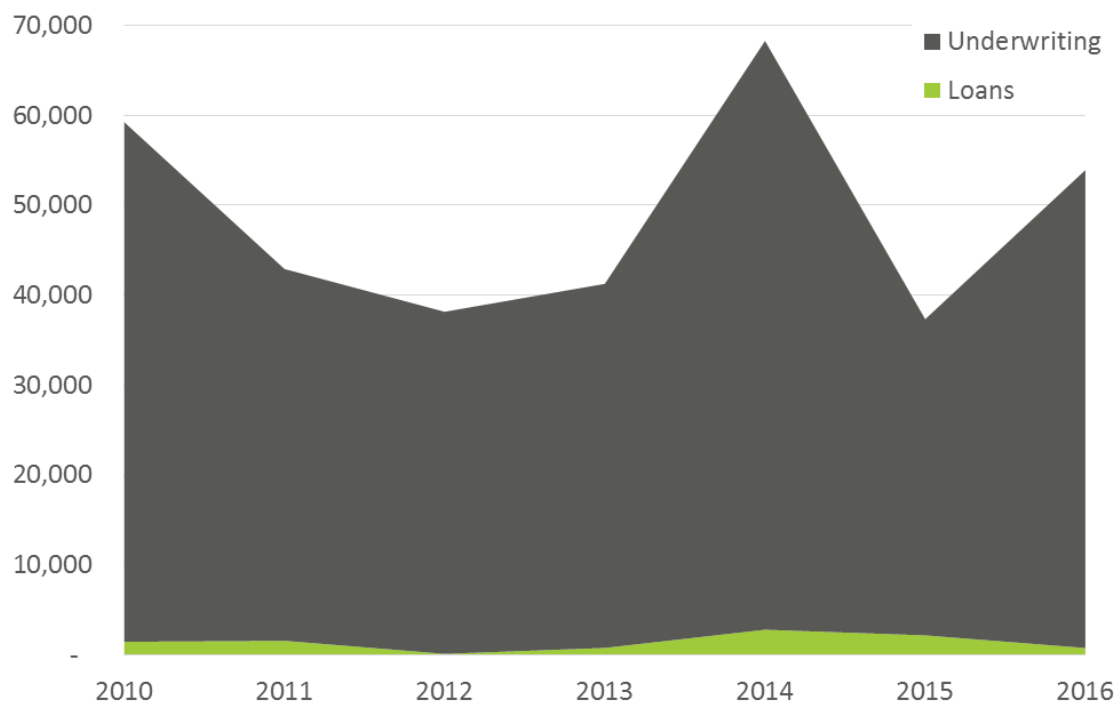
There is, of course, a degree of overlap between these three groups. For example, a financial institution member of the RSPO can also be headquartered in the Netherlands, and thus also be an EU financial institution. However, the groups are sufficiently distinct as to warrant separate analyses. This will allow readers to determine relevant strategies for engaging with these groups of financial institutions. Moreover, these same financial institutions may also be among the top 20 palm oil financiers.

2.1.1 EU financial institutions

- **Financing to top 20 global palm oil financiers**

In the period 2010 to 2016, EU financial institutions provided a total of US\$ 341 billion in loans and underwriting services to the top 20 financiers of palm oil. Figure 5 shows the annual trends in the loans and underwriting services. There were peaks in both 2010 and 2014, with an upward trend again in 2016. Borio et al. noted a similar trend in cross-border lending in the same period.²

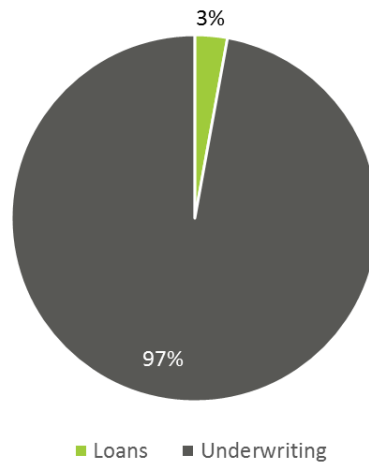
Figure 5 Annual loans & underwriting to major financiers of palm oil by EU financial institutions (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 6 shows that the vast majority of the financing provided to the top 20 financiers of palm oil was in the form of underwriting services, and bond issuances in particular. Underwriting services accounted for 97% of the loans and underwriting services provided the major financiers of palm oil in the period 2010 to 2016. This is not surprising as bond issuances are an important risk mitigation technique used by banks in particular, and enable them to provide long terms loans, e.g. to the palm oil sector.³

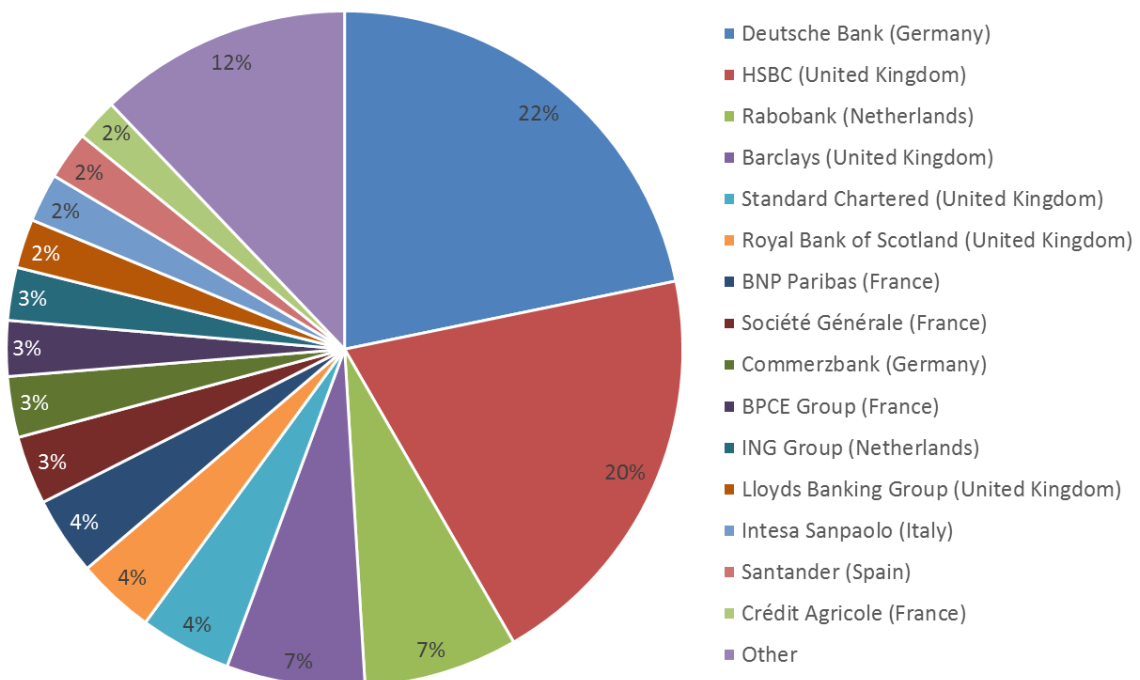
Figure 6 EU financial institution loans & underwriting services to major financiers of palm oil (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

From Figure 7 it is evident that of the EU financial institutions, Deutsche Bank and HSBC together provided more than 40% of the loans and underwriting services to the 20 major financiers of palm oil. They are followed by Rabobank and Barclays, who each provided approximately 7% of the loans and underwriting services to the major financiers of palm oil.

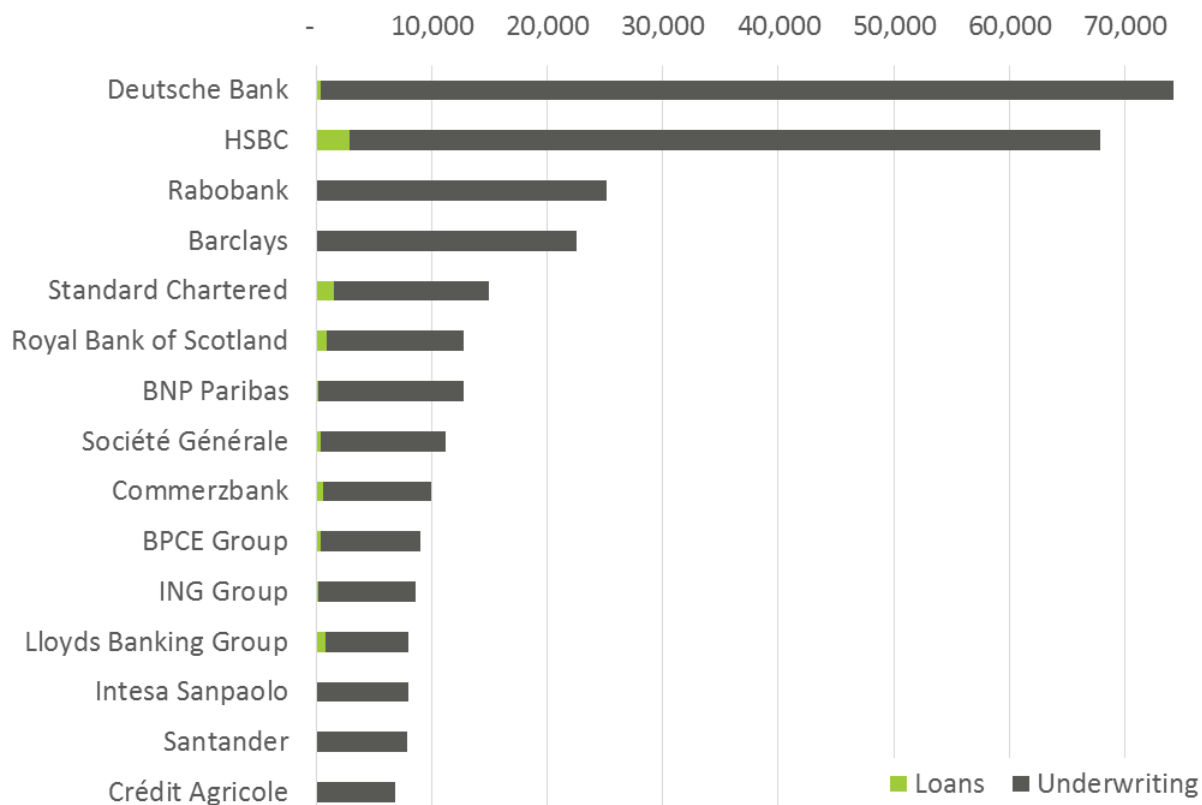
Figure 7 Top 15 EU loan & underwriting service providers to major palm oil financiers (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 8 ranks the top 15 providers of loans and underwriting services to the major palm oil financiers in the period 2010 to 2016.

Figure 8 Ranking top EU loan & underwriting service providers to major palm oil financiers (2010-2016, US\$ mln)

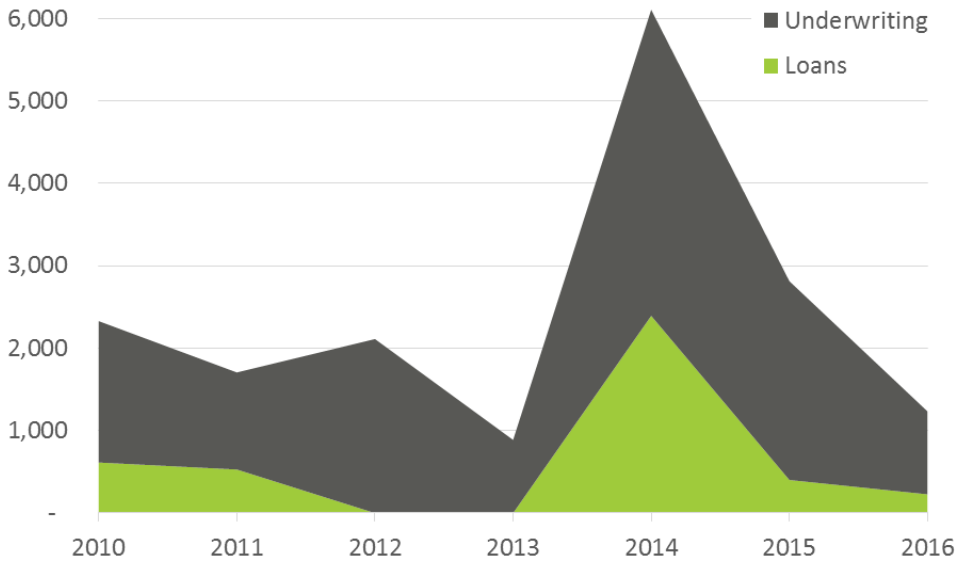


Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

- **Financing to Southeast Asian palm oil financiers**

EU financial institutions provided US\$ 17 billion in loans and underwriting services to major palm oil financiers headquartered in Southeast Asia. Figure 9 shows the annual loans and underwriting services provided to major palm oil financiers headquartered in Southeast Asia by EU financial institutions. The trend shows a peak in 2014, and a downward trend since then. Though this downward trend may indicate a return to levels seen in the period 2010-2012. The peak in 2014 is mainly driven by a US\$ 2.6 billion share issuance by Oversea-Chinese Banking Corporation.

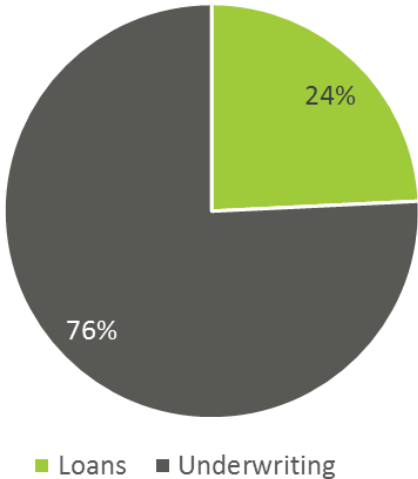
Figure 9 Annual loans & underwriting to major financiers of palm oil headquartered in Southeast Asia by EU financial institutions (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 10 shows that the vast majority of financing provided by EU financial institutions to the major palm oil financiers headquartered in Southeast Asia was in the form of bond and share issuance underwriting. This is similar to the general trend described above, although there is a significantly larger proportion of loans. This may be due to difficulties of Southeast Asia banks in issuing bonds. Buyers of bonds are typically more risk averse and might consider bonds of financial institutions from Southeast Asia to be higher risk than those of financial institutions from Europe or North America.

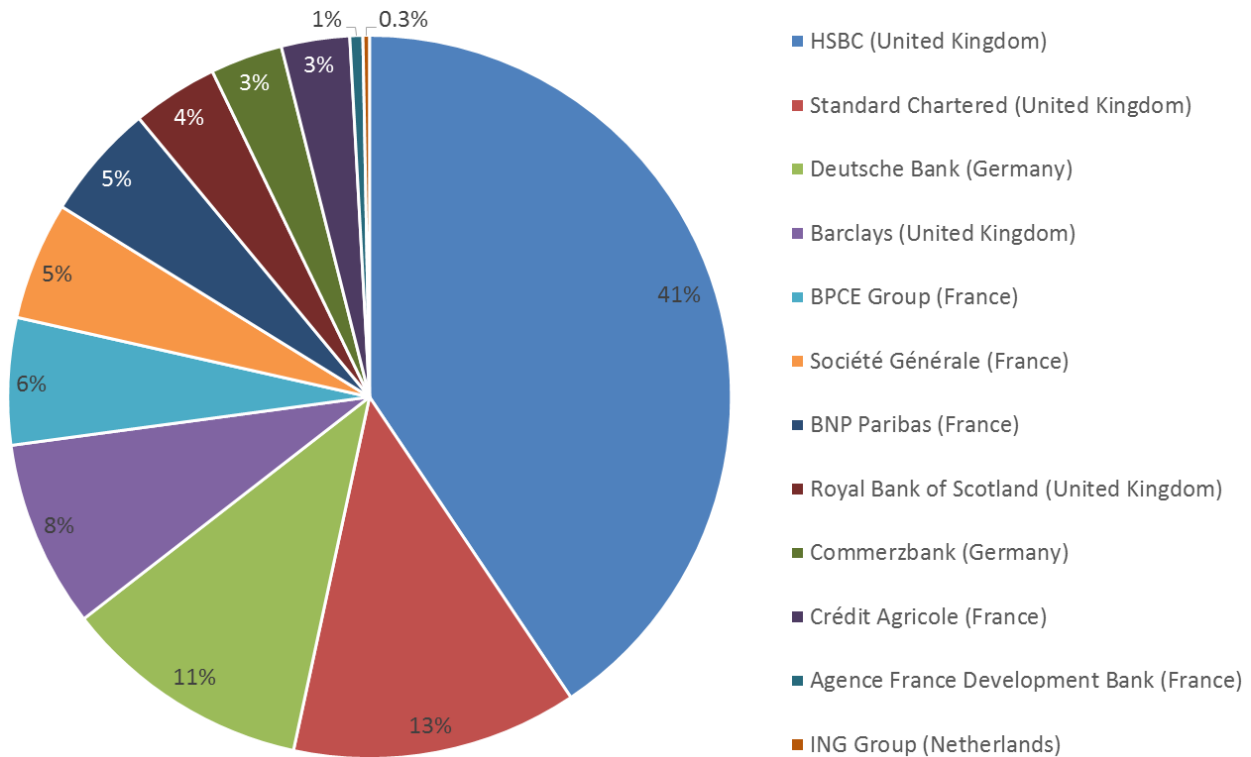
Figure 10 EU financial institution loans & underwriting services to major financiers of palm oil headquartered in Southeast Asia (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 11 shows that HSBC alone provided approximately 40% of the loans and underwriting services to major palm oil financiers headquartered in Southeast Asia. Together with the other financial institutions from the United Kingdom – Standard Chartered, Barclays and Royal Bank of Scotland – they provided approximately 65% of all loans and underwriting services to the major palm oil financiers headquartered in Southeast Asia. The French financial institutions together provided approximately 20% of the loans and underwriting services to these palm oil financiers. German financial institutions provided approximately 15%.

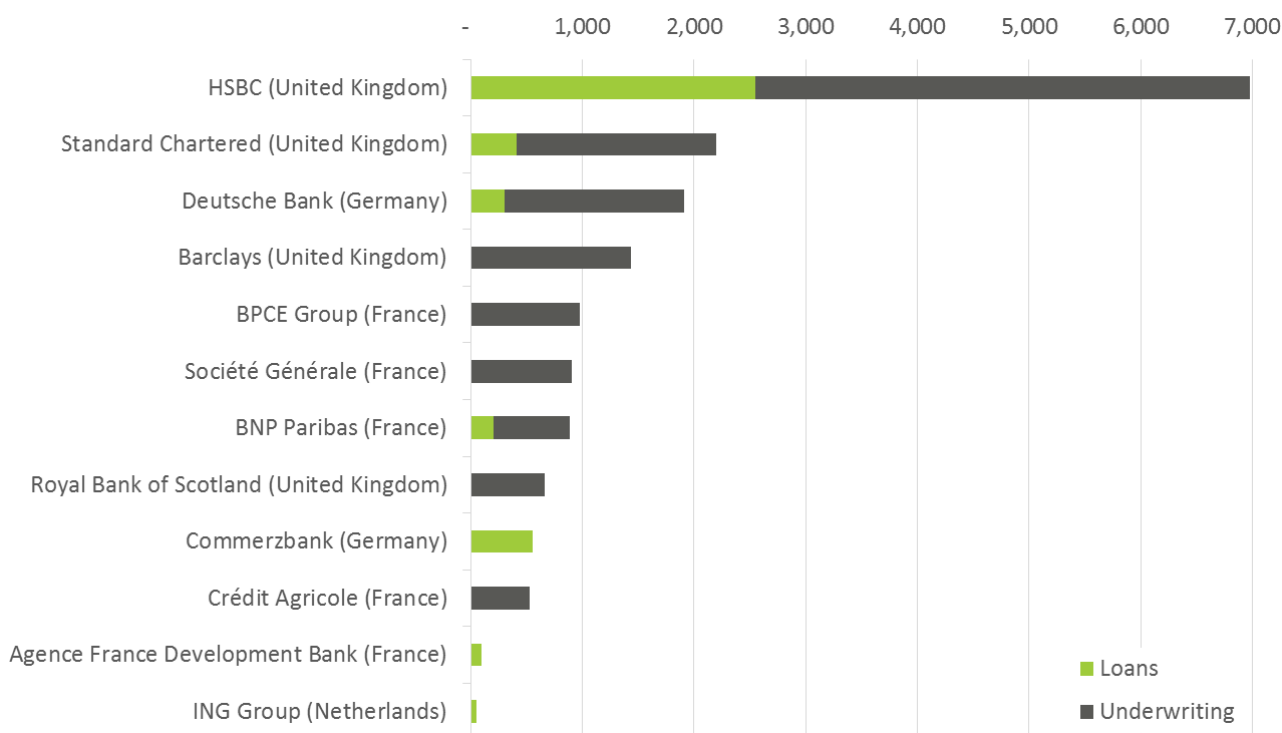
Figure 11 EU loan & underwriting service providers to major palm oil financiers headquartered in Southeast Asia (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 12 provides a ranking the EU financial institutions providing the highest levels of loans and underwriting services to major palm oil financiers headquartered in Southeast Asia in the period 2010 to 2016.

Figure 12 Ranking top EU loan & underwriting service providers to major palm oil financiers headquartered in Southeast Asia (2010-2016, US\$ mln)



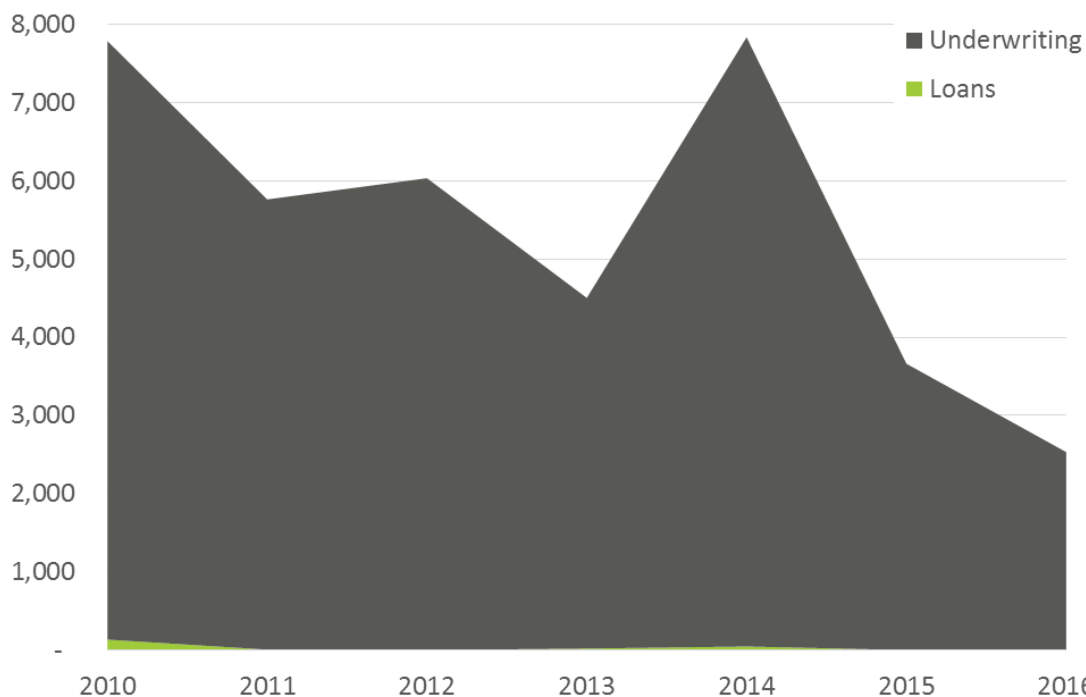
Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

2.1.2 Dutch financial institutions

- **Financing to top 20 global palm oil financiers**

In the period 2010 to 2016, Dutch financial institutions provided a total of US\$ 38 billion in loans and underwriting services to the top 20 global financiers of palm oil (Figure 13). Similar to EU-level financial institutions (see sub-section 2.1.1), there is a peak in 2014, however, there is a downward trend from then on. This is likely related to developments in the economic climate.

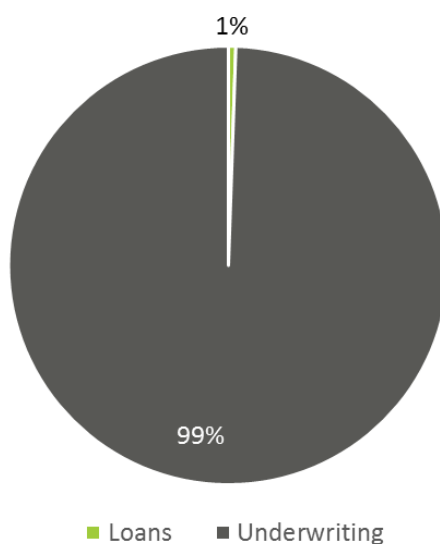
Figure 13 Annual loans & underwriting to major financiers of palm oil by Dutch financial institutions (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

As can be seen in Figure 14, almost all of the financing provided by Dutch financial institutions to the top 20 palm oil financiers was in the form of bond and share issuances, particularly bond issuances. Participation in loans is negligible.

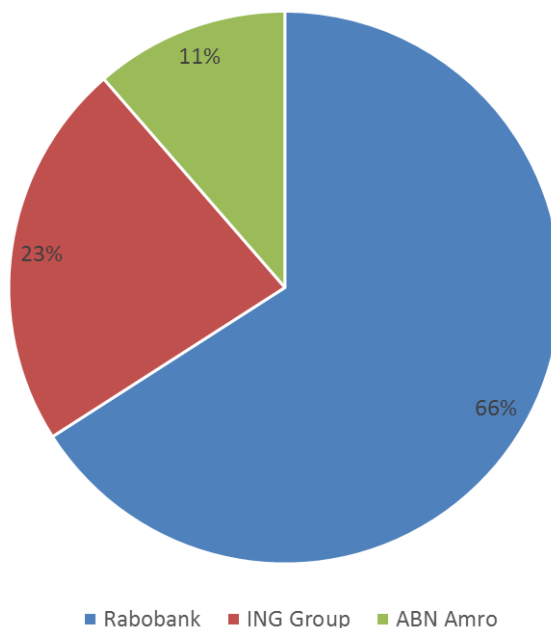
Figure 14 Dutch financial institution loans & underwriting services to major financiers of palm oil (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 15 shows that more than 65% of the loans and underwriting services provided to the major palm oil financiers by Dutch financial institutions were provided by Rabobank. ING and ABN Amro provided 23% and 11%, respectively.

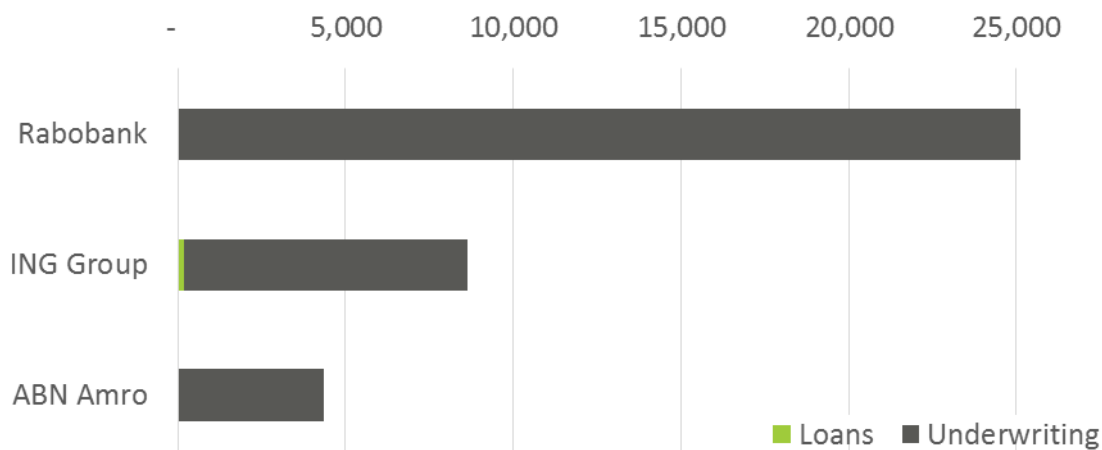
Figure 15 Dutch loan & underwriting service providers to major palm oil financiers (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 16 provides a ranking of the Dutch financial institutions providing loans and underwriting services to the major palm oil financiers in the period 2010 to 2016. It shows that Rabobank alone provided more than US\$ 25 billion underwriting services.

Figure 16 Ranking Dutch loan & underwriting service providers to major palm oil financiers (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

- **Financing to Southeast Asian palm oil financiers**

Noteable is that the only Dutch financial institution that provided loans and underwriting services to the major palm oil financiers headquartered in Southeast Asia was ING Group. The Dutch bank provided a loan worth US\$ 50 million to Bank Negara Indonesia in 2010.

2.1.3 RSPO member financial institutions

This section analyses the loans and underwriting services provided to the top 20 financiers of palm oil by RSPO member financial institutions. RSPO member financial institutions have a particular responsibility to promote sustainable palm oil.

Within the RSPO, there is a financial institution task force (FITF). This group of financial institution members exchange knowledge, provide feedback on broad discussions and organize outreach to locally or regionally operating banks. In the Annual Communications of Progress (ACOP), these financial institutions are asked to provide information on their efforts to promote sustainable palm oil. The RSPO FITF is thus not only an important platform for the promotion of sustainable palm oil, but also to promote sustainable palm oil financing by Southeast Asian banks

In the most recently available ACOPs (2015 and 2016), four banks – ABN Amro, Citigroup, Credit Suisse and UBS – mention that among the most significant challenges they are facing with regard to sustainable palm oil is the one posed by local and regional banks. These financial institutions are said to not uphold the same standards and potentially cause banks with higher standards to lose customers. The four FITF member banks emphasize a need for a level playing field, and for local and regional banks to adopt the same standards.

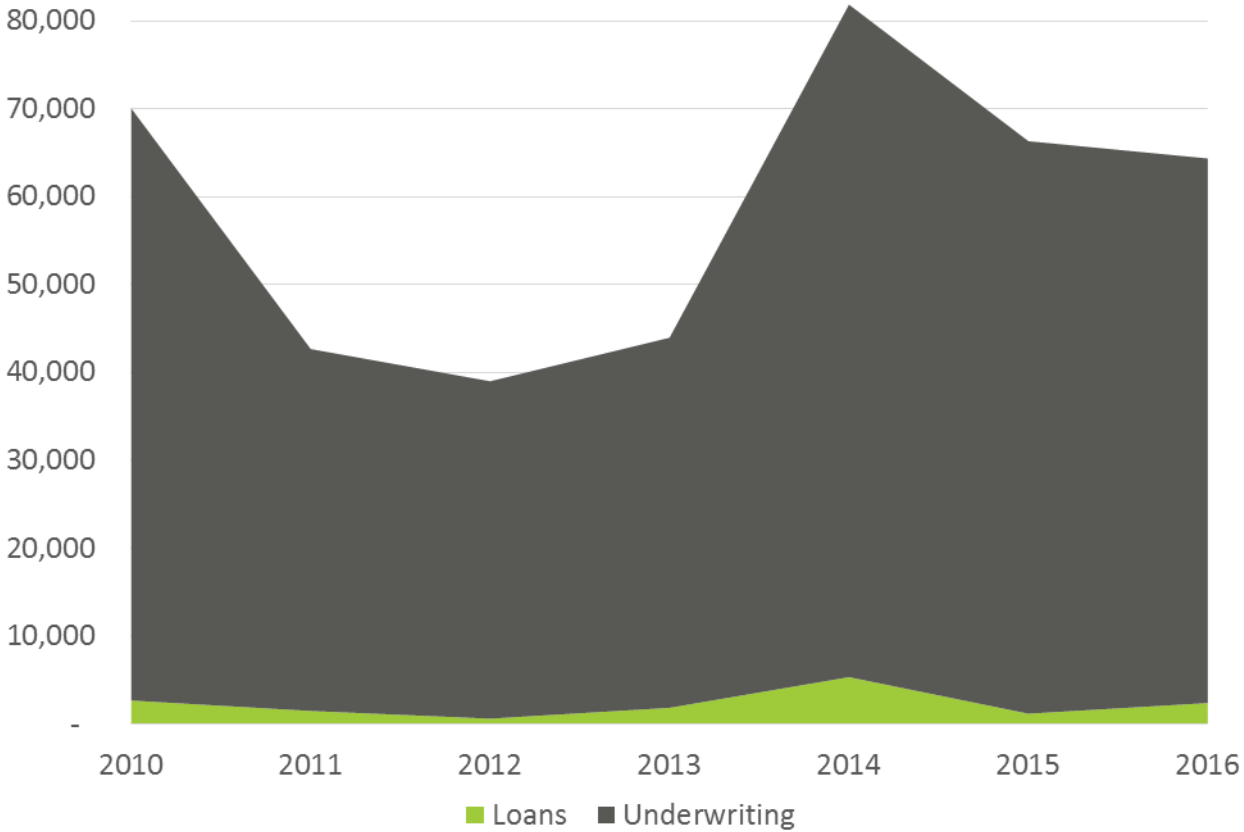
There a peculiar anomaly in the fact that all the RSPO member commercial financial institutions have ESG risk mitigation policies that address financing provided to palm oil companies, however, these policies so far do not apply to the financing of financial institutions that in turn finance palm oil companies. The RSPO member financial institutions are supposed to uphold and promote sustainable certified palm oil companies on the one hand, but at the same time they are financing financial institutions that pay little or no attention to the ESG practices of the palm oil companies they in turn finance.

This is a clear indication that ABN Amro, Citigroup, Credit Suisse and UBS could be considered willing partners to promote palm oil related ESG risk mitigation policies among the Southeast Asian financial institutions they finance, and incorporate ESG covenants in syndicated financing agreements.⁴ Of course, similar demands could also be made of the other RSPO member financial institutions.

- **Financing to top 20 global palm oil financiers**

In the period 2010 to 2016, RSPO financial institutions provided a total of US\$ 408 billion in loans and underwriting services to the top 20 global financiers of palm oil. That is US\$ 67 billion more than the total provided by EU financial institutions (see sub-section 2.1.1). Figure 17 shows the annual trends in the loans and underwriting services. There were peak in both 2010 and 2014, with a dip in the recession years of 2011-2012.

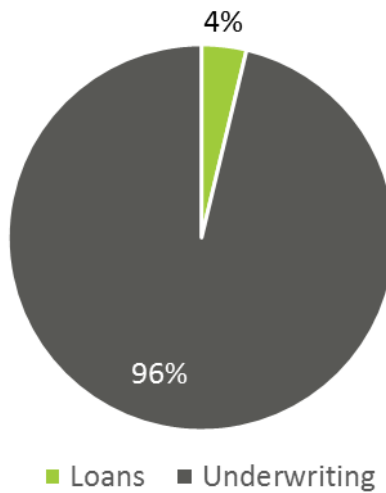
Figure 17 Annual loans & underwriting to major financiers of palm oil by RSPO member financial institutions (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

As can be seen in Figure 18, approximately 96% of the loans and underwriting services provided to the major palm oil financiers by these banks eleven banks were in the form of bond and share issuances in the period 2010 to 2016, particularly bond issuances.

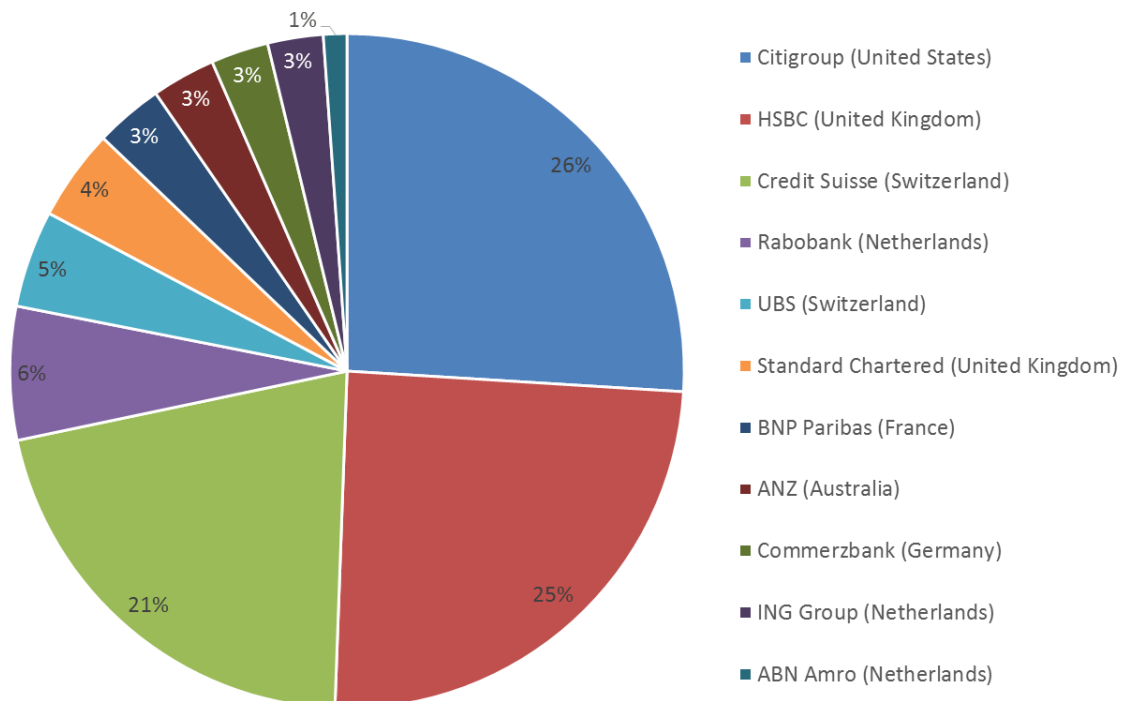
Figure 18 RSPO member financial institution loans & underwriting services to major financiers of palm oil (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

As Figure 19 shows, Citigroup, HSBC and Credit Suisse, are the RSPO member financial institutions that provided more than two thirds of the financing to the top 20 palm oil financiers. Citigroup alone provided more than 30%.

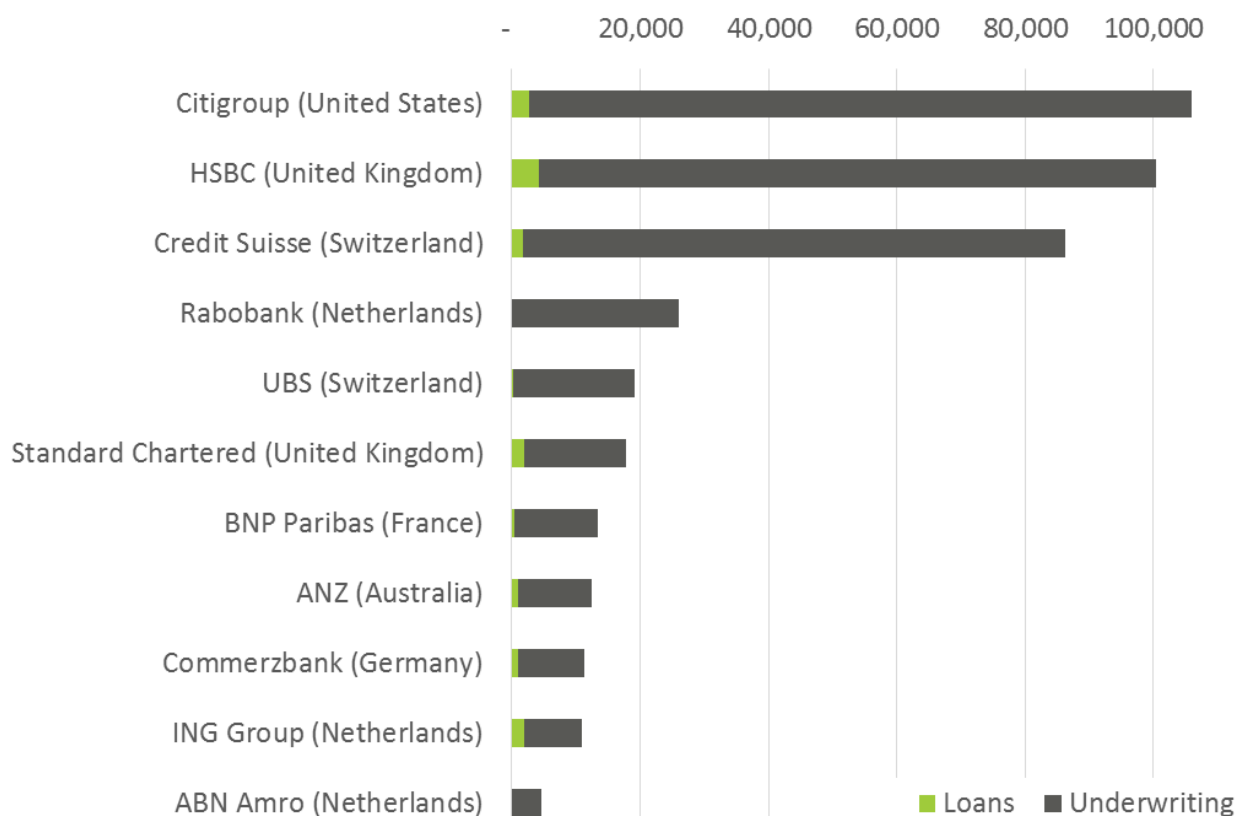
Figure 19 RSPO member loan & underwriting service providers to major palm oil financiers (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 20 provides a ranking of the RSPO member financial institutions that provided the highest levels of loans and underwriting services to the major palm oil financiers.

Figure 20 Ranking RSPO member loan & underwriting service providers to major palm oil financiers (2010-2016, US\$ mln)



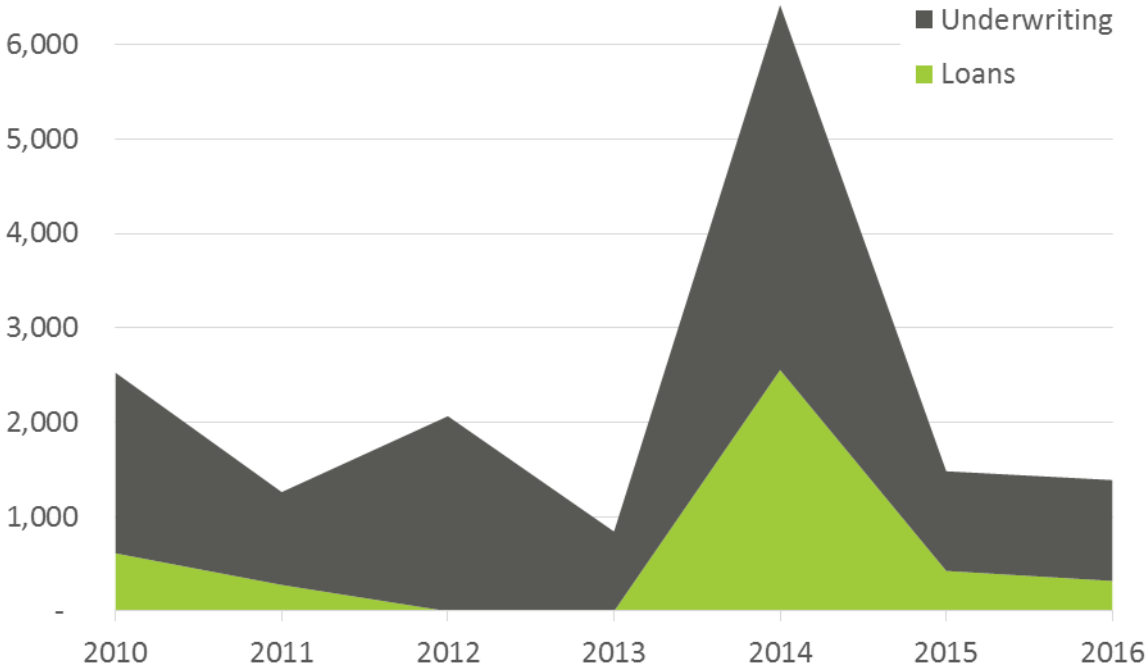
Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

- **Financing to Southeast Asian palm oil financiers**

RSPO member financial institutions provided approximately US\$ 16 billion in loans and underwriting services to major palm oil financiers headquartered in Southeast Asia. It should be remembered that financial institutions headquartered in Southeast Asia generally do not apply ESG risk mitigation criteria to their financing decisions.⁵

Figure 21 shows the annual loans and underwriting services provided to major palm oil financiers headquartered in Southeast Asia by RSPO member financial institutions. The trend shows a peak in 2014, and a downward trend since then. This mostly due to the US\$ 2.6 billion share issuance by Oversea-Chinese Banking Corporation.

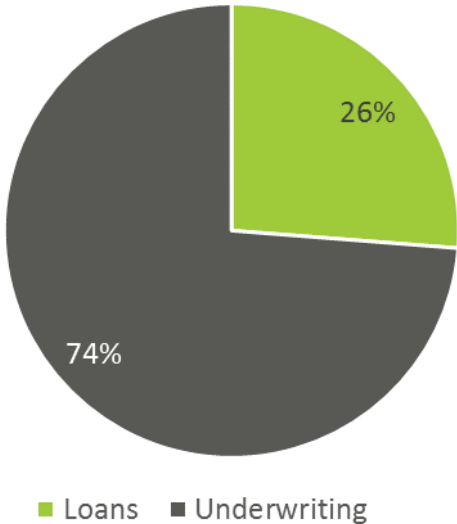
Figure 21 Annual loans & underwriting to major financiers of palm oil headquartered in Southeast Asia by RSPO member financial institutions (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 22 shows that of all the loans and underwriting services provided by RSPO member financial institutions to the major palm oil financiers headquartered in Southeast Asia, approximately 75% were in the form of issuance underwriting.

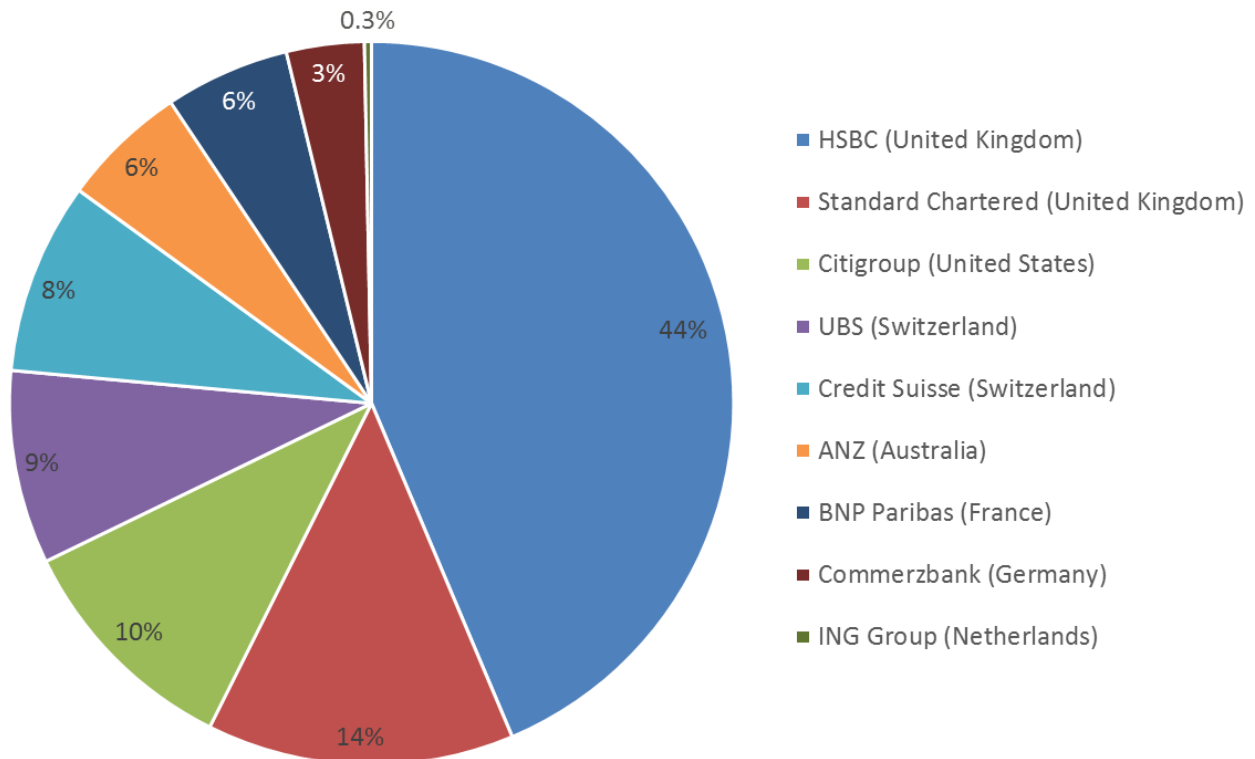
Figure 22 RSPO member financial institution loans & underwriting services to major financiers of palm oil headquartered in Southeast Asia (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

As can be seen in Figure 23, of the RSPO member financial institutions, HSBC provided more than 40% of the loans and underwriting services to major palm oil financiers headquartered in Southeast Asia. The two RSPO members from the United Kingdom – HSBC and Standard Chartered – provided nearly 60% of all loans and underwriting services provided by RSPO member financial institutions to major palm oil financiers headquartered in Southeast Asia.

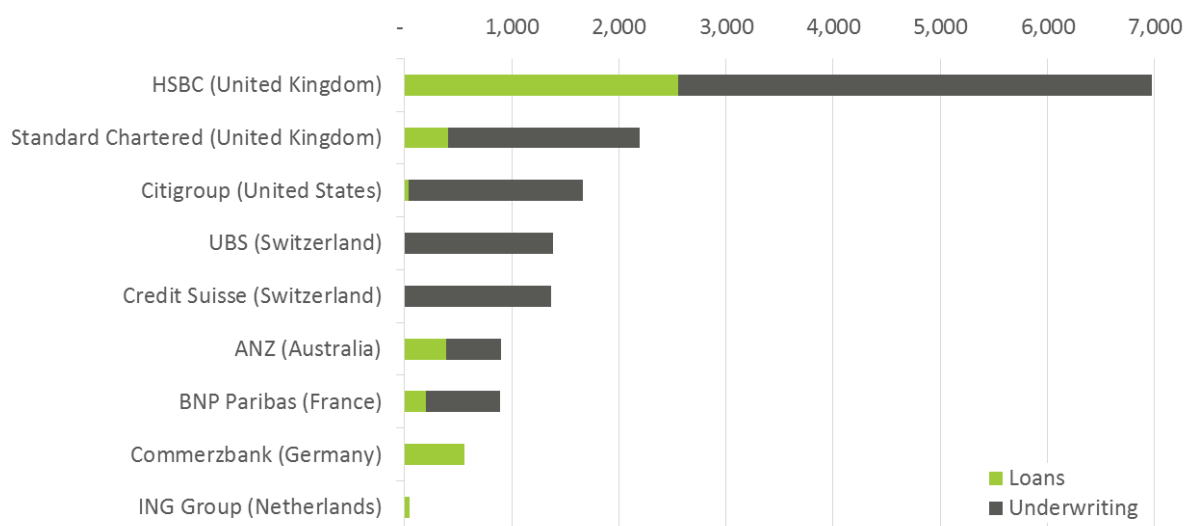
Figure 23 RSPO member loan & underwriting service providers to major palm oil financiers headquartered in Southeast Asia (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 24 provides a ranking of the top RSPO member financial institutions that provided loans and underwriting services to major palm oil financiers headquartered in Southeast Asia.

Figure 24 Ranking RSPO member loan & underwriting service providers to major palm oil financiers headquartered (2010-2016, US\$ mln)



Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

2.2 Investors

This section analyses the investments in the bonds and shares of the top 20 financiers of palm oil. The section is organized as follows: sub-section 2.2.1 will analyse investors headquartered in the EU; sub-section 2.2.2 will focus in on Dutch investors, and; sub-section 2.2.3 will analyse the investments in bonds and shares of the top 20 financiers of palm oil by the RSPO member financial institutions.

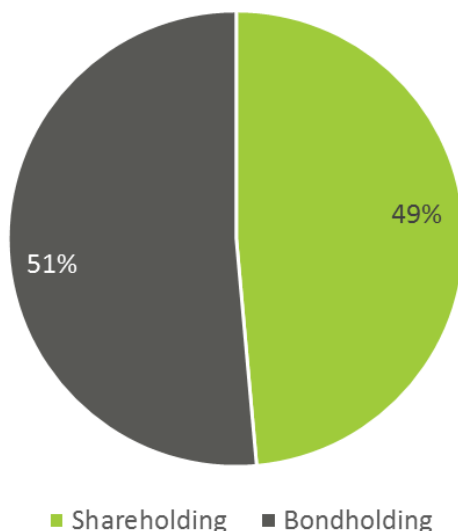
There is, of course, a degree of overlap between these three groups. For example, a financial institution member of the RSPO, can also be headquartered in the Netherlands, and thus also be an EU financial institution. However, the groups are sufficiently distinct as to warrant separate analyses, which will allow readers to determine relevant strategies for engaging with these groups of financial institutions. Moreover, these same financial institutions may also be among the top 20 palm oil financiers.

2.2.1 EU financial institutions

- **Investments in top 20 global palm oil financiers**

At the most recent filing date, EU financial institutions held US\$ 192 billion in bonds and shares of the top 20 financiers of palm oil. Figure 25 shows that 52% of these investments were in bonds, while 48% were in shares.

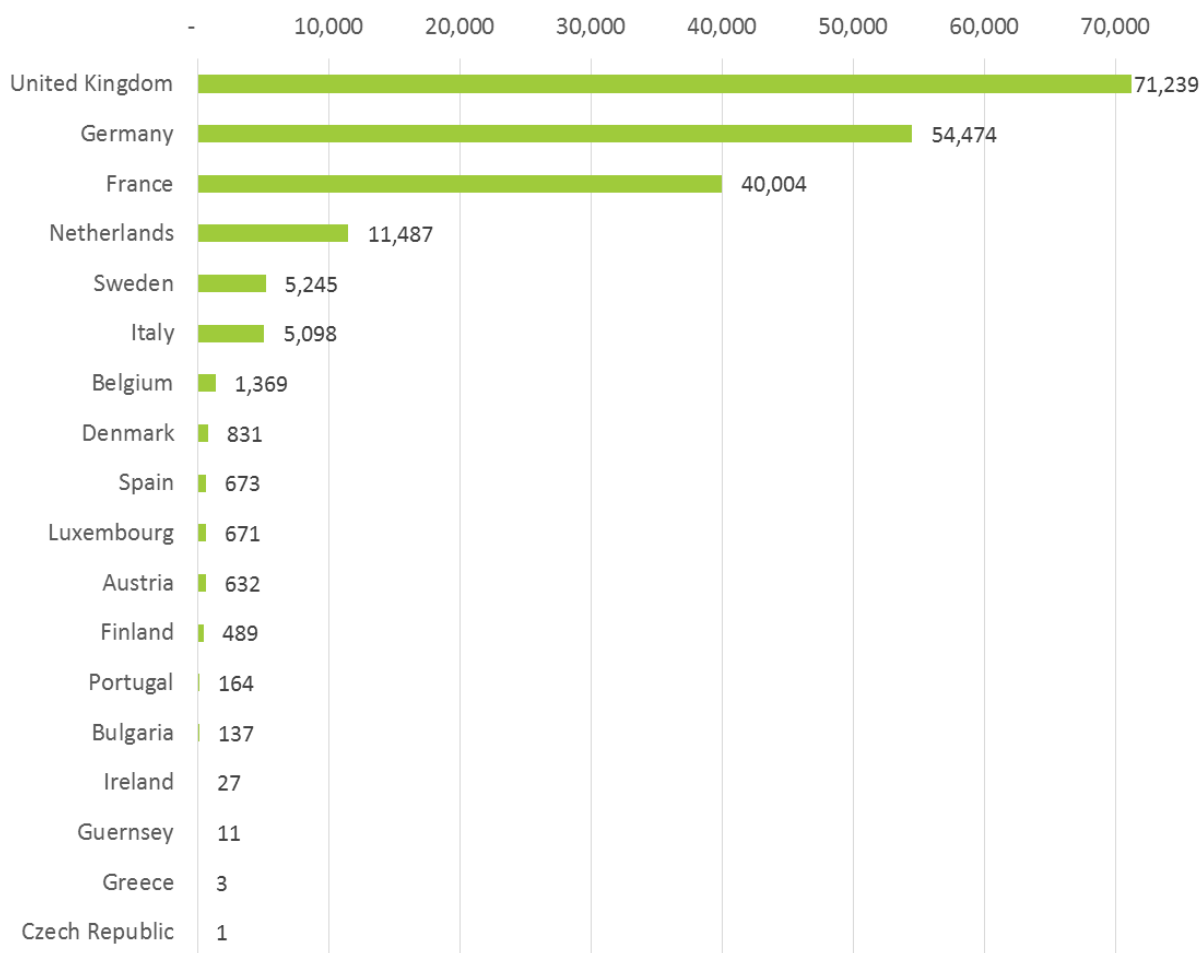
Figure 25 EU financial institution bond- & shareholding of major financiers of palm oil (most recent filing, June 2017)



Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 26 provides a ranking of the country of origin of the investors in the bonds and shares of the top 20 financiers of palm oil. It shows that financial institutions from the United Kingdom, Germany, France and the Netherlands held the highest levels of bonds and shares of the top 20 financiers of palm oil.

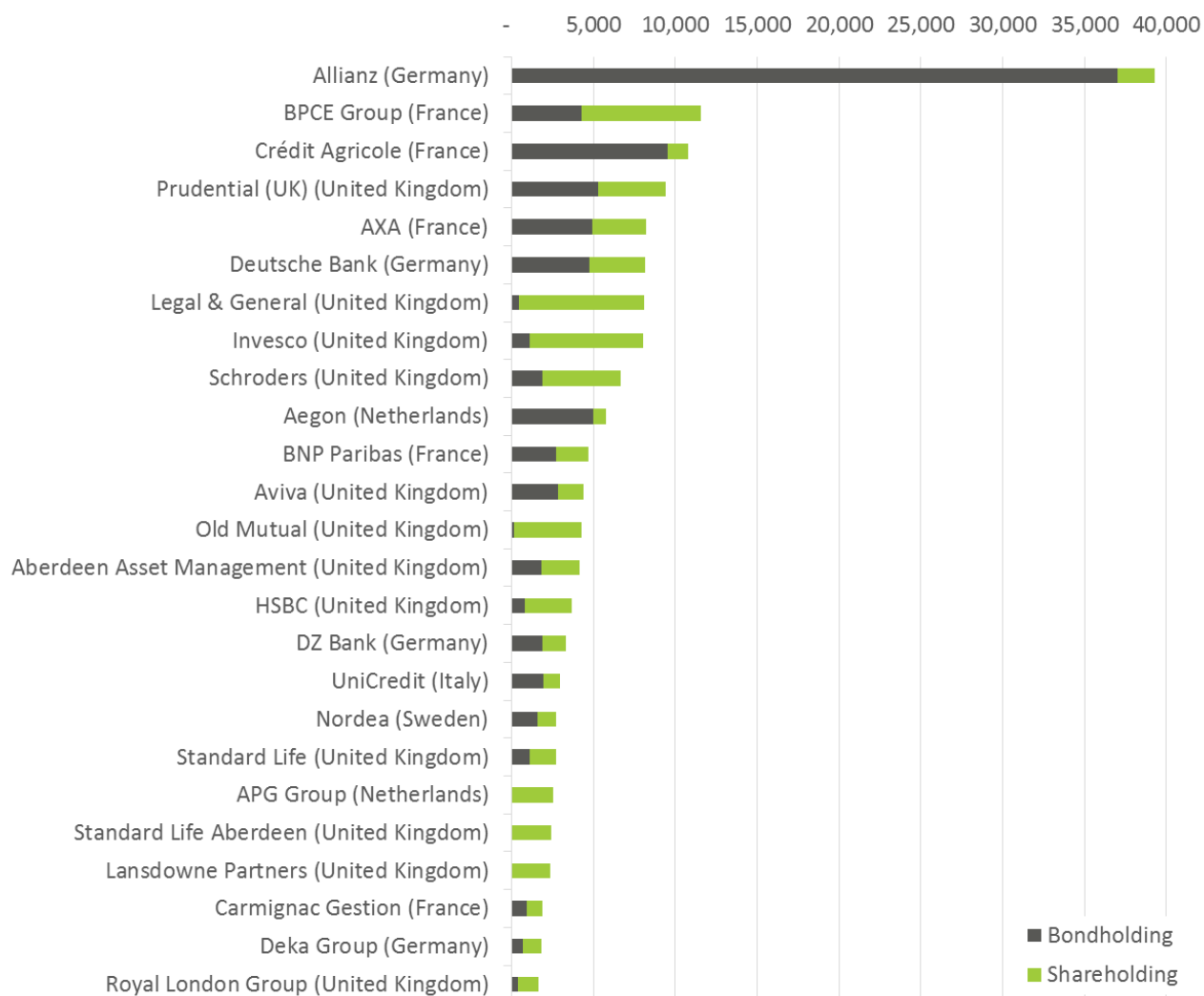
Figure 26 Ranking of investors in the bonds and shares of the top 20 financiers of palm oil (US\$ mln, most recent filing, June 2017)



Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 27 ranks the top 25 investors in the bonds & shares of the top 20 palm oil financiers. It shows that Allianz is by the far the largest investor, driven in particular through its bondholdings of US financial institutions. Allianz is followed by French BPCE Group and Crédit Agricole.

Figure 27 Top 25 investors in bonds & shares of the top 20 palm oil financiers (US\$ mln, most recent filing date, June 2017)



Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

Table 2 ranks the top 20 palm oil financiers that received the highest levels of investments. At the top are the large international financial institutions based in the United States. Southeast Asian – the largest financiers of palm oil – rank between 12 and 20. However, this is largely due their comparable size. These financial institutions are far smaller than those from the US, Europe and Japan.

Table 2 Ranking of investees invested in by EU financial institutions (US\$ mln, most recent filing, June 2017)

Rank	Palm oil financier	Country	Bondholding	Shareholding	Total
1	JPMorgan Chase	United States	15,333	24,359	39,692
2	Citigroup	United States	14,309	17,996	32,305
3	Morgan Stanley	United States	25,546	4,979	30,525
4	HSBC	United Kingdom	9,174	20,592	29,766

Rank	Palm oil financier	Country	Bondholding	Shareholding	Total
5	Credit Suisse	Switzerland	14,275	2,773	17,049
6	Standard Chartered	United Kingdom	4,233	4,999	9,232
7	Sumitomo Mitsui Financial Group	Japan	3,132	3,193	6,325
8	Deutsche Bank	Germany	2,742	3,423	6,165
9	Rabobank	Netherlands	5,822		5,822
10	Mitsubishi UFJ Financial	Japan	1,091	3,690	4,781
11	Mizuho Financial	Japan	2,567	1,156	3,722
12	DBS	Singapore	118	1,880	1,998
13	Oversea-Chinese Banking Corporation	Singapore	461	1,183	1,643
14	Bank Mandiri	Indonesia		1,153	1,153
15	Bank Rakyat Indonesia	Indonesia	6	802	808
16	Malayan Banking	Malaysia	84	440	524
17	Bank Negara Indonesia	Indonesia	49	414	463
18	CIMB Group	Malaysia	10	362	372
19	AmBank Group	Malaysia	3	114	117
20	RHB Banking	Malaysia	55	37	92
	Total		99,010	93,544	192,554

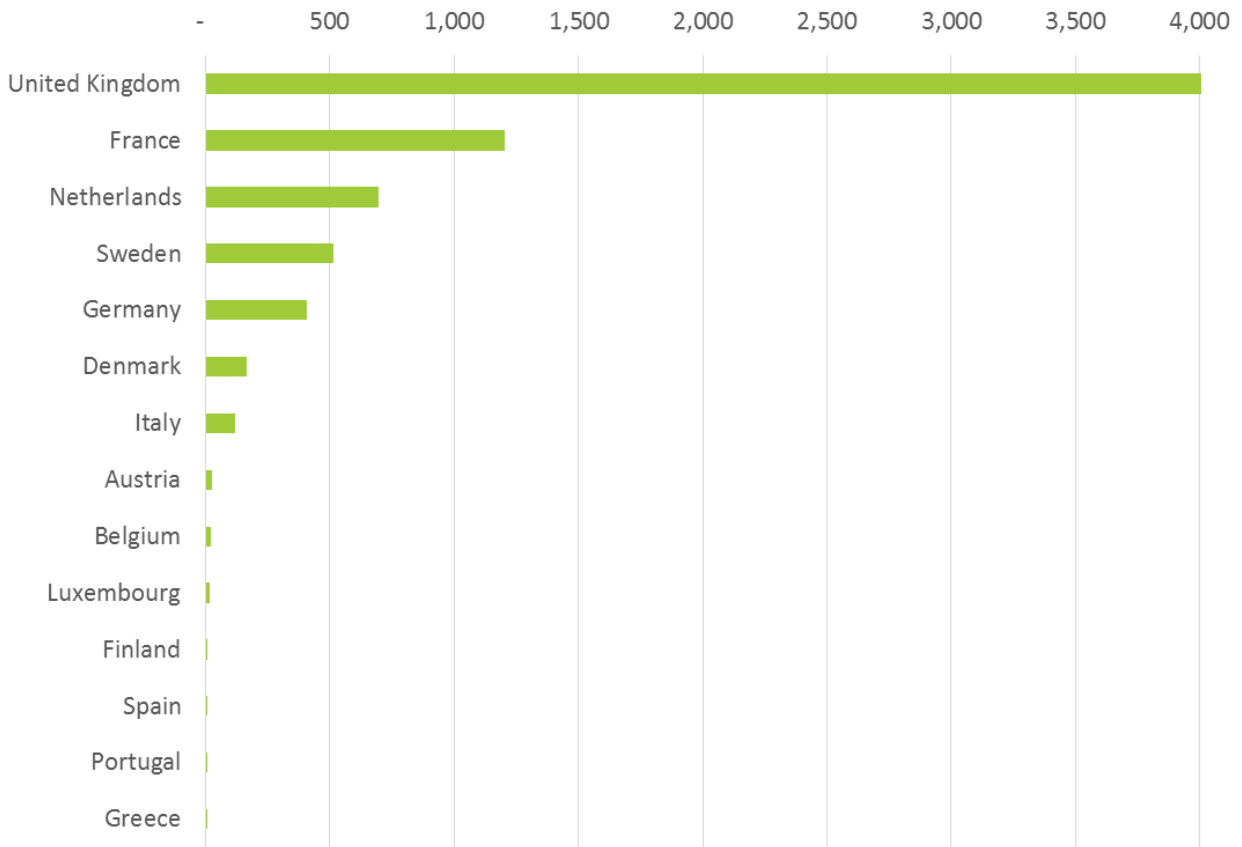
Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

- **Investments in Southeast Asian palm oil financiers**

EU investors invested approximately US\$ 7.2 billion in the bonds and share of the top Southeast Asian financiers of palm oil. 89% of this was in the form for shareholdings, while 11% was in the form of bondholdings.⁶

Figure 28 shows that more than half of the investors in the top Southeast Asian financiers of palm oil were located in the United Kingdom. French, Dutch and Swedish investors also had significant investments in the bonds and shares of the top Southeast Asian financiers of palm oil.

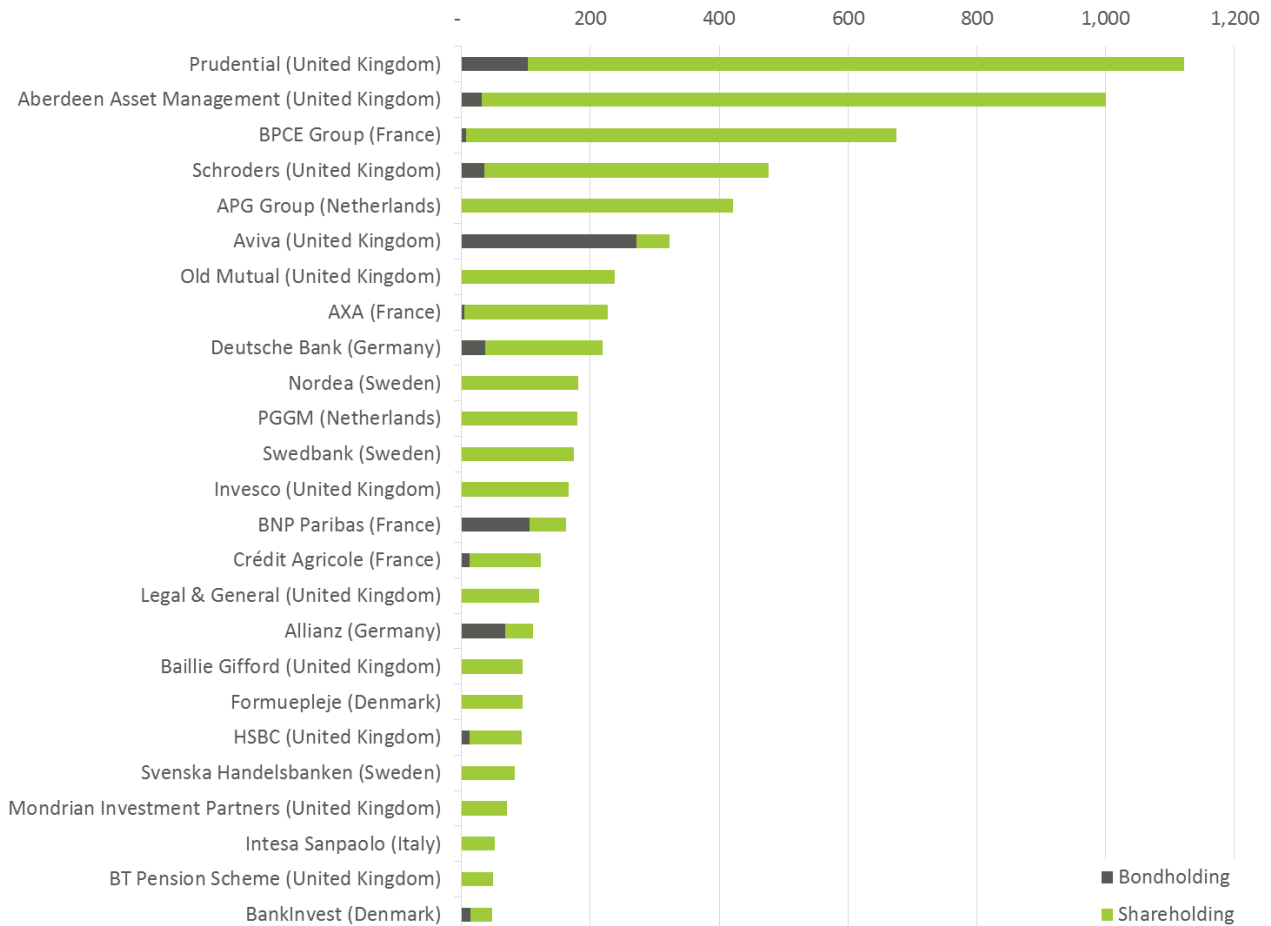
Figure 28 Ranking of EU investors in the bonds and shares of the top Southeast Asian financiers of palm oil (US\$ mln, most recent filing, June 2017)



Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 29 ranks the top 25 EU investors in the bonds & shares of the top palm oil financiers from Southeast Asia. It shows that Prudential and Aberdeen Asset Management each had investments of approximately US\$ 1 billion at the most recent filing date. Other important investors include BPCE Group (France), Schrodgers (United Kingdom) and APG (Netherlands).

Figure 29 Top 25 EU investors in bonds & shares of top Southeast Asian palm oil financiers (US\$ mln, most recent filing date, June 2017)



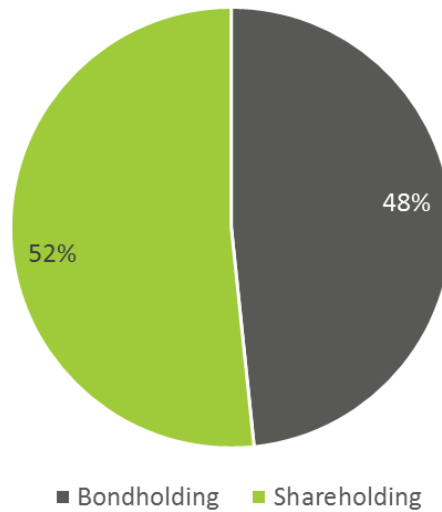
Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

2.2.2 Dutch financial institutions

- Investments in top 20 global palm oil financiers**

At the most recent filing date, Dutch financial institutions held US\$ 11.5 billion in bonds and shares of the top 20 global financiers of palm oil. Figure 30 shows that 48% of these investments were in bonds, while 52% were in shares.

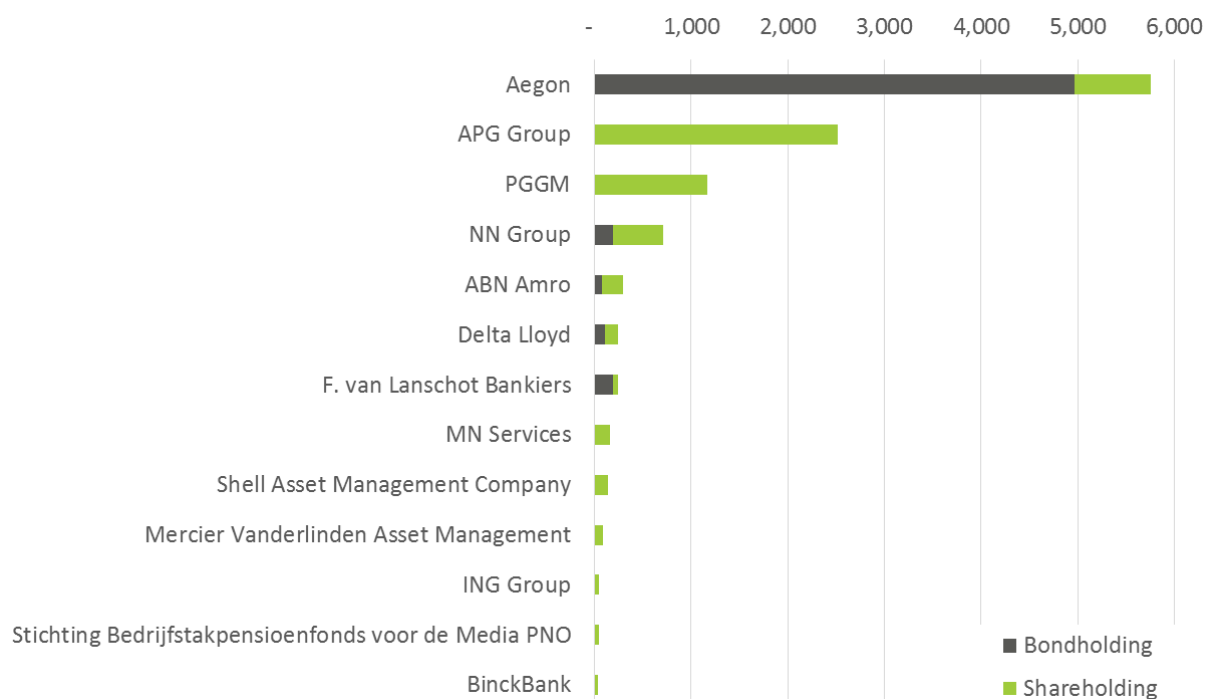
Figure 30 Dutch financial institution bond- & shareholding of major financiers of palm oil (most recent filing, June 2017)



Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

Figure 31 ranks the Dutch investors in the top 20 palm oil companies. It shows that large asset managers and pension fund managers rank among the top 5. APG Group and PGGM Group have the highest levels of investments in shares, while AEGON has the highest levels of investments in bonds.

Figure 31 Ranking of Dutch investors in bonds & shares of the top 20 palm oil financiers (US\$ mln, most recent filing date, June 2017)



Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

Table 3 ranks the investees invested in by Dutch financial institutions. Similar to the trend highlighted above (see sub-section 2.2.1), major palm oil financiers from the United States, Europe and Japan receive the comparatively higher levels of investment in bonds and shares when compared to their counterparts from Southeast Asia.

Table 3 Ranking of investees invested in by Dutch financial institutions (US\$ mln, most recent filing, June 2017)

Rank	Palm oil financier	Country	Bondholding	Shareholding	Total
1	JPMorgan Chase	United States	887	1,303	2,190
2	Morgan Stanley	United States	1,806	358	2,165
3	Citigroup	United States	791	1,036	1,827
4	HSBC	United Kingdom	570	903	1,472
5	Credit Suisse	Switzerland	647	183	829
6	Standard Chartered	United Kingdom	262	368	630
7	Mitsubishi UFJ Financial	Japan	24	481	504
8	Sumitomo Mitsui Financial Group	Japan	79	267	346
9	Rabobank	Netherlands	318		318
10	Mizuho Financial	Japan	70	241	311
11	Deutsche Bank	Germany	83	117	200

Rank	Palm oil financier	Country	Bondholding	Shareholding	Total
12	Bank Rakyat Indonesia	Indonesia		183	183
13	DBS	Singapore		151	151
14	Oversea-Chinese Banking Corporation	Singapore	8	135	144
15	Malayan Banking	Malaysia	4	61	65
16	CIMB Group	Malaysia		56	56
17	Bank Mandiri	Indonesia		52	52
18	Bank Negara Indonesia	Indonesia	0	27	27
19	RHB Banking	Malaysia	5	8	13
20	AmBank Group	Malaysia	0	3	3
	Total		5,554	5,933	11,487

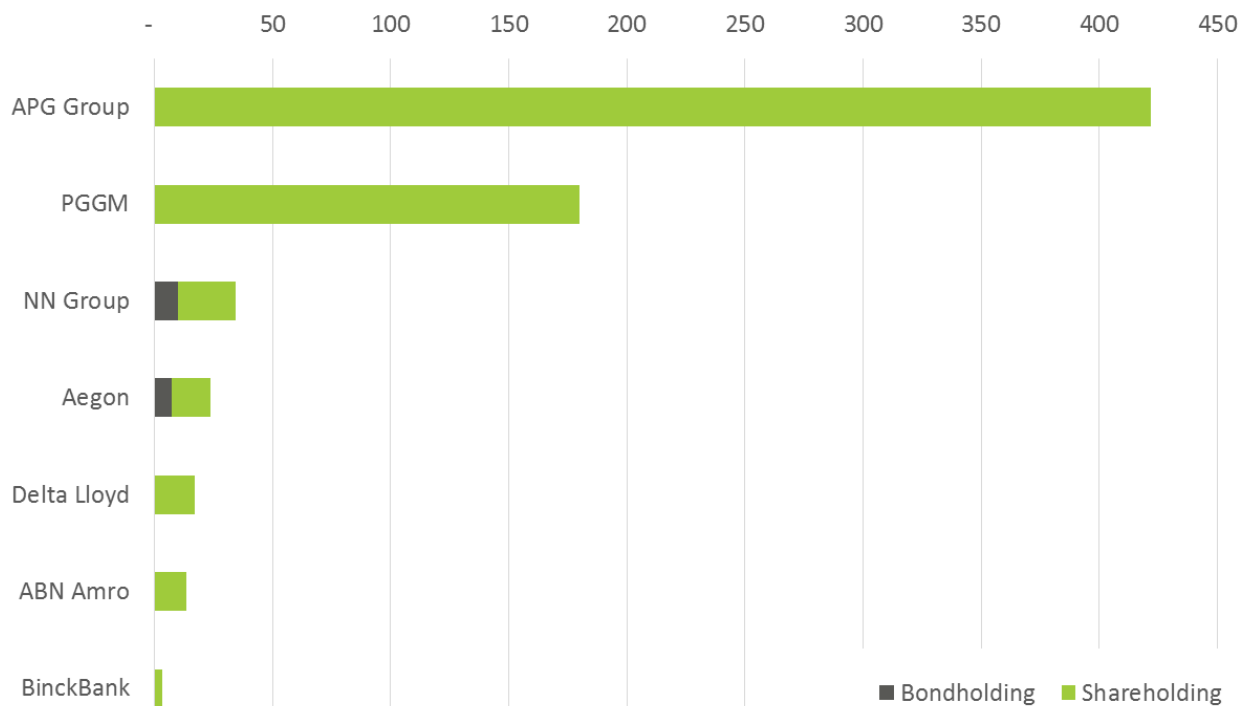
Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

- **Investments in Southeast Asian palm oil financiers**

At the most recent filing date in June 2017, investors from the Netherlands had invested approximately US\$ 700 million in the bonds and shares the major Southeast Asian palm oil financiers. Of this, approximately 97% was in the form of shareholdings, while 3% was in the form of bondholdings.

Figure 32 ranks the Dutch investors in the bonds and shares of the top Southeast Asian palm oil financiers. It shows the APG Group and PGGM had the highest levels of investments.

Figure 32 Ranking of Dutch investors in the bonds and shares of the top Southeast Asian financiers of palm oil (US\$ mln, most recent filing, June 2017)



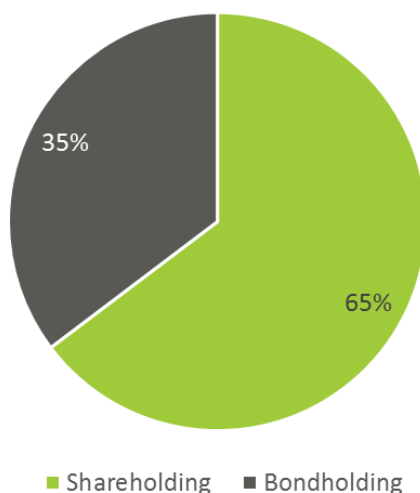
Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

2.2.3 RSPO member financial institutions

- Investments in top 20 global palm oil financiers**

This section analyses the investments in the bonds and shares of the top 20 financiers of palm oil by RSPO member financial institutions. At the most recent filing date, RSPO member financial institutions held US\$ 21.4 billion in bonds and shares of the top 20 global financiers of palm oil. Figure 33 shows that, as with EU level financial institutions, 65% of these investments were in bonds, while 35% were in shares.

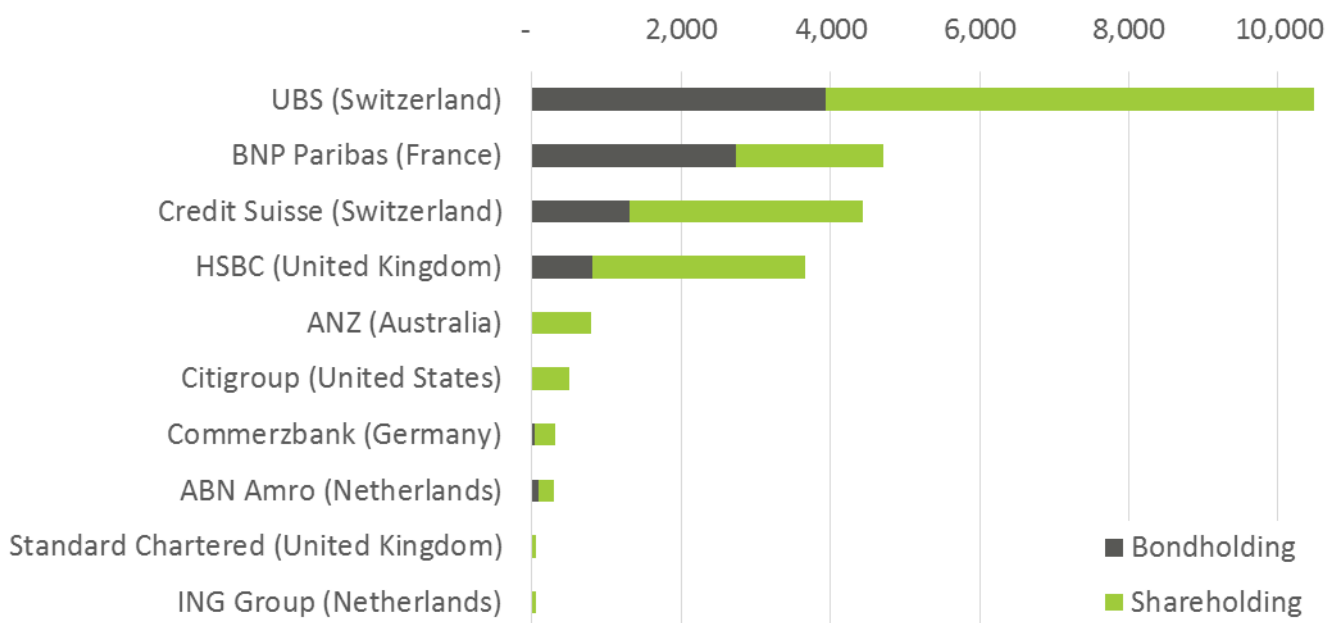
Figure 33 RSPO financial institution bond- & shareholding of major financiers of palm oil (most recent filing, June 2017)



Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*, Bloomberg (2017, May), *Aggregated Debt*.

Figure 34 ranks the RSPO member investors in the bonds and shares of the top 20 financiers of palm oil. It shows that UBS is by far the largest investors in the bonds and shares of the major palm oil financiers. It is followed by BNP Paribas and Credit Suisse. In general, these financial institutions have larger investments in the shares of the major palm oil financiers.

Figure 34 Ranking of RSPO member investors in bonds & shares of the top 20 palm oil financiers (US\$ mln, most recent filing date, June 2017)



Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*, Bloomberg (2017, May), *Aggregated Debt*.

Table 4 ranks the top 20 global palm oil financiers that received the highest levels of investments from RSPO member financial institutions. Similar to the analyses above, the largest investees are the major international financial institutions based in the United States. Southeast Asian financial institutions – the largest financiers of palm oil – rank between 12 and 20. However, this is largely due their comparable size, and market capitalization. These financial institutions are far smaller than those from the US, Europe and Japan.

Table 4 Ranking of investees invested in by RSPO member financial institutions (US\$ mln, most recent filing, June 2017)

Rank	Palm oil financier	Country	Bondholding	Shareholding	Total
1	JPMorgan Chase	United States	1,184	4,641	5,825
2	HSBC	United Kingdom	1,208	3,912	5,119
3	Citigroup	United States	790	2,431	3,221
4	Credit Suisse	Switzerland	1,910	965	2,875
5	Morgan Stanley	United States	1,462	784	2,246
6	Deutsche Bank	Germany	274	1,022	1,297
7	Rabobank	Netherlands	1,130		1,130
8	Standard Chartered	United Kingdom	332	685	1,017
9	AmBank Group	Malaysia	0	797	797
10	Mitsubishi UFJ Financial	Japan	58	313	371
11	Sumitomo Mitsui Financial Group	Japan	154	207	362
12	Mizuho Financial	Japan	165	154	319
13	DBS	Singapore	46	123	170
14	Bank Mandiri	Indonesia		145	145
15	Oversea-Chinese Banking Corporation	Singapore	65	74	139
16	Bank Rakyat Indonesia	Indonesia	29	60	88
17	Malayan Banking	Malaysia	49	39	88
18	RHB Banking	Malaysia	39	2	41
19	Bank Negara Indonesia	Indonesia	7	18	25
20	CIMB Group	Malaysia	6	16	21
	Total		8,908	16,388	25,296

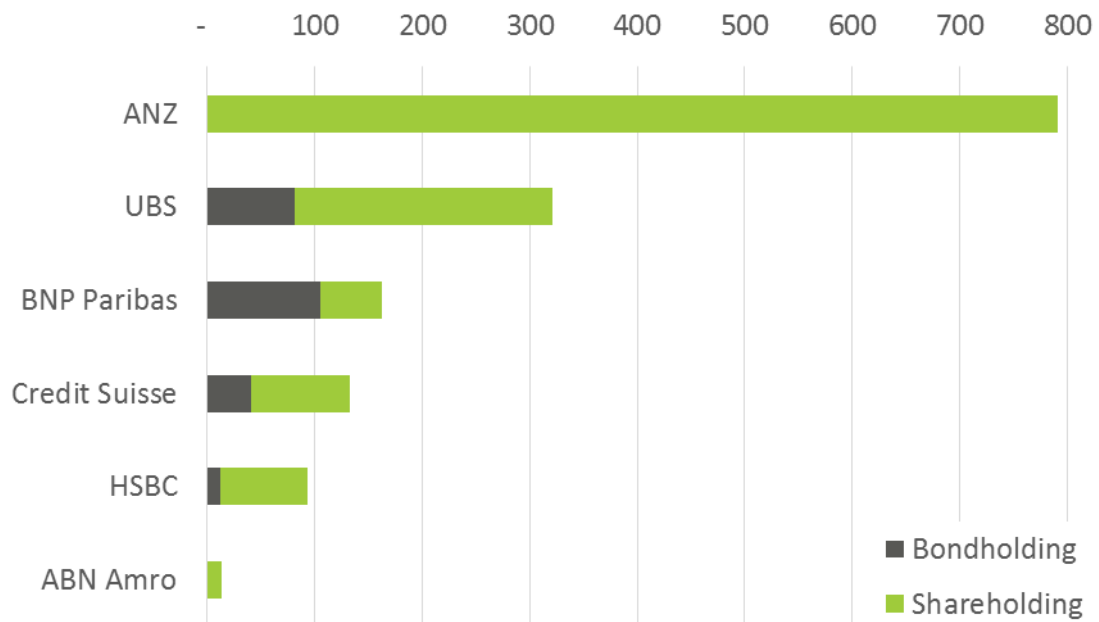
Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, May), *Aggregated Debt*.

- **Investments in Southeast Asian palm oil financiers**

At the most recent filing date in June 2017, RSPO member financial institutions had invested approximately US\$ 1.5 billion in the bonds and shares of the top Southeast Asian financiers of palm oil. Approximately 84% of this was in the form of shareholdings, and the remaining 16% of the investments were in the form of bondholdings.

Figure 35 provides a ranking of the RSPO member investors in the bonds and shares of the major Southeast Asian financiers of palm oil development. ANZ had the highest level of investments, followed by UBS. As mentioned above, ABN Amro, Citibank, Credit Suisse and UBS all noted the importance of getting Southeast Asian banks to adopt higher ESG standards with regard to palm oil financing. This sentiment, and the level of their investments in Southeast Asian financial institutions, indicate that they could be encouraged to engage with their Southeast Asian peers to promote the adoption of palm oil related ESG standards.

Figure 35 Ranking of RSPO member investors in the bonds and shares of the top Southeast Asian financiers of palm oil (US\$ mln, most recent filing, June 2017)



Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*, Bloomberg (2017, May), *Aggregated Debt*.

Chapter 3 Syndicated financing participation

This chapter analyses the participation in syndicated financing provided to palm oil companies in the period 2010 to 2016. Syndicated financing is an important source of large-scale finance for companies. These companies often attract short-term financing for their day-to-day operations directly from a single financial institution. However, for larger scale financing that may be used to finance expansion of operations or acquisitions, or to refinance debt, for example, companies will often only receive financing from a syndicate of financial institutions. Financial institutions prefer to work in syndicates in large-scale financing in order to spread the risk, i.e. so that not one single institution is exposed to a high level of risk of default. This preference is also a result of obligations that the financial institutions have towards regulators in relation to risk mitigation strategies and risk spreading.

The importance of syndicated financing differs for each company as it depends on both its size and its strategy. However, it is clear that larger companies and companies with expansion strategies generally have to rely heavily on syndicated financing as an important source to meet their financing needs.

In the palm oil sector, direct/day-to-day financing tends to be provided by financial institutions from Southeast Asia (Indonesia, Malaysia, Singapore), as the majority of palm oil companies operate in Indonesia and Malaysia.⁷ However, when syndicated financing is needed, financial institutions from Europe, East Asia and North America are often involved. These financial institutions have larger resources and can more readily carry the risks. Which financial institution takes the lead in the syndicate depends on a number of factors. These factors can include which financial institution was contacted first, which financial institution is willing to carry the highest level of risk, which financial institution is asked either by the other participants or the client to take the lead, among a number of other reasons.

The financial institution that takes the lead is responsible for the organization of the syndicate. However, the terms and conditions of the covenant are agreed by all participants, this includes the client themselves. The terms and conditions vary per client, per situation and per syndicate. In general they focus on the financial performance of the company, and thereby its ability to repay the debt. Such conditions can include revenue targets for example, and may also include restrictions on capital expenditures and acquisition. Earlier studies have found that environmental, social and governance issues can be considered in these covenants, however, these requirements are often only minimally included, if at all.⁸

During an informal conversation in November 2016, one leading financial institution stated that ESG issues were included more extensively in only one syndicated financing to an agribusiness in Indonesia.⁹ However, this was done only due to the client's own request, and not on the initiative of any of the financial institutions. Moreover, environmental and social covenants are included in project finance contracts under the Equator Principles. The precedent is therefore there to also include ESG criteria in non-project specific financing.¹⁰

The fact that ESG criteria can be incorporated into syndicated financing covenants but that this is by far not yet done sufficiently is cause for concern. In particular because syndicated financing is an important source of capital used to enable expansion activities of companies. For palm oil companies, this could include the building of mills and refineries, or even the acquisition of land or companies that own palm oil plantations. The implication is that this large-scale financing can lead to large-scale deforestation risks related to the development of these business activities, as well as risks of human rights violations, use of fire and development on peat.

EU, Dutch and RSPO member financial institutions participating in syndicated financing have a responsibility to use their frontrunner status and their influence to push for the inclusion of ESG criteria in syndicated financing covenants. Many of these financial institutions have committed to international initiatives such as the UN Global Compact and the OECD Guidelines for Multinationals which all encourage support to further promote sustainable business activities. Moreover, many of these financial institutions have already developed palm oil financing policies themselves, which have helped to improve the corporate behaviour of many of the companies they finance.

Simply using ESG criteria for the screening of clients is not enough though. By including ESG criteria in these covenants, knowledge, experience and standards of EU, Dutch and RSPO member financial institutions will be transferred to syndicate participants who have yet to develop such standards, financial institutions from Southeast Asia in particular. The more high ESG standards become the norm, the more improvements will be seen in the palm oil sector, and the more financial institutions can compete on the quality of their services and not on whether or not they have appropriate ESG standards.

The chapter is organized as follows: section 3.1 analyses the participation in syndicated financing of EU financial institutions; section 3.2 focuses in on financial institutions from the Netherlands, and; section 3.3 concludes by analysing the participation of RSPO member financial institutions in syndicated financing provided to palm oil companies.

3.1 EU financial institutions

This section provides a more detailed analysis of the participation of EU financial institutions in syndicated financing to companies engaged in palm oil.

In the period 2010 to 2016, EU financial institutions provided approximately US\$ 34.2 billion in syndicated financing to the selected palm oil companies, of which US\$ 20.1 involved participants from Southeast Asia.

Table 5 presents an overview of the companies engaged in palm oil that received the highest levels of syndicated financing where at least one of the participants in the syndicate was from an EU country. Out of a total of 388 syndicated financings, 177 included a participant from the EU, i.e. more than 45%. 251 syndicated financings involved at least one participant from Southeast Asia, i.e. 65%.

Table 5 Ranking of companies receiving syndicated loans & underwriting services involving participants from the EU (2010-2016, US\$ mln)

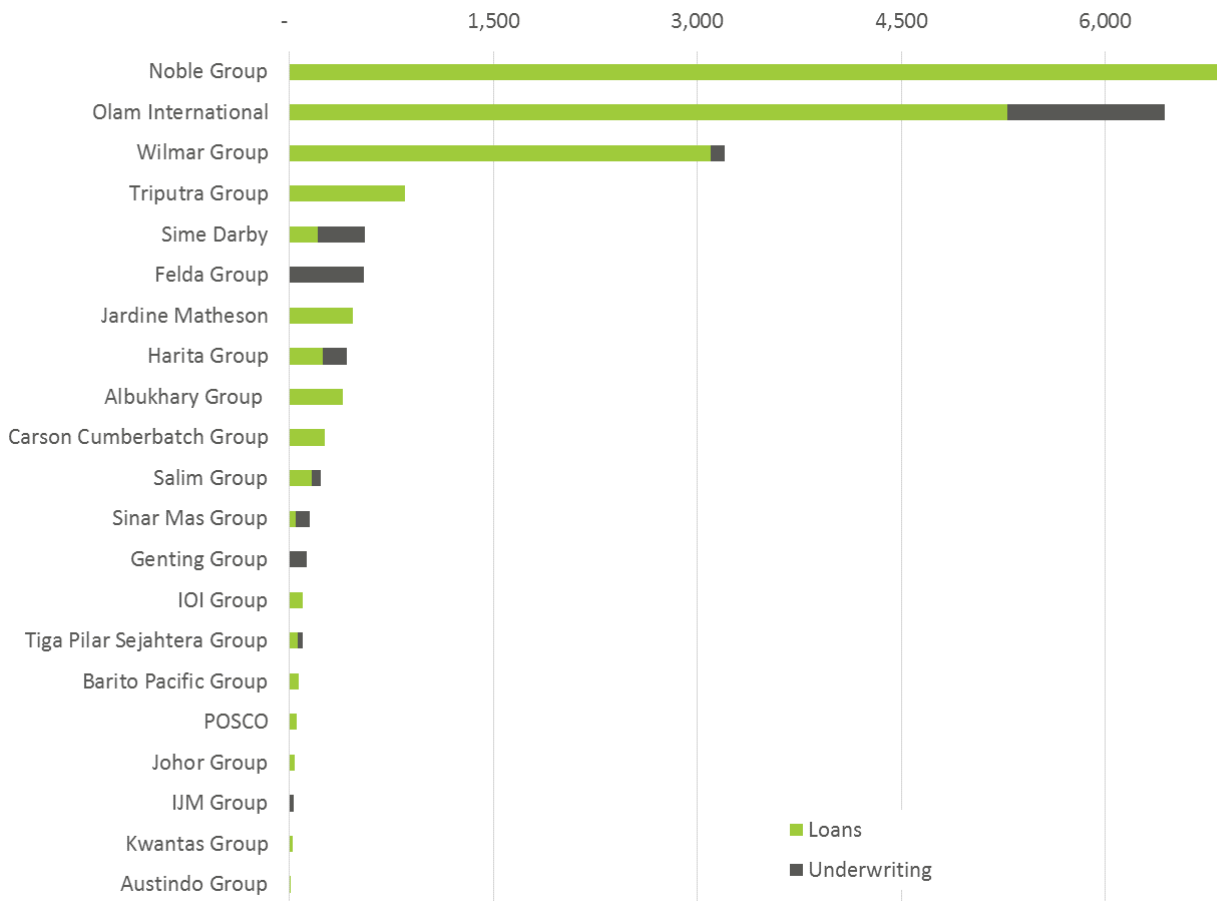
Rank	Group	Loans	Underwriting	Total
1	Noble Group	9,350	570	9,920
2	Olam International	6,000	2,106	8,106
3	Bolloré	3,078	1,439	4,517
4	Wilmar Group	3,599	102	3,701
5	Itochu	1,862		1,862
6	Salim Group	162	1,095	1,258
7	POSCO	50	1,109	1,159

Rank	Group	Loans	Underwriting	Total
8	Triputra Group	849		849
9	Sime Darby	308	350	658
10	Felda Group		547	547
11	Harita Group	300	178	478
12	Jardine Matheson	465		465
13	Albukhary Group	395		395
14	Carson Cumberbatch Group	263		263
15	IOI Group	100	150	250
16	Royal Golden Eagle Group	175		175
17	Sinar Mas Group	45	100	145
18	Barito Pacific Group	139		139
19	Bakrie Group	130		130
20	Genting Group		128	128
21	Tiga Pilar Sejahtera Group	63	31	93
22	Rajawali Group	63		63
23	Johor Group	37		37
24	IJM Group		31	31
25	Kwantas Group	24		24
26	Austindo Group	9		9
27	Batu Kawan Group		2	2
	Total	27,465	7,938	35,403

Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

Focusing in on deals that involved financial institutions from both the EU and Southeast Asia, shows that companies active in other sectors in addition to palm oil end up higher in the list (see Figure 36). Noble Group, Olam International and Wilmar Group all have commodity trading activities. Noble Group is active in metals, oil & gas, coal and logistics in addition to palm oil. Both Olam International and Wilmar Group have agro-commodity trading activities and are active in a variety of agricultural supply chains.

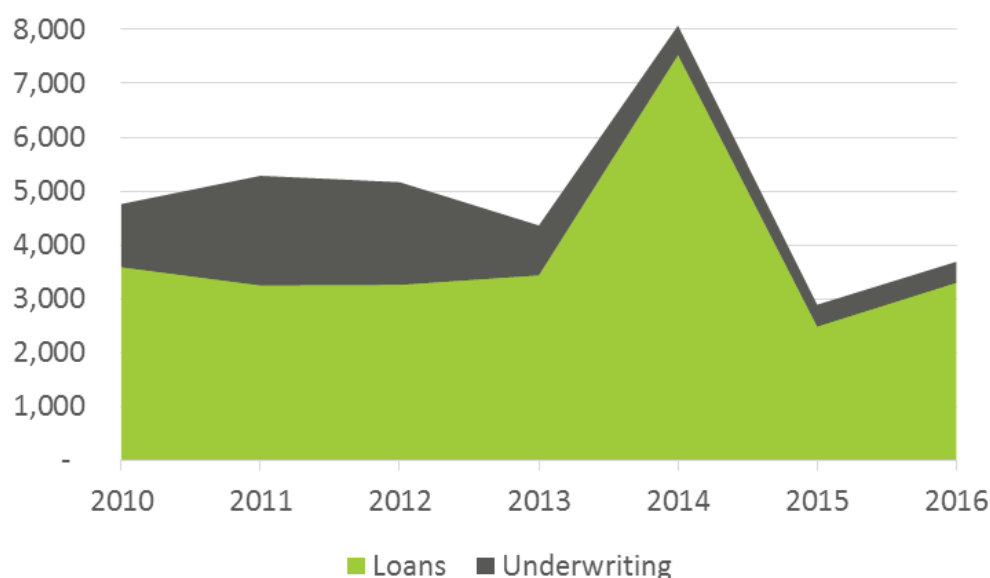
Figure 36 Ranking of companies receiving syndicated loans & underwriting services involving participants from both the EU and Southeast Asia (2010-2016, US\$ mln)



Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

Figure 37 shows the annual development of syndicated loans and underwriting services provided by EU financial institutions to palm oil companies. There is a clear spike in 2014 and a dip in 2015, though an apparent rise again in 2016. This spike in 2014 was driven mostly by financing attracted by the commodity traders Olam, Noble and Wilmar. Moreover, it appears that EU financial institutions prefer to provide syndicated loans rather than bond or share issuance underwriting services to companies engaged in the palm oil sector.

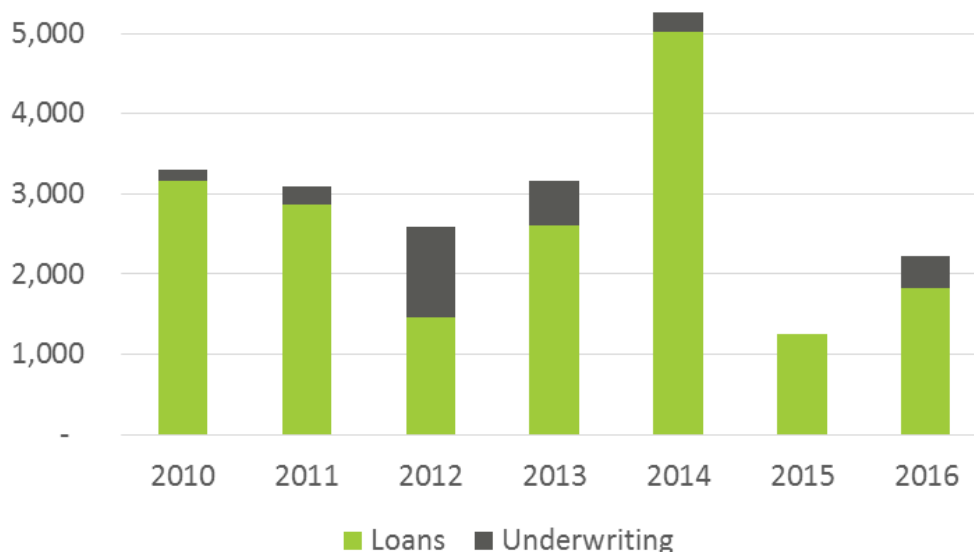
Figure 37 Syndicated loans & underwriting services to palm oil companies involving participants from the EU (2010-2016, US\$ mln)



Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

Analysis of the data shows that 61% of the syndicated loans and underwriting services provided by EU financial institutions to the selected palm oil companies involved financial institutions from Southeast Asia. Figure 38 shows the annual development of syndicated loans and underwriting services provided to the selected palm oil companies that involved participants from both the EU and Southeast Asia. Although the total levels of financing are slightly lower, they follow the same annual trends.

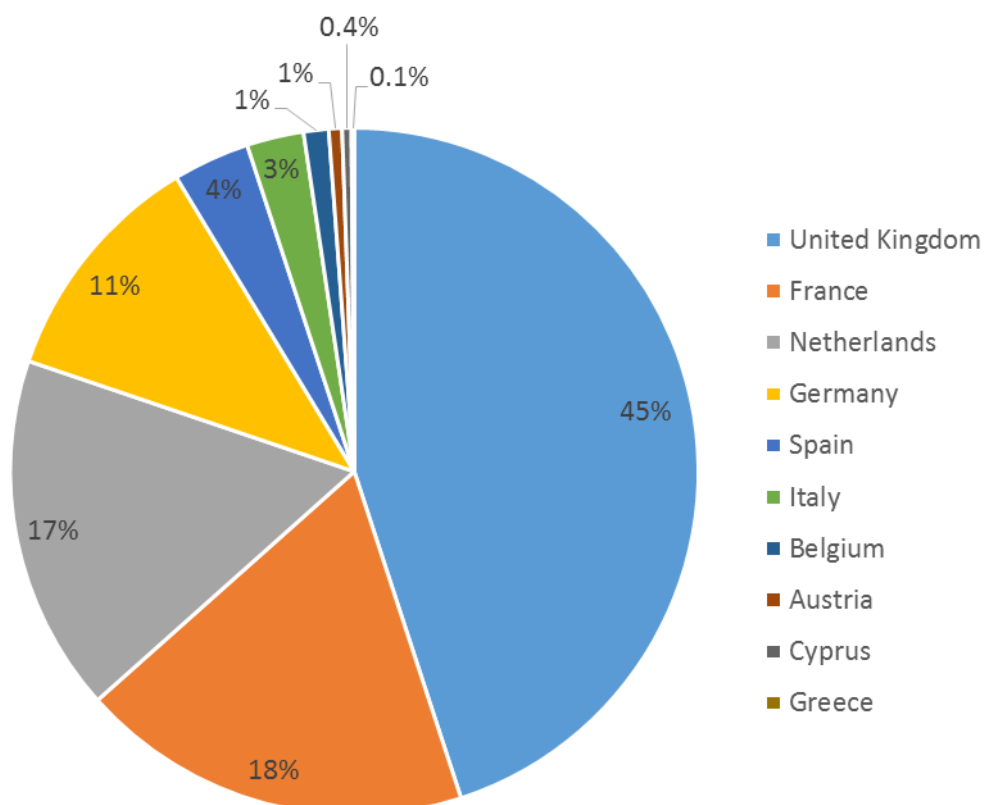
Figure 38 Syndicated loans & underwriting services to palm oil companies involving participants from both the EU and Southeast Asia (2010-2016, US\$ mln)



Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

Figure 39 provides an overview of the countries of origin of the EU financial institutions that provided syndicated loans and underwriting to palm oil companies in deals that involved at least one financial institution from Southeast Asia. It shows that financial institutions from the United Kingdom, France and the Netherlands provided the highest contributions to such deals. UK financiers clearly dominate with around 45%, followed by French financiers with 18% and Dutch with 17%.

Figure 39 Country of origin of EU financial institutions providing syndicated loans & underwriting services to palm oil companies involving participants from both the EU and Southeast Asia (2010-2016, US\$ mln)



Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

Table 6 ranks the top 20 EU financial institutions providing syndicated loans & underwriting services to palm oil companies involving participants from both the EU and Southeast Asia. Top of the list is HSBC, followed by Standard Chartered, Rabobank and BNP Paribas. The table also shows the number of such particular syndicated deals these EU financial institutions participated. HSBC, Standard Chartered and Rabobank participated most frequently in such deals.

Table 6 Ranking of top 20 EU financial institutions providing syndicated loans & underwriting services to palm oil companies involving participants from both the EU and Southeast Asia (2010-2016, US\$ mln)

Rank	Investor	Country	Value (in mln US\$)	Syndicated deals
1	HSBC	United Kingdom	4,950	103

Rank	Investor	Country	Value (in mln US\$)	Syndicated deals
2	Standard Chartered	United Kingdom	2,669	69
3	Rabobank	Netherlands	1,887	73
4	BNP Paribas	France	1,375	35
5	BPCE Group	France	1,101	38
6	ING Group	Netherlands	1,094	31
7	Commerzbank	Germany	1,031	28
8	Royal Bank of Scotland	United Kingdom	968	24
9	Deutsche Bank	Germany	790	12
10	Société Générale	France	741	29
11	Banco Bilbao Vizcaya Argentaria (BBVA)	Spain	559	18
12	ABN Amro	Netherlands	529	25
13	Barclays	United Kingdom	482	15
14	Crédit Agricole	France	462	20
15	Intesa Sanpaolo	Italy	357	17
16	Lloyds Banking Group	United Kingdom	249	13
17	KBC Group	Belgium	246	19
18	KfW	Germany	171	10
19	DZ Bank	Germany	163	14
20	Landesbank Baden-Württemberg (LBBW)	Germany	145	8
	<i>Other</i>		<i>976</i>	<i>88</i>
	Total		21,511	688

Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

Appendix 1 provides a detailed overview of the clients of the EU financial institutions providing syndicated loans & underwriting services to palm oil companies involving participants from both the EU and Southeast Asia.

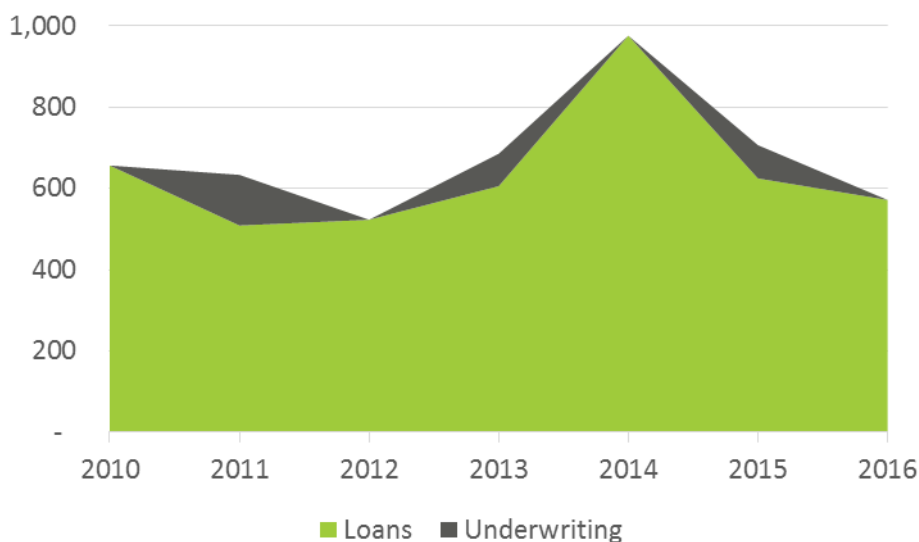
3.2 Dutch financial institutions

This section will provide a more detailed analysis of the participation of Dutch financial institutions in syndicated financing to companies engaged in palm oil.

In the period 2010 to 2016, Dutch financial institutions provided approximately US\$ 4.8 billion in syndicated financing to palm oil companies, US\$ 3.5 billion of this was in deals that involved at least one participant from Southeast Asia.

Figure 40 shows the annual developments of loans and underwriting services provided to companies engaged in palm oil. The general trend is similar to that of EU financial institutions as a whole (see section 3.1). Dutch financial institutions also seem to have preference for syndicated loans rather than syndicated underwriting.

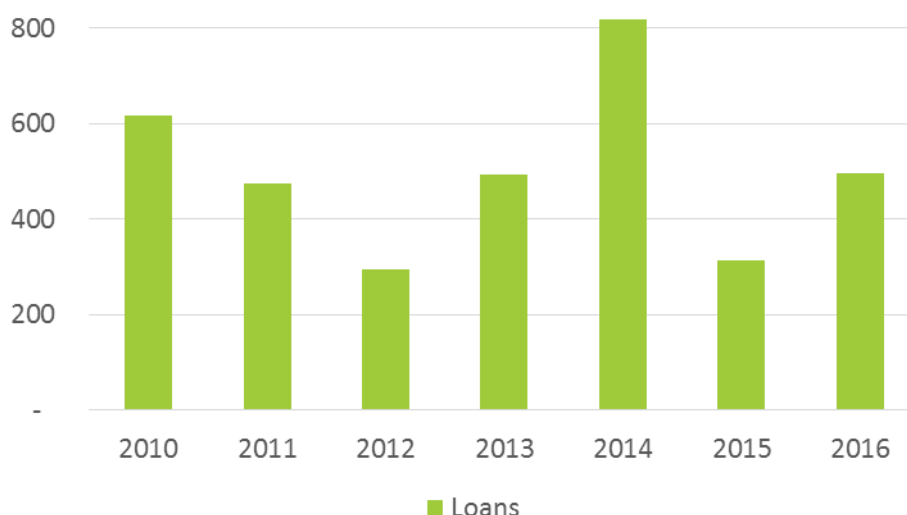
Figure 40 Syndicated loans & underwriting services to palm oil companies involving participants from the Netherlands (2010-2016, US\$ mln)



Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

This research did not identify any syndicated bond- or share issuance underwriting that involved financial institutions from both the Netherlands and Southeast Asia. Analysis of the data shows that 74% of the syndicated loans provided by Dutch financial institutions to the selected palm oil companies involved financial institutions from Southeast Asia. Figure 41 shows the annual development of syndicated loans provided to the selected palm oil companies that involved participants from both the Netherlands and Southeast Asia. Although the total levels of financing are slightly lower, they follow the same annual trends, although there is a more significant dip in 2012.

Figure 41 Syndicated loans & underwriting services to palm oil companies involving participants from both the Netherlands and Southeast Asia (2010-2016, US\$ mln)



Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

Table 7 ranks the Dutch financial institutions according to their participation in syndicated financing provided to the selected palm oil companies in deals that involved at least one participant from Southeast Asia. Rabobank is clearly the most important participant in such deals, providing almost twice as much as ING Group, and four times as much as ABN Amro. This should not be too surprising given that it has a larger proportion of its portfolio in the agricultural sector.

As was shown in Table 6, Rabobank was the Dutch financial institution that participated in the highest number and highest value of syndicated deals.

Table 7 Ranking of Dutch financial institutions providing syndicated loans & underwriting services to palm oil companies involving participants from both the EU and Southeast Asia (2010-2016, US\$ mln)

Rank	Investor	Value (in mln US\$)	Syndicated deals
1	Rabobank	2,137	73
2	ING Group	1,094	31
3	ABN Amro	529	25
	Total	3,760	129

Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

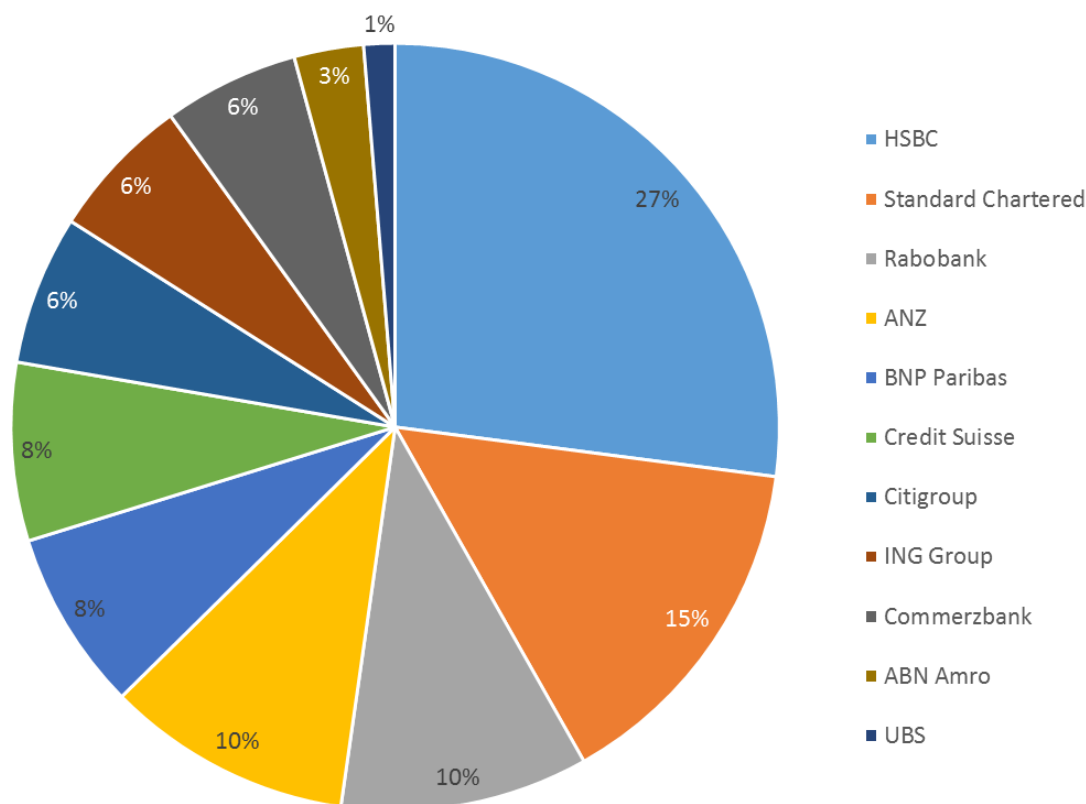
3.3 RSPO member financial institutions

This section provides a more detailed analysis of the participation of financial institutions that are member of the RSPO in syndicated financing to companies engaged in palm oil.

In the period 2010 to 2016, RSPO member financial institutions provided approximately US\$ 27.8 billion in syndicated financing to the selected palm oil companies, of which US\$ 18.1 involved participants from Southeast Asia, approximately 65%.

Figure 42 shows that HSBC, Standard Chartered and Rabobank are the RSPO member financial institutions that provided the highest levels of syndicated financing to the selected palm oil companies in deals that involved at least one participant from Southeast Asia. As RSPO member financial institutions, it can be expected of them to call on the syndicate members to incorporate ESG risk mitigation criteria relevant to the palm oil sector in the financing covenants.

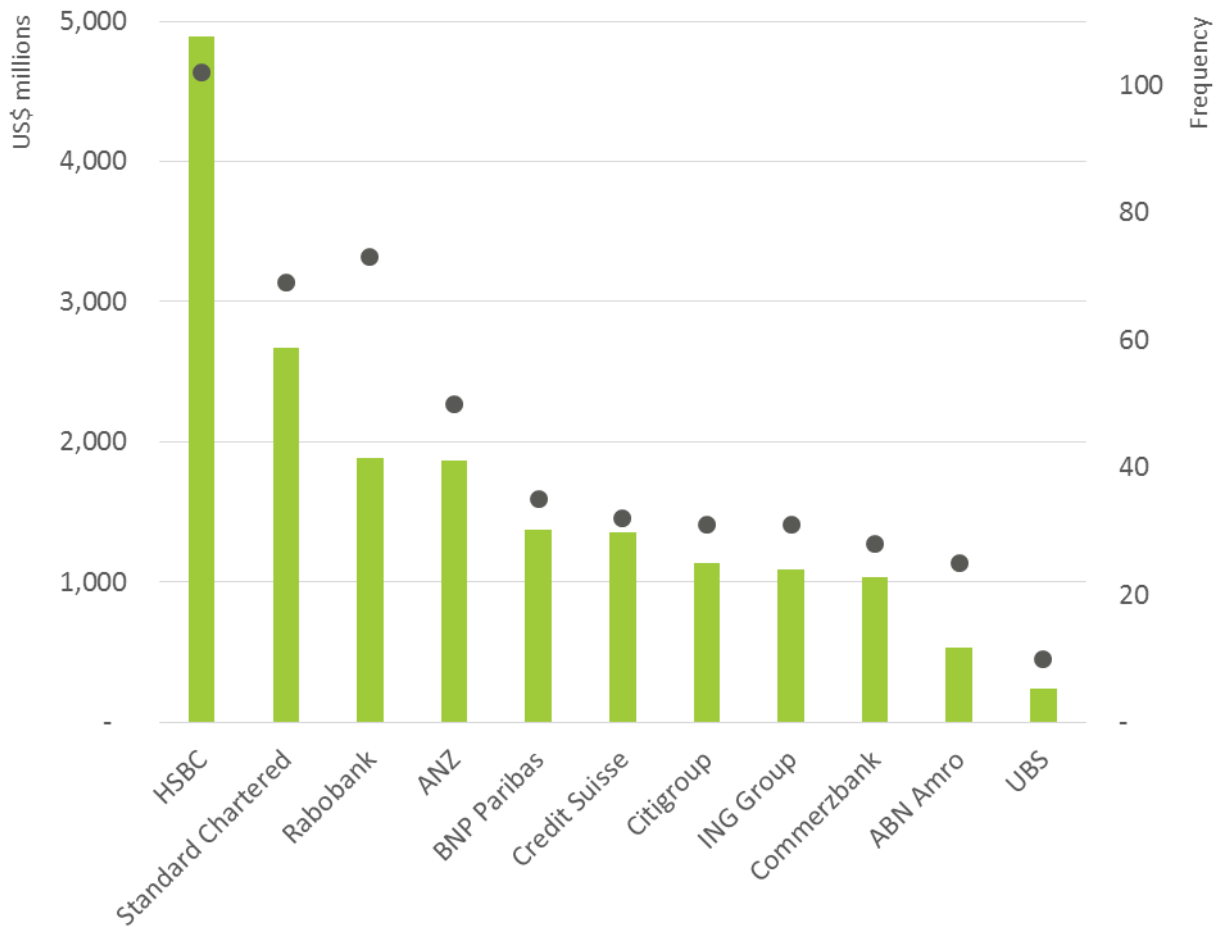
Figure 42 RSPO member financial institutions providing syndicated loans & underwriting services to palm oil companies involving participants from both the EU and Southeast Asia (2010-2016, US\$ mln)



Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

Figure 43 ranks the RSPO member financial institutions providing syndicated loans & underwriting services to palm oil companies involving participants from both the EU and Southeast Asia, highlighting the findings from earlier sections.

Figure 43 Ranking of RSPO member financial institutions providing syndicated loans & underwriting services to palm oil companies involving participants from Southeast Asia (2010-2016, US\$ mln)



Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

Chapter 4 Conclusion and recommendations

4.1 General findings and recommendations

It is peculiar that RSPO member financial institutions on the one hand identified the fact that Southeast Asian banks do not uphold the same ESG standards when financing palm oil companies as one of the challenges of promoting sustainable certified palm oil, on the other hand, RSPO member financial institutions continue to finance these same Southeast Asian banks. It is equally surprising that financial institutions with well-developed ESG risk mitigation policies – and even palm oil sector specific policies – do not seem to consider the environmental and social risks of the financial institutions they finance, even though the funds they provide may ultimately finance companies with poor ESG track records.

The time is right to initiate partnerships with Dutch and European banks that are members of the RSPO to promote the adoption of sustainable palm oil financing policies among their Southeast Asian peers. Also, the RSPO itself is looking for ways to engage with Southeast Asian financial institutions. Therefore, there is already a suitable forum in the form of the RSPO. Dutch and European RSPO member banks also have an obligation within the RSPO to promote sustainable palm oil, including among their peers. Moreover, some of these financial institutions as mentioned above have already expressed concerns about local and regional banks not upholding the same standards. These concerns relate to loss of business more than anything, but also to the apparent inability to promote the uptake of sustainable palm oil policies. In terms of loss of business, financial institutions are concerned about losing (potential) customers to financial institutions with lower requirements than their own.

Any strategy to demand that the Dutch and EU financial institutions require their customers among the major palm oil financiers to develop palm oil specific ESG risk mitigation policies and to incorporate ESG criteria into syndicated financing covenants, should be focused in the first instance on engagement with financial institutions. At this stage, a public campaign targetting financial institutions for their financing relationships with palm oil financiers is likely to not be the most effective approach. They would likely go on the defensive rather than cooperatively seeking solutions. A more constructive approach could be to engage with banks to build partnerships. Which banks to engage with first to build such partnerships depends in part on the personal relationships between the financial institutions and the counterparts in the civil society organizations. Initial engagement could inquire what is already done to integrate ESG criteria in syndicated financing and to demand that the Southeast Asian financiers of palm oil have a ESG risk mitigation framework. This engagement can also demand reporting of these processes either confidentially or – optionally at a later stage – publicly either in the financial institutions' CSR reports, or if they are RSPO members, in their ACOPs.

This is not to rule out a public campaign. Engagement with the financial institutions analysed in this research demonstrates to the financial institutions that they can be publicly held to account for financing the major financiers of palm oil, despite these often having inadequate policies to address the ESG risks associated with the sector. If they do not respond to non-public engagement, or civil society organizations are not satisfied with the actions undertaken by the financial institutions to promote sustainable palm mechanisms among their Southeast Asian peers after an engagement trajectory has been pursued, a public campaign linking Dutch and/or EU financial institutions to controversial palm oil companies they indirectly finance could be considered an effective option.

4.2 Findings and recommendations per geography

The suggested focus of engagement varies to a certain extent between the Dutch financial institutions and the EU financial institutions, as will be explained in the following subsections.

4.2.1 EU financial institutions

In the period 2010 to 2016, EU financial institutions provided US\$ 17 billion in loans and underwriting services to major palm oil financiers headquartered in Southeast Asia. In the same period, they provided approximately US\$ 34.2 billion in syndicated financing to the selected palm oil companies, of which US\$ 20.1 billion involved participants from Southeast Asia. At the EU level, British, French and German banks would be fruitful partners for engagement. Chief among them are RSPO members HSBC & Standard Chartered (UK), BNP Paribas (France), and Commerzbank (Germany) for their role in financing the Southeast Asian palm oil financiers and their participation in financing syndicates with Southeast Asian participants. HSBC and Standard Chartered in particular play a significant role in these two streams of financing

Consequently, engagement with these financial institutions should cover both issues: require the Southeast Asian financial institutions that receive financing to adopt ESG risk mitigation policies, and; integrate ESG criteria into syndicated financing.

EU investors hold bonds and shares of the Southeast Asian palm oil financiers. Excluding the Dutch, British and French investors have the highest levels of investments in the Southeast Asian palm oil financiers, followed by Swedish and German investors. Figure 29 above lists the top 25 individual financial institutions with the highest levels of investments in the Southeast Asian palm oil financiers. Allianz is one of the other lead investors in the United Nations Principles for Responsible (UNPRI) Investment Investor Working Group (IWG) on Palm Oil. The supporting investors of the IWG also include a number of the top 25 investors in the Southeast Asian palm oil financiers, namely Aviva, HSBC, Swedbank, and Legal & General.

Engagement with these financial institutions should, as described for Dutch investors in section 4.2.2, revolve around considering sustainable palm oil to not only be the responsibility of the companies in the palm oil supply chain, but also the responsibility of the financial institutions that finance them. Members of the IWG should be encouraged to require investors in the major palm oil financiers particularly from Southeast Asia to demand that these adopt adequate ESG risk mitigation policies.

4.2.2 Dutch financial institutions

In terms of credit provided to major palm oil financiers in general, Dutch financial institutions play a relatively small role (US\$38 billion out of US\$341, or 11%). Focusing in on Southeast Asian financiers of palm oil, the Dutch role is even smaller: only ING provided a US\$50 million loan to Bank Negara Indonesia in 2010. The role in syndicated financing to palm oil companies is more relevant for Dutch financiers. In the period 2010 to 2016, Dutch financial institutions provided approximately US\$ 4.8 billion in syndicated financing to palm oil companies. US\$ 3.5 billion of this was in deals that involved at least one participant from Southeast Asia. Therefore, when engaging with Dutch creditors, at least initially the more pertinent discussion is the integration of ESG criteria in syndicated financing covenants.

Of course, other discussions regarding the actions taken by Dutch financial institutions to promote sustainable palm oil among their Southeast Asian peers should also be had. This could lead to the discussion around Dutch financial institutions as creditors also demanding that the Southeast Asian financial institutions whom they provide with loans and underwriting services develop adequate ESG risk mitigation policies, including a palm oil sector specific policy.

Dutch investors hold bonds and shares of the Southeast Asian palm oil financiers. APG and PGGM have the highest levels of investments in these financial institutions. Both are signatories to the UNPRI, and, more importantly, members of the IWG on Palm Oil. APG is one of the five lead investors in the group, PGGM was also a lead investor in the past. Being the lead investor implies that they will lead dialogues with one or more target companies on behalf of the IWG. Both these investors can be considered prime candidates to partner with. For investors in the bonds and shares of the main palm oil financiers, the UNPRI and the the IWG on Palm Oil are the most relevant platforms to promote sustainable palm oil financing.

The discussions should then revolve around considering sustainable palm oil to not only be the responsibility of the companies active in the palm oil supply chain; it is also the responsibility of the financial institutions that finance them. APG and PGGM should be encouraged to engage the IWG to require investors in the major palm oil financiers particularly from Southeast Asia to demand that these adopt adequate ESG risk mitigation policies.

4.3 Recommended content of engagement

This section presents some suggested content of the engagement with Dutch and EU creditors and investors. Section 4.3.1 deals with engagement around requiring Southeast Asian financiers of palm oil to adopt adequate palm oil sector relevant ESG mitigation policies. Section 4.3.2 deals with integrating ESG risk mitigation criteria into syndicated financing.

4.3.1 Southeast Asian financial institutions ESG risk mitigation policies

Palm oil companies have a responsibility to make its production sustainable. Financial institutions in turn have a responsibility to use their leverage to demand that palm oil is produced sustainably, or to cut financial relationships if a company does not improve its conduct. Civil society organizations can engage European financial institutions to demand the adoption of palm oil sector specific ESG risk mitigation from the Southeast Asian financial institutions that they finance. As 60% of the financing to palm oil companies in the period 2010 to 2016 was provided by Southeast Asian financial institutions, these financiers will play a pivotal role in achieving a sustainable palm oil sector. Arguments for demanding the adoption of palm oil sector relevant ESG risk mitigation policies are based on the risks for Southeast Asian financiers posed by poor ESG track records of the palm oil companies they finance.

Moreover, Dutch and EU financiers should be made aware of the reputational risk that they face from being indirectly linked to controversial companies through the Southeast Asian financial institutions that they finance.

Investors in the bonds and shares of the palm oil financiers can also be linked to these controversial palm oil companies. Moreover, they too should be concerned about the financial performance of the Southeast Asian palm oil financiers they have invested in. Poor financial performance may impact the ability of the Southeast Asian financiers to pay their debt obligations and dividends, and will impact share price performance. These are all sources of serious concern for investors.

4.3.2 Integrate ESG criteria into syndicated financing

Some financial institutions may state that they already include (some) ESG criteria in their loan covenants. However, this is usually only the case in project finance covered by the Equator Principles. The financial institution will then have to publicly state if ESG criteria are also incorporated in financing not covered by the Equator Principles, to what extent this is done, and for which sectors. Given the confidentiality agreements between financial institutions and their clients, and the fact that detailed financing covenants are generally not publicly available, it is not possible for this research to determine the extent to which ESG criteria are already included in financing covenants. The burden of proof, therefore, lies with the financial institutions,

Of course there will be concerns from financial institutions that measures such as introducing ESG criteria in syndicated financing covenants will scare away potential syndicate partners. However, such concerns are unfounded. Firstly, financial institutions from Europe and North America provide significant contributions to the syndicates, and thereby carry more of the risk. If financial institutions were to no longer partner with European financial institutions, their own contributions and exposure to risk will increase.

Secondly, this concern is also partly based on the false assumption that Southeast Asian financiers do not want to or feel the need to understand more about the ESG risks they are exposed to through their financing or to integrate ESG risk mitigation criteria in their financing covenants. While it is true that Southeast Asian financial institutions may still be less concerned with consumer pressure and reputational risks than their European counterparts, they are as concerned as their European counterparts about being exposed to ESG risks that translate into financial risks. This is evident in the fact that they attend workshops on such specific risks as peatland development as well as broader ESG issues organized by some civil society organizations and peer financial institutions from Europe.¹¹

It is likely that a number of Southeast Asian financial institutions will be put off by these new measures. However, as with any change, there are first movers and laggards. Civil society organizations should encourage European financial institutions to seek out cooperation with those financial institutions in Southeast Asia who are more receptive to these changes.

EU, Dutch and RSPO member financial institutions participating in syndicated financing have a responsibility to use their frontrunner status and their influence to push for the inclusion of ESG criteria in syndicated financing covenants. Many of these financial institutions have committed to international initiatives such as the UN Global Compact and the OECD Guidelines for Multinationals which all encourage signatories to further promote sustainable business activities. Moreover, many of these financial institutions have already developed palm oil financing policies themselves, which have helped to improve the corporate behaviour of many of the companies they finance.

Simply using ESG criteria for the screening of clients is not enough though. By including ESG criteria in these covenants, knowledge, experience and standards of EU, Dutch and RSPO member financial institutions will be transferred to syndicate participants who have yet to develop such standards, financial institutions from Southeast Asia in particular. The more high ESG standards become the norm, the more improvements will be seen in the palm oil sector, and the more financial institutions can compete on the quality of their services and not on whether or not they have appropriate ESG standards. When asking Dutch and EU financial institutions to report on the integration of ESG criteria in syndicated financing covenants to palm oil companies this does not need to include the names of companies. However, reporting should at least include:

- number of times this was successfully done;
- number of times this was unsuccessful, with explanation and consequence;
- number of times the syndicated financing involved a Southeast Asian peer in the syndicate;
- what specific ESG requirements were included in the the covenants, and;
- how these requirements were to be monitored; what the consequences of non-compliance would be.

Appendix 1 Detailed EU financial institution – palm oil company relationships

Table 8 below provides details of the clients of the EU financial institutions providing syndicated loans & underwriting services to palm oil companies involving participants from both the EU and Southeast Asia.

Table 8 Clients of EU financial institutions providing syndicated loans & underwriting services to palm oil companies involving participants from both the EU and Southeast Asia (2010-2016, US\$ mln)

Investor	Country	Group	Value (in mln US\$)
HSBC	United Kingdom	Albukhary Group	56
		Barito Pacific Group	86
		Carson Cumberbatch Group	160
		Genting Group	128
		Harita Group	400
		IJM Group	31
		IOI Group	100
		Jardine Matheson	126
		Kwantas Group	24
		Noble Group	526
		Olam International	1,353
		Salim Group	117
		Sime Darby	383
		Tiga Pilar Sejahtera Group	31
Triputra Group	230		
Wilmar Group	1,244		
<i>HSBC Total</i>			<i>4,993</i>
Standard Chartered	United Kingdom	Albukhary Group	339
		Austindo Group	9
		Barito Pacific Group	43
		Carson Cumberbatch Group	34
		Harita Group	25
		Jardine Matheson	96
		Johor Group	37
		Noble Group	454
		Olam International	968
		Salim Group	15
		Sime Darby	175

Investor	Country	Group	Value (in mln US\$)
		Tiga Pilar Sejahtera Group	31
		Triputra Group	465
<i>Standard Chartered Total</i>			<i>2,690</i>
Rabobank	Netherlands	Carson Cumberbatch Group	34
		Harita Group	54
		Jardine Matheson	78
		Noble Group	623
		Olam International	397
		Sinar Mas Group	45
		Tiga Pilar Sejahtera Group	31
		Triputra Group	154
		Wilmar Group	721
<i>Rabobank Total</i>			<i>2,137</i>
BNP Paribas	France	Jardine Matheson	96
		Noble Group	81
		Olam International	432
		Sinar Mas Group	100
		Wilmar Group	916
<i>BNP Paribas Total</i>			<i>1,625</i>
BPCE Group	France	Jardine Matheson	71
		Noble Group	329
		Olam International	650
		Salim Group	9
		Wilmar Group	43
<i>BPCE Group Total</i>			<i>1,101</i>
ING Group	Netherlands	Noble Group	687
		Olam International	308
		Wilmar Group	100
<i>ING Group Total</i>			<i>1,094</i>
Commerzbank	Germany	Noble Group	391
		Olam International	640
<i>Commerzbank Total</i>			<i>1,031</i>
Royal Bank of Scotland	United Kingdom	Noble Group	350
		Olam International	617
<i>Royal Bank of Scotland Total</i>			<i>968</i>

Investor	Country	Group	Value (in mln US\$)
Deutsche Bank	Germany	Felda Group	547
		Noble Group	48
		Olam International	75
		Salim Group	70
		Wilmar Group	50
<i>Deutsche Bank Total</i>			790
Société Générale	France	Noble Group	731
		Olam International	10
<i>Société Générale Total</i>			741
BBVA	Spain	Noble Group	104
		Olam International	455
<i>Banco Bilbao Vizcaya Argentaria (BBVA) Total</i>			559
ABN Amro	Netherlands	Carson Cumberbatch Group	34
		Noble Group	356
		Olam International	35
		Wilmar Group	104
<i>ABN Amro Total</i>			529
Barclays	United Kingdom	Olam International	360
		Wilmar Group	122
<i>Barclays Total</i>			482
Crédit Agricole	France	Noble Group	178
		POSCO	50
		Salim Group	15
		Wilmar Group	220
<i>Crédit Agricole Total</i>			462
Intesa Sanpaolo	Italy	Noble Group	300
		Olam International	50
		Salim Group	7
<i>Intesa Sanpaolo Total</i>			357
Lloyds Banking Group	United Kingdom	Noble Group	249
<i>Lloyds Banking Group Total</i>			249
KBC Group	Belgium	Noble Group	122
		Wilmar Group	125
<i>KBC Group Total</i>			246
KfW	Germany	Noble Group	171

Investor	Country	Group	Value (in mln US\$)
<i>KfW Total</i>			171
DZ Bank	Germany	Noble Group	131
		Wilmar Group	32
<i>DZ Bank Total</i>			163
LBBW	Germany	Noble Group	145
<i>Landesbank Baden-Württemberg (LBBW) Total</i>			145
Santander	Spain	Noble Group	116
		Wilmar Group	25
<i>Santander Total</i>			141
Old Mutual	United Kingdom	Noble Group	134
<i>Old Mutual Total</i>			134
UBAF Group	France	Noble Group	118
<i>UBAF Group Total</i>			118
Raiffeisen Zentralbank	Austria	Noble Group	103
<i>Raiffeisen Zentralbank Total</i>			103
UniCredit	Italy	Noble Group	99
<i>UniCredit Total</i>			99
BNS International Group	Cyprus	Olam International	91
<i>BNS International Group Total</i>			91
Banca Monte dei Paschi di Siena	Italy	Noble Group	64
<i>Banca Monte dei Paschi di Siena Total</i>			64
La Caixa Group	Spain	Noble Group	53
<i>La Caixa Group Total</i>			53
Mediobanca Banca di Credito Finanziario	Italy	Noble Group	40
<i>Mediobanca Banca di Credito Finanziario Total</i>			40
National Bank of Greece	Greece	Noble Group	27
<i>National Bank of Greece Total</i>			27
Oddo & Cie	France	Noble Group	27
<i>Oddo & Cie Total</i>			27
Erste Group	Austria	Noble Group	27
<i>Erste Group Total</i>			27
Siemens Capital	Germany	Noble Group	27
<i>Siemens Capital Total</i>			27
Banque BIA	France	Noble Group	27

Investor	Country	Group	Value (in mln US\$)
<i>Banque BIA Total</i>			<i>27</i>
Total			21,511

Source: *Forests & Finance* (nd.), "Explore the data", online: <http://forestsandfinance.org/>, viewed in June 2016.

Appendix 2 Top 15 EU loan & underwriting service providers to major palm oil financiers

Table 9 provides a detailed overview of the top 15 loan and underwriting service providers from the EU to the top 20 financiers of palm oil.

Table 9 Top 15 EU loan & underwriting service providers to major palm oil financiers (2010-2016, US\$ mln)

Group	Investor	Country	Loans	Underwriting	Total
Rabobank	Rabobank	Netherlands		24,222	24,222
	Deutsche Bank	Germany		19,536	19,536
	Barclays	United Kingdom		9,008	9,008
	HSBC	United Kingdom		5,951	5,951
	BNP Paribas	France		5,292	5,292
	Royal Bank of Scotland	United Kingdom		1,512	1,512
	European Investment Bank	EU	770		770
	Crédit Agricole	France		436	436
	Société Générale	France		357	357
	Nordea	Sweden		309	309
	Danske Bank	Denmark		287	287
	Swedbank	Sweden		267	267
	ING Group	Netherlands		207	207
	Svenska Handelsbanken	Sweden		203	203
	Standard Chartered	United Kingdom		125	125
<i>Rabobank Total</i>			<i>770</i>	<i>67,711</i>	<i>68,481</i>
HSBC	HSBC	United Kingdom	350	49,681	50,031
	Royal Bank of Scotland	United Kingdom		2,082	2,082
	Santander	Spain		1,749	1,749
	Lloyds Banking Group	United Kingdom		1,583	1,583
	Commerzbank	Germany		1,414	1,414
	ING Group	Netherlands	143	1,234	1,377
	BPCE Group	France	351	975	1,327
	Crédit Agricole	France	33	1,234	1,268
	Standard Chartered	United Kingdom	944	312	1,256
	Société Générale	France	386	857	1,243
	Intesa Sanpaolo	Italy		1,056	1,056

Group	Investor	Country	Loans	Underwriting	Total
	ABN Amro	Netherlands		816	816
	BNP Paribas	France		761	761
	Danske Bank	Denmark		746	746
	Banco Bilbao Vizcaya Argentaria (BBVA)	Spain		674	674
<i>HSBC Total</i>			<i>2,207</i>	<i>65,176</i>	<i>67,383</i>
Deutsche Bank	Deutsche Bank	Germany		42,695	42,695
	Commerzbank	Germany		2,761	2,761
	ING Group	Netherlands		2,347	2,347
	Société Générale	France		2,273	2,273
	Santander	Spain		1,903	1,903
	UniCredit	Italy		1,635	1,635
	DZ Bank	Germany		1,593	1,593
	Deka Group	Germany		1,255	1,255
	Barclays	United Kingdom		1,239	1,239
	HSBC	United Kingdom		1,228	1,228
	Intesa Sanpaolo	Italy		1,165	1,165
	BPCE Group	France		1,147	1,147
	Royal Bank of Scotland	United Kingdom	113	807	919
	Crédit Agricole	France		844	844
BBVA	Spain		779	779	
<i>Deutsche Bank Total</i>			<i>113</i>	<i>63,671</i>	<i>63,784</i>
JPMorgan Chase	BPCE Group	France		2,869	2,869
	Intesa Sanpaolo	Italy		2,498	2,498
	Société Générale	France		2,235	2,235
	Santander	Spain		2,221	2,221
	ING Group	Netherlands		1,880	1,880
	ABN Amro	Netherlands		1,821	1,821
	Royal Bank of Scotland	United Kingdom		1,787	1,787
	Commerzbank	Germany		1,734	1,734
	Lloyds Banking Group	United Kingdom		1,624	1,624
	Swedbank	Sweden		1,274	1,274
	UniCredit	Italy		1,190	1,190
	Standard Chartered	United Kingdom		955	955
	Crédit Agricole	France		919	919
	BBVA	Spain		819	819

Group	Investor	Country	Loans	Underwriting	Total
	Nykredit Association	Denmark		624	624
<i>JPMorgan Chase Total</i>				<i>24,451</i>	<i>24,451</i>
Credit Suisse	Danske Bank	Denmark		2,968	2,968
	Commerzbank	Germany		1,781	1,781
	UniCredit	Italy		1,759	1,759
	ING Group	Netherlands		1,526	1,526
	BPCE Group	France		1,467	1,467
	Royal Bank of Scotland	United Kingdom		1,370	1,370
	Intesa Sanpaolo	Italy		1,348	1,348
	Société Générale	France		1,316	1,316
	Crédit Agricole	France		1,169	1,169
	Santander	Spain		1,036	1,036
	Barclays	United Kingdom		924	924
	BBVA	Spain		915	915
	Deutsche Bank	Germany		886	886
	HSBC	United Kingdom		629	629
	BayernLB	Germany		628	628
<i>Credit Suisse Total</i>				<i>19,722</i>	<i>19,722</i>
Citigroup	Deutsche Bank	Germany	107	2,767	2,874
	Royal Bank of Scotland	United Kingdom	793	1,192	1,985
	Barclays	United Kingdom		1,836	1,836
	Lloyds Banking Group	United Kingdom	793	855	1,647
	HSBC	United Kingdom		1,540	1,540
	Société Générale	France		1,089	1,089
	Intesa Sanpaolo	Italy		1,048	1,048
	BNP Paribas	France		895	895
	ABN Amro	Netherlands		774	774
	BPCE Group	France		756	756
	Crédit Agricole	France		694	694
	Commerzbank	Germany		600	600
	UniCredit	Italy		523	523
	Santander	Spain		517	517
	Banco Bilbao Vizcaya Argentaria (BBVA)	Spain		497	497
<i>Citigroup Total</i>			<i>1,693</i>	<i>15,581</i>	<i>17,274</i>
Standard Chartered	Standard Chartered	United Kingdom		9,988	9,988

Group	Investor	Country	Loans	Underwriting	Total
	Barclays	United Kingdom		2,227	2,227
	BNP Paribas	France		1,236	1,236
	Deutsche Bank	Germany		1,225	1,225
	Lloyds Banking Group	United Kingdom		942	942
	Société Générale	France		598	598
	Crédit Agricole	France		494	494
	Royal Bank of Scotland	United Kingdom		202	202
<i>Standard Chartered Total</i>				<i>16,911</i>	<i>16,911</i>
Morgan Stanley	Royal Bank of Scotland	United Kingdom		1,420	1,420
	Société Générale	France		1,131	1,131
	Lloyds Banking Group	United Kingdom		946	946
	Commerzbank	Germany		911	911
	Intesa Sanpaolo	Italy		813	813
	ING Group	Netherlands		761	761
	Danske Bank	Denmark		659	659
	UniCredit	Italy		526	526
	BPCE Group	France		471	471
	Crédit Agricole	France		460	460
	ABN Amro	Netherlands		460	460
	Santander	Spain		422	422
	BBVA	Spain		392	392
	Skandinaviska Enskilda Banken	Sweden		387	387
	Standard Chartered	United Kingdom	200	166	366
<i>Morgan Stanley Total</i>			<i>200</i>	<i>9,925</i>	<i>10,125</i>
Sumitomo Mitsui Financial Group	Barclays	United Kingdom		4,270	4,270
	BNP Paribas	France		2,137	2,137
	Deutsche Bank	Germany		1,851	1,851
	Royal Bank of Scotland	United Kingdom		810	810
	HSBC	United Kingdom		746	746
	Crédit Agricole	France	32		32
	ING Group	Netherlands	11		11
	Standard Chartered	United Kingdom		10	10
<i>Sumitomo Mitsui Financial Group Total</i>			<i>42</i>	<i>9,824</i>	<i>9,867</i>
DBS	Deutsche Bank	Germany		1,171	1,171
	BPCE Group	France		975	975

Group	Investor	Country	Loans	Underwriting	Total
	Société Générale	France		907	907
	HSBC	United Kingdom		632	632
	Barclays	United Kingdom		580	580
	Standard Chartered	United Kingdom		404	404
	BNP Paribas	France		383	383
	Crédit Agricole	France		311	311
	Royal Bank of Scotland	United Kingdom		175	175
<i>DBS Total</i>				<i>5,538</i>	<i>5,538</i>
Mizuho Financial	Deutsche Bank	Germany		1,521	1,521
	Barclays	United Kingdom		718	718
	HSBC	United Kingdom		571	571
	BNP Paribas	France		536	536
	Royal Bank of Scotland	United Kingdom		205	205
	Commerzbank	Germany		177	177
	ING Group	Netherlands		20	20
<i>Mizuho Financial Total</i>				<i>3,747</i>	<i>3,747</i>
Malayan Banking	HSBC	United Kingdom	457	1,352	1,809
	Barclays	United Kingdom		627	627
	Standard Chartered	United Kingdom	153	368	521
	BNP Paribas	France	53	289	341
	Crédit Agricole	France		213	213
	Deutsche Bank	Germany		167	167
	Commerzbank	Germany	50		50
<i>Malayan Banking Total</i>			<i>713</i>	<i>3,016</i>	<i>3,729</i>
Oversea-Chinese Banking Corporation	HSBC	United Kingdom	1,651	1,559	3,211
	Standard Chartered	United Kingdom		133	133
	Royal Bank of Scotland	United Kingdom		125	125
<i>Oversea-Chinese Banking Corporation Total</i>			<i>1,651</i>	<i>1,817</i>	<i>3,468</i>
Mitsubishi UFJ Financial	Deutsche Bank	Germany		705	705
	Barclays	United Kingdom		693	693
	BNP Paribas	France		605	605
	HSBC	United Kingdom		492	492
	Royal Bank of Scotland	United Kingdom		162	162
	Crédit Agricole	France		40	40
	Clifford Chance	United Kingdom		39	39
	BPCE Group	France		30	30

Group	Investor	Country	Loans	Underwriting	Total
	Société Générale	France		23	23
<i>Mitsubishi UFJ Financial Total</i>				<i>2,789</i>	<i>2,789</i>
Bank Rakyat Indonesia	Standard Chartered	United Kingdom	100	362	462
	Commerzbank	Germany	420		420
	HSBC	United Kingdom	154		154
	BNP Paribas	France	128		128
<i>Bank Rakyat Indonesia Total</i>			<i>802</i>	<i>362</i>	<i>1,164</i>
RHB Banking	HSBC	United Kingdom	288	167	455
	Deutsche Bank	Germany		100	100
<i>RHB Banking Total</i>			<i>288</i>	<i>267</i>	<i>555</i>
Bank Mandiri	Deutsche Bank	Germany	300		300
	Agence France Development Bank	France	100		100
	Standard Chartered	United Kingdom	100		100
	HSBC	United Kingdom		28	28
<i>Bank Mandiri Total</i>			<i>500</i>	<i>28</i>	<i>528</i>
Bank Negara Indonesia	Deutsche Bank	Germany		167	167
	Barclays	United Kingdom		150	150
	Commerzbank	Germany	56		56
	ING Group	Netherlands	50		50
	BNP Paribas	France	20		20
<i>Bank Negara Indonesia Total</i>			<i>126</i>	<i>317</i>	<i>442</i>
CIMB Group	HSBC	United Kingdom		95	95
	Royal Bank of Scotland	United Kingdom		39	39
	Standard Chartered	United Kingdom		23	23
	BNP Paribas	France		19	19
	Deutsche Bank	Germany		6	6
<i>CIMB Group Total</i>				<i>182</i>	<i>182</i>
AmBank Group	HSBC	United Kingdom		77	77
	Standard Chartered	United Kingdom	54		54
	Commerzbank	Germany	30		30
<i>AmBank Group Total</i>			<i>84</i>	<i>77</i>	<i>161</i>
Total			9,189	311,109	320,298

Source: Thomson EIKON, *Loans*, viewed in June 2017; Thomson EIKON, *Share Issuances*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Appendix 3 Detailed bond- & shareholding relationships

This appendix contains tables providing details on the bond- & shareholdings relationships.

Table 10 Top 25 EU financial institutions detailed bond- & shareholding relationships with the top 20 financiers of palm oil (US\$ mln, most recent filing, June 2017)

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
Allianz	AmBank Group	Malaysia	-		-
	Bank Mandiri	Indonesia		13	13
	Bank Negara Indonesia	Indonesia	0	8	8
	Bank Rakyat Indonesia	Indonesia	0	15	16
	CIMB Group	Malaysia		1	1
	Citigroup	United States	6,871	571	7,442
	Credit Suisse	Switzerland	4,839	3	4,842
	DBS	Singapore	43	3	47
	Deutsche Bank	Germany	532	60	592
	HSBC	United Kingdom	2,896	464	3,360
	JPMorgan Chase	United States	6,325	804	7,129
	Malayan Banking	Malaysia	1	0	1
	Mitsubishi UFJ Financial	Japan	796	39	835
	Mizuho Financial	Japan	1,506	23	1,529
	Morgan Stanley	United States	10,057	228	10,285
	OCBC	Singapore	22	3	25
	Rabobank	Netherlands	1,343		1,343
	RHB Banking	Malaysia	1		1
	Standard Chartered	United Kingdom	362	16	379
	Sumitomo Mitsui Financial Group	Japan	1,462	18	1,481
<i>Allianz Total</i>					<i>37,059</i>
BPCE Group	Bank Mandiri	Indonesia		653	653
	Bank Negara Indonesia	Indonesia		0	0
	Citigroup	United States	522	2,902	3,424
	Credit Suisse	Switzerland	164	1,859	2,023
	DBS	Singapore	4	13	17
	Deutsche Bank	Germany	35	32	67
	HSBC	United Kingdom	80	2	82

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	JPMorgan Chase	United States	494	1,605	2,099
	Malayan Banking	Malaysia	2	2	4
	Mitsubishi UFJ Financial	Japan	9	5	14
	Mizuho Financial	Japan	10	3	13
	Morgan Stanley	United States	2,770	166	2,936
	OCBC	Singapore	1		1
	Rabobank	Netherlands	115		115
	Standard Chartered	United Kingdom	73	0	73
	Sumitomo Mitsui Financial Group	Japan	20	3	23
<i>BPCE Group Total</i>					<i>4,297</i>
Crédit Agricole	AmBank Group	Malaysia		3	3
	Bank Mandiri	Indonesia		18	18
	Bank Negara Indonesia	Indonesia		7	7
	Bank Rakyat Indonesia	Indonesia		27	27
	CIMB Group	Malaysia		11	11
	Citigroup	United States	230	126	355
	Credit Suisse	Switzerland	2,984	25	3,008
	DBS	Singapore	7	20	26
	Deutsche Bank	Germany	522	196	718
	HSBC	United Kingdom	592	93	685
	JPMorgan Chase	United States	1,502	391	1,893
	Malayan Banking	Malaysia	-	11	11
	Mitsubishi UFJ Financial	Japan	17	107	124
	Mizuho Financial	Japan	160	51	211
	Morgan Stanley	United States	879	88	967
	OCBC	Singapore	5	13	18
	Rabobank	Netherlands	1,217		1,217
	RHB Banking	Malaysia		1	1
	Standard Chartered	United Kingdom	509	16	525
	Sumitomo Mitsui Financial Group	Japan	893	67	960
<i>Crédit Agricole Total</i>					<i>9,515</i>
Prudential (UK)	AmBank Group	Malaysia		22	22
	Bank Mandiri	Indonesia		47	47
	Bank Negara Indonesia	Indonesia	5	172	177

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	Bank Rakyat Indonesia	Indonesia	5	63	68
	CIMB Group	Malaysia		158	158
	Citigroup	United States	844	234	1,078
	Credit Suisse	Switzerland	259	6	266
	DBS	Singapore	17	289	306
	Deutsche Bank	Germany	8	41	49
	HSBC	United Kingdom	612	1,255	1,866
	JPMorgan Chase	United States	1,162	594	1,756
	Malayan Banking	Malaysia	29	164	193
	Mitsubishi UFJ Financial	Japan	19	274	293
	Mizuho Financial	Japan	70	21	91
	Morgan Stanley	United States	1,891	200	2,091
	OCBC	Singapore	31	81	113
	Rabobank	Netherlands	212		212
	RHB Banking	Malaysia	16	22	38
	Standard Chartered	United Kingdom	115	238	353
	Sumitomo Mitsui Financial Group	Japan	18	238	256
<i>Prudential (UK) Total</i>					<i>5,311</i>
AXA	AmBank Group	Malaysia		0	0
	Bank Mandiri	Indonesia		52	52
	Bank Negara Indonesia	Indonesia		11	11
	Bank Rakyat Indonesia	Indonesia		5	5
	CIMB Group	Malaysia		1	1
	Citigroup	United States	941	815	1,757
	Credit Suisse	Switzerland	560	96	656
	DBS	Singapore	2	129	130
	Deutsche Bank	Germany	76	21	97
	HSBC	United Kingdom	377	306	683
	JPMorgan Chase	United States	648	1,322	1,970
	Malayan Banking	Malaysia	1		1
	Mitsubishi UFJ Financial	Japan	57	205	262
	Mizuho Financial	Japan	126	34	161
	Morgan Stanley	United States	1,324	174	1,498
	OCBC	Singapore	2	25	26
	Rabobank	Netherlands	231		231

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	Standard Chartered	United Kingdom	381	30	411
	Sumitomo Mitsui Financial Group	Japan	175	65	239
<i>AXA Total</i>					<i>4,900</i>
Deutsche Bank	AmBank Group	Malaysia		1	1
	Bank Mandiri	Indonesia		3	3
	Bank Negara Indonesia	Indonesia		1	1
	Bank Rakyat Indonesia	Indonesia	0	90	91
	CIMB Group	Malaysia		1	1
	Citigroup	United States	680	507	1,186
	Credit Suisse	Switzerland	326	43	369
	DBS	Singapore	16	70	86
	Deutsche Bank	Germany	343	936	1,278
	HSBC	United Kingdom	537	279	817
	JPMorgan Chase	United States	725	1,042	1,767
	Malayan Banking	Malaysia		4	4
	Mitsubishi UFJ Financial	Japan	98	111	208
	Mizuho Financial	Japan	65	26	92
	Morgan Stanley	United States	1,098	128	1,225
	OCBC	Singapore	21	11	32
	Rabobank	Netherlands	272		272
	RHB Banking	Malaysia		0	0
	Standard Chartered	United Kingdom	399	72	471
	Sumitomo Mitsui Financial Group	Japan	189	40	229
<i>Deutsche Bank Total</i>			<i>4,769</i>	<i>3,364</i>	<i>8,133</i>
Legal & General	AmBank Group	Malaysia		13	13
	Bank Mandiri	Indonesia		4	4
	Bank Negara Indonesia	Indonesia		2	2
	Bank Rakyat Indonesia	Indonesia		5	5
	CIMB Group	Malaysia		6	6
	Citigroup	United States	77	862	939
	Credit Suisse	Switzerland	12	20	32
	DBS	Singapore		21	21
	Deutsche Bank	Germany	4	23	27
	HSBC	United Kingdom	123	4,036	4,159

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	JPMorgan Chase	United States	62	1,543	1,605
	Malayan Banking	Malaysia		60	60
	Mitsubishi UFJ Financial	Japan	6	47	53
	Mizuho Financial	Japan	1	25	26
	Morgan Stanley	United States	110	281	390
	OCBC	Singapore		10	10
	Rabobank	Netherlands	52		52
	RHB Banking	Malaysia		1	1
	Standard Chartered	United Kingdom	3	644	647
	Sumitomo Mitsui Financial Group	Japan	8	26	33
<i>Legal & General Total</i>			<i>456</i>	<i>7,627</i>	<i>8,083</i>
Invesco	Bank Mandiri	Indonesia		64	64
	Bank Negara Indonesia	Indonesia		59	59
	Bank Rakyat Indonesia	Indonesia	0	4	4
	CIMB Group	Malaysia		5	5
	Citigroup	United States	178	2,883	3,061
	Credit Suisse	Switzerland	82	56	138
	DBS	Singapore		24	24
	Deutsche Bank	Germany	16	9	25
	HSBC	United Kingdom	147		147
	JPMorgan Chase	United States	241	2,455	2,696
	Malayan Banking	Malaysia		5	5
	Mitsubishi UFJ Financial	Japan	1	32	33
	Mizuho Financial	Japan	23	36	59
	Morgan Stanley	United States	239	1,178	1,417
	OCBC	Singapore		5	5
	Rabobank	Netherlands	26		26
	RHB Banking	Malaysia		0	0
	Standard Chartered	United Kingdom	151	62	213
	Sumitomo Mitsui Financial Group	Japan	24	59	83
<i>Invesco Total</i>					<i>1,128</i>
Schroders	AmBank Group	Malaysia		9	9
	Bank Mandiri	Indonesia		118	118
	Bank Negara Indonesia	Indonesia	1	10	12

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	Bank Rakyat Indonesia	Indonesia		25	25
	CIMB Group	Malaysia	2		2
	Citigroup	United States	362	534	895
	Credit Suisse	Switzerland	227	47	274
	DBS	Singapore	4	112	116
	Deutsche Bank	Germany	61	32	93
	HSBC	United Kingdom	204	1,716	1,920
	JPMorgan Chase	United States	221	704	925
	Malayan Banking	Malaysia	5	0	6
	Mitsubishi UFJ Financial	Japan	-	172	172
	Mizuho Financial	Japan	-	4	4
	Morgan Stanley	United States	609	182	791
	OCBC	Singapore	23	166	189
	Rabobank	Netherlands	53		53
	Standard Chartered	United Kingdom	81	499	580
	Sumitomo Mitsui Financial Group	Japan	10	462	473
<i>Schroders Total</i>					<i>1,864</i>
Aegon	AmBank Group	Malaysia		0	0
	Bank Mandiri	Indonesia		1	1
	Bank Negara Indonesia	Indonesia		1	1
	Bank Rakyat Indonesia	Indonesia		2	2
	CIMB Group	Malaysia		1	1
	Citigroup	United States	728	45	772
	Credit Suisse	Switzerland	538	16	554
	DBS	Singapore		4	4
	Deutsche Bank	Germany	57	9	65
	HSBC	United Kingdom	516	351	866
	JPMorgan Chase	United States	798	182	980
	Malayan Banking	Malaysia		2	2
	Mitsubishi UFJ Financial	Japan	20	13	33
	Mizuho Financial	Japan	68	7	75
	Morgan Stanley	United States	1,653	16	1,669
	OCBC	Singapore	7	4	12
	Rabobank	Netherlands	279		279
	RHB Banking	Malaysia		0	0

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	Standard Chartered	United Kingdom	235	122	357
	Sumitomo Mitsui Financial Group	Japan	72	8	81
<i>Aegon Total</i>					<i>4,970</i>
BNP Paribas	AmBank Group	Malaysia		0	0
	Bank Mandiri	Indonesia		10	10
	Bank Negara Indonesia	Indonesia		4	4
	Bank Rakyat Indonesia	Indonesia		16	16
	CIMB Group	Malaysia	5	1	6
	Citigroup	United States	105	841	945
	Credit Suisse	Switzerland	1,126	9	1,136
	DBS	Singapore	17	16	34
	Deutsche Bank	Germany	11	232	243
	HSBC	United Kingdom	503	65	569
	JPMorgan Chase	United States	317	470	788
	Malayan Banking	Malaysia	34	1	35
	Mitsubishi UFJ Financial	Japan	1	36	37
	Mizuho Financial	Japan	85	17	103
	Morgan Stanley	United States	279	103	383
	OCBC	Singapore	25	8	33
	Rabobank	Netherlands	127		127
	RHB Banking	Malaysia	25	0	25
	Standard Chartered	United Kingdom	52	112	163
Sumitomo Mitsui Financial Group	Japan	24	33	57	
<i>BNP Paribas Total</i>					<i>2,737</i>
Aviva	AmBank Group	Malaysia		0	0
	Bank Mandiri	Indonesia		1	1
	Bank Negara Indonesia	Indonesia		0	0
	Bank Rakyat Indonesia	Indonesia		3	3
	CIMB Group	Malaysia		1	1
	Citigroup	United States	420	105	525
	Credit Suisse	Switzerland	233	2	236
	DBS	Singapore		1	1
	Deutsche Bank	Germany	14	57	71
	HSBC	United Kingdom	109	907	1,016

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	JPMorgan Chase	United States	459	257	716
	Malayan Banking	Malaysia		45	45
	Mitsubishi UFJ Financial	Japan	4	11	15
	Mizuho Financial	Japan		6	6
	Morgan Stanley	United States	895	36	931
	OCBC	Singapore	272	1	272
	Rabobank	Netherlands	88		88
	RHB Banking	Malaysia		0	0
	Standard Chartered	United Kingdom	322	118	440
	Sumitomo Mitsui Financial Group	Japan		6	6
<i>Aviva Total</i>					<i>2,816</i>
Old Mutual	AmBank Group	Malaysia		1	1
	Bank Mandiri	Indonesia		0	0
	Bank Negara Indonesia	Indonesia		25	25
	CIMB Group	Malaysia		23	23
	Citigroup	United States	28	1,141	1,169
	Credit Suisse	Switzerland	12	23	35
	DBS	Singapore		167	167
	Deutsche Bank	Germany	1	22	23
	HSBC	United Kingdom	18	249	267
	JPMorgan Chase	United States	28	2,158	2,186
	Malayan Banking	Malaysia		2	2
	Mitsubishi UFJ Financial	Japan		19	19
	Mizuho Financial	Japan	14	8	22
	Morgan Stanley	United States	27	72	100
	OCBC	Singapore		19	19
	Rabobank	Netherlands	8		8
	RHB Banking	Malaysia		0	0
	Standard Chartered	United Kingdom	0	5	5
	Sumitomo Mitsui Financial Group	Japan	0	180	180
<i>Old Mutual Total</i>					<i>137</i>
Aberdeen Asset Management	AmBank Group	Malaysia	3	1	4
	Bank Mandiri	Indonesia		3	3
	Bank Negara Indonesia	Indonesia		2	2

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	Bank Rakyat Indonesia	Indonesia		3	3
	CIMB Group	Malaysia	1	61	62
	Citigroup	United States	119	142	261
	Credit Suisse	Switzerland	213	27	240
	DBS	Singapore	0	307	307
	Deutsche Bank	Germany	1	5	6
	HSBC	United Kingdom	380		380
	JPMorgan Chase	United States	67	265	332
	Malayan Banking	Malaysia	7	5	12
	Mitsubishi UFJ Financial	Japan	6	28	34
	Mizuho Financial	Japan	135	11	146
	Morgan Stanley	United States	103	67	170
	OCBC	Singapore	18	589	607
	Rabobank	Netherlands	273		273
	RHB Banking	Malaysia	2		2
	Standard Chartered	United Kingdom	470	787	1,258
	Sumitomo Mitsui Financial Group	Japan	20	26	46
<i>Aberdeen Asset Management Total</i>					<i>1,817</i>
HSBC	AmBank Group	Malaysia	0	2	2
	Bank Mandiri	Indonesia		12	12
	Bank Negara Indonesia	Indonesia		3	3
	Bank Rakyat Indonesia	Indonesia	-	11	11
	CIMB Group	Malaysia		3	3
	Citigroup	United States	135	250	384
	Credit Suisse	Switzerland	102	12	114
	DBS	Singapore		32	32
	Deutsche Bank	Germany	25	120	145
	HSBC	United Kingdom	78	1,522	1,600
	JPMorgan Chase	United States	125	598	723
	Malayan Banking	Malaysia	2	8	10
	Mitsubishi UFJ Financial	Japan	3	47	50
	Mizuho Financial	Japan	5	23	28
	Morgan Stanley	United States	141	72	213
	OCBC	Singapore	11	10	20
	Rabobank	Netherlands	129		129

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	RHB Banking	Malaysia		0	0
	Standard Chartered	United Kingdom	33	91	124
	Sumitomo Mitsui Financial Group	Japan	21	34	56
<i>HSBC Total</i>			<i>810</i>	<i>2,849</i>	<i>3,659</i>
DZ Bank	Bank Mandiri	Indonesia		6	6
	Bank Negara Indonesia	Indonesia		0	0
	Bank Rakyat Indonesia	Indonesia		17	17
	CIMB Group	Malaysia		0	0
	Citigroup	United States	79	298	377
	Credit Suisse	Switzerland	364	0	364
	DBS	Singapore		6	6
	Deutsche Bank	Germany	129	191	320
	HSBC	United Kingdom	242	57	299
	JPMorgan Chase	United States	113	684	797
	Malayan Banking	Malaysia		9	9
	Mitsubishi UFJ Financial	Japan	14	10	25
	Mizuho Financial	Japan	241	34	275
	Morgan Stanley	United States	505	2	507
	OCBC	Singapore		1	1
	Rabobank	Netherlands	92		92
	Standard Chartered	United Kingdom	80	8	88
	Sumitomo Mitsui Financial Group	Japan	28	96	124
<i>DZ Bank Total</i>			<i>1,887</i>	<i>1,420</i>	<i>3,307</i>
UniCredit	Bank Mandiri	Indonesia		0	0
	Bank Negara Indonesia	Indonesia		0	0
	Bank Rakyat Indonesia	Indonesia	0	30	31
	CIMB Group	Malaysia		0	0
	Citigroup	United States	232	55	287
	Credit Suisse	Switzerland	149	14	163
	DBS	Singapore	1	4	5
	Deutsche Bank	Germany	60	46	106
	HSBC	United Kingdom	74	123	197
	JPMorgan Chase	United States	782	679	1,461
	Malayan Banking	Malaysia		0	0

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	Mitsubishi UFJ Financial	Japan	9	5	14
	Mizuho Financial	Japan	12	18	30
	Morgan Stanley	United States	384	43	427
	OCBC	Singapore	7	2	9
	Rabobank	Netherlands	139		139
	Standard Chartered	United Kingdom	73	5	78
	Sumitomo Mitsui Financial Group	Japan	11	16	27
<i>UniCredit Total</i>			<i>1,933</i>	<i>1,039</i>	<i>2,972</i>
Nordea	Bank Negara Indonesia	Indonesia		39	39
	Bank Rakyat Indonesia	Indonesia		93	93
	Citigroup	United States	163	275	438
	Credit Suisse	Switzerland	504	34	538
	DBS	Singapore		31	31
	Deutsche Bank	Germany	69	2	71
	HSBC	United Kingdom	75	12	87
	JPMorgan Chase	United States	233	524	757
	Mitsubishi UFJ Financial	Japan		40	40
	Mizuho Financial	Japan		2	2
	Morgan Stanley	United States	245	9	254
	OCBC	Singapore		17	17
	Rabobank	Netherlands	158		158
	Standard Chartered	United Kingdom	140	5	144
	Sumitomo Mitsui Financial Group	Japan	0	57	58
<i>Nordea Total</i>			<i>1,586</i>	<i>1,141</i>	<i>2,727</i>
Standard Life	Bank Mandiri	Indonesia		23	23
	Bank Negara Indonesia	Indonesia		0	0
	Bank Rakyat Indonesia	Indonesia		0	0
	CIMB Group	Malaysia		0	0
	Citigroup	United States	209	735	945
	Credit Suisse	Switzerland	33	4	37
	DBS	Singapore		16	16
	Deutsche Bank	Germany	17		17
	HSBC	United Kingdom	304		304
	JPMorgan Chase	United States	161	662	824

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	Malayan Banking	Malaysia	0	0	0
	Mitsubishi UFJ Financial	Japan	0	57	57
	Morgan Stanley	United States	272	16	288
	Rabobank	Netherlands	97		97
	Standard Chartered	United Kingdom	12	74	85
	Sumitomo Mitsui Financial Group	Japan	14	13	27
<i>Standard Life Total</i>					<i>1,118</i>
APG Group	AmBank Group	Malaysia		2	2
	Bank Mandiri	Indonesia		25	25
	Bank Negara Indonesia	Indonesia		7	7
	Bank Rakyat Indonesia	Indonesia		141	141
	CIMB Group	Malaysia		27	27
	Citigroup	United States		550	550
	Credit Suisse	Switzerland		83	83
	DBS	Singapore		86	86
	Deutsche Bank	Germany		30	30
	JPMorgan Chase	United States		646	646
	Malayan Banking	Malaysia		23	23
	Mitsubishi UFJ Financial	Japan		295	295
	Mizuho Financial	Japan		170	170
	Morgan Stanley	United States		239	239
	OCBC	Singapore		110	110
	RHB Banking	Malaysia		1	1
	Sumitomo Mitsui Financial Group	Japan		83	83
<i>APG Group Total</i>				<i>2,516</i>	<i>2,516</i>
Lansdowne Partners	Citigroup	United States		396	396
	JPMorgan Chase	United States		1,957	1,957
<i>Lansdowne Partners Total</i>					
Carmignac Gestion	Citigroup	United States	448		448
	Credit Suisse	Switzerland	179		179
	Deutsche Bank	Germany	0		0
	HSBC	United Kingdom	28		28
	JPMorgan Chase	United States	30		30
	Mitsubishi UFJ Financial	Japan		598	598

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	Morgan Stanley	United States	231		231
	Rabobank	Netherlands	-		-
	Sumitomo Mitsui Financial Group	Japan		383	383
<i>Carmignac Gestion Total</i>					<i>917</i>
Deka Group	Bank Mandiri	Indonesia		0	0
	Bank Negara Indonesia	Indonesia	2	0	2
	Bank Rakyat Indonesia	Indonesia		0	0
	CIMB Group	Malaysia	1		1
	Citigroup	United States	63	135	198
	Credit Suisse	Switzerland	86	13	98
	DBS	Singapore		6	6
	Deutsche Bank	Germany	146	565	710
	HSBC	United Kingdom	84	93	177
	JPMorgan Chase	United States	48	221	269
	Malayan Banking	Malaysia		2	2
	Mitsubishi UFJ Financial	Japan		37	37
	Mizuho Financial	Japan		4	4
	Morgan Stanley	United States	99	37	136
	Rabobank	Netherlands	63		63
	Standard Chartered	United Kingdom	42	9	50
	Sumitomo Mitsui Financial Group	Japan	22	18	40
<i>Deka Group Total</i>					<i>654</i>
Royal London Group	AmBank Group	Malaysia		1	1
	CIMB Group	Malaysia		3	3
	Citigroup	United States	37	41	78
	Credit Suisse	Switzerland	19	4	23
	DBS	Singapore		11	11
	Deutsche Bank	Germany		3	3
	HSBC	United Kingdom	157	846	1,003
	JPMorgan Chase	United States	11	84	95
	Malayan Banking	Malaysia		5	5
	Mitsubishi UFJ Financial	Japan	1	39	40
	Mizuho Financial	Japan		21	21
	Morgan Stanley	United States	31	15	46

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	OCBC	Singapore		10	10
	Rabobank	Netherlands	42		42
	RHB Banking	Malaysia		1	1
	Standard Chartered	United Kingdom	67	160	226
	Sumitomo Mitsui Financial Group	Japan	0	23	24
<i>Royal London Group Total</i>					<i>365</i>
PGGM	Bank Mandiri	Indonesia		21	21
	Bank Negara Indonesia	Indonesia		13	13
	Bank Rakyat Indonesia	Indonesia		26	26
	CIMB Group	Malaysia		20	20
	Citigroup	United States		124	124
	Credit Suisse	Switzerland		31	31
	DBS	Singapore		39	39
	Deutsche Bank	Germany		31	31
	HSBC	United Kingdom		165	165
	JPMorgan Chase	United States		204	204
	Malayan Banking	Malaysia		34	34
	Mitsubishi UFJ Financial	Japan		94	94
	Mizuho Financial	Japan		58	58
	Morgan Stanley	United States		38	38
	OCBC	Singapore		19	19
	RHB Banking	Malaysia		7	7
	Standard Chartered	United Kingdom		163	163
	Sumitomo Mitsui Financial Group	Japan		85	85
<i>PGGM Total</i>				<i>1,174</i>	<i>1,174</i>
<i>Other</i>			<i>7,964</i>	<i>23,158</i>	<i>31,122</i>
Total			99,010	93,544	192,554

Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

Table 11 provides a detailed overview of the bonds and shares of the top 20 financiers of palm oil held by Dutch financial institutions.

Table 11 Dutch financial institutions detailed bond- & shareholding relationships with the top 20 financiers of palm oil (US\$ mln, most recent filing, June 2017)

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
Aegon	AmBank Group	Malaysia		0	0
	Bank Mandiri	Indonesia		1	1
	Bank Negara Indonesia	Indonesia		1	1
	Bank Rakyat Indonesia	Indonesia		2	2
	CIMB Group	Malaysia		1	1
	Citigroup	United States	728	45	772
	Credit Suisse	Switzerland	538	16	554
	DBS	Singapore		4	4
	Deutsche Bank	Germany	57	9	65
	HSBC	United Kingdom	516	351	866
	JPMorgan Chase	United States	798	182	980
	Malayan Banking	Malaysia		2	2
	Mitsubishi UFJ Financial	Japan	20	13	33
	Mizuho Financial	Japan	68	7	75
	Morgan Stanley	United States	1,653	16	1,669
	OCBC	Singapore	7	4	12
	Rabobank	Netherlands	279		279
	RHB Banking	Malaysia		0	0
	Standard Chartered	United Kingdom	235	122	357
	Sumitomo Mitsui Financial Group	Japan	72	8	81
<i>Aegon Total</i>					<i>4,970</i>
APG Group	AmBank Group	Malaysia		2	2
	Bank Mandiri	Indonesia		25	25
	Bank Negara Indonesia	Indonesia		7	7
	Bank Rakyat Indonesia	Indonesia		141	141
	CIMB Group	Malaysia		27	27
	Citigroup	United States		550	550
	Credit Suisse	Switzerland		83	83
	DBS	Singapore		86	86
	Deutsche Bank	Germany		30	30
	JPMorgan Chase	United States		646	646
	Malayan Banking	Malaysia		23	23
	Mitsubishi UFJ Financial	Japan		295	295

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	Mizuho Financial	Japan		170	170
	Morgan Stanley	United States		239	239
	OCBC	Singapore		110	110
	RHB Banking	Malaysia		1	1
	Sumitomo Mitsui Financial Group	Japan		83	83
<i>APG Group Total</i>					
PGGM	Bank Mandiri	Indonesia		21	21
	Bank Negara Indonesia	Indonesia		13	13
	Bank Rakyat Indonesia	Indonesia		26	26
	CIMB Group	Malaysia		20	20
	Citigroup	United States		124	124
	Credit Suisse	Switzerland		31	31
	DBS	Singapore		39	39
	Deutsche Bank	Germany		31	31
	HSBC	United Kingdom		165	165
	JPMorgan Chase	United States		204	204
	Malayan Banking	Malaysia		34	34
	Mitsubishi UFJ Financial	Japan		94	94
	Mizuho Financial	Japan		58	58
	Morgan Stanley	United States		38	38
	OCBC	Singapore		19	19
	RHB Banking	Malaysia		7	7
	Standard Chartered	United Kingdom		163	163
	Sumitomo Mitsui Financial Group	Japan		85	85
<i>PGGM Total</i>				<i>1,174</i>	<i>1,174</i>
NN Group	AmBank Group	Malaysia	0		0
	Bank Mandiri	Indonesia		5	5
	Bank Negara Indonesia	Indonesia	0	4	4
	Bank Rakyat Indonesia	Indonesia		4	4
	CIMB Group	Malaysia		7	7
	Citigroup	United States	25	201	225
	Credit Suisse	Switzerland	30	22	52
	DBS	Singapore		3	3
	Deutsche Bank	Germany	7	41	48

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	HSBC	United Kingdom	14	40	54
	JPMorgan Chase	United States	52	19	72
	Malayan Banking	Malaysia	4	1	5
	Mitsubishi UFJ Financial	Japan	3	60	63
	Mizuho Financial	Japan	2	3	5
	Morgan Stanley	United States	33	10	43
	OCBC	Singapore	1		1
	Rabobank	Netherlands	13		13
	RHB Banking	Malaysia	5		5
	Standard Chartered	United Kingdom	3	10	13
	Sumitomo Mitsui Financial Group	Japan	3	87	90
<i>NN Group Total</i>			<i>196</i>	<i>517</i>	<i>713</i>
ABN Amro	Bank Negara Indonesia	Indonesia		3	3
	Bank Rakyat Indonesia	Indonesia		9	9
	CIMB Group	Malaysia		1	1
	Citigroup	United States	7	22	28
	Credit Suisse	Switzerland	12	26	38
	Deutsche Bank	Germany	1	1	2
	HSBC	United Kingdom	11	73	84
	JPMorgan Chase	United States	10	43	53
	Malayan Banking	Malaysia		1	1
	Mitsubishi UFJ Financial	Japan	82	220	302
	Mizuho Financial	Japan		0	0
	Morgan Stanley	United States	32	7	39
	Rabobank	Netherlands	5		5
	Standard Chartered	United Kingdom	1	27	28
	Sumitomo Mitsui Financial Group	Japan	3	2	5
<i>ABN Amro Total</i>			<i>82</i>	<i>220</i>	<i>302</i>
Delta Lloyd	Citigroup	United States	12	15	27
	Credit Suisse	Switzerland	36	2	38
	DBS	Singapore		15	15
	Deutsche Bank	Germany	17	2	19
	HSBC	United Kingdom	17		17
	JPMorgan Chase	United States	8	66	75

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
	Mitsubishi UFJ Financial	Japan		10	10
	Morgan Stanley	United States	19	20	39
	OCBC	Singapore		2	2
	Standard Chartered	United Kingdom		2	2
<i>Delta Lloyd Total</i>			<i>110</i>	<i>135</i>	<i>245</i>
F. van Lanschot Bankiers	Citigroup	United States	20	3	23
	Credit Suisse	Switzerland	31		31
	Deutsche Bank	Germany	2		2
	HSBC	United Kingdom	12	44	56
	JPMorgan Chase	United States	18		18
	Mitsubishi UFJ Financial	Japan	1	0	1
	Morgan Stanley	United States	70		70
	Rabobank	Netherlands	22		22
	Standard Chartered	United Kingdom	20		20
	Sumitomo Mitsui Financial Group	Japan		0	0
<i>F. van Lanschot Bankiers Total</i>			<i>193</i>	<i>47</i>	<i>241</i>
MN Services	Citigroup	United States		5	5
	HSBC	United Kingdom		128	128
	JPMorgan Chase	United States		8	8
	Morgan Stanley	United States		2	2
	Standard Chartered	United Kingdom		22	22
<i>MN Services Total</i>				<i>165</i>	<i>165</i>
Shell Asset Management Company	Citigroup	United States		15	15
	HSBC	United Kingdom		87	87
	JPMorgan Chase	United States		29	29
	Morgan Stanley	United States		5	5
	Standard Chartered	United Kingdom		10	10
<i>Shell Asset Management Company Total</i>					
Mercier Vanderlinden Asset Management	Citigroup	United States		41	41
	JPMorgan Chase	United States		40	40
	Standard Chartered	United Kingdom	3	9	11
<i>Mercier Vanderlinden Asset Management Total</i>					<i>3</i>
ING Group	Citigroup	United States		13	13
	JPMorgan Chase	United States		34	34
	Morgan Stanley	United States		5	5

Investor	Palm oil financier	Country	Bondholding	Shareholding	Total
<i>ING Group Total</i>				52	52
Stichting Bedrijfstakpensioen- fonds voor de Media PNO	Citigroup	United States		1	1
	JPMorgan Chase	United States		28	28
	Morgan Stanley	United States		14	14
<i>Stichting Bedrijfstakpensioenfonds voor de Media PNO Total</i>				43	43
BinckBank	Citigroup	United States		3	3
	Credit Suisse	Switzerland		3	3
	DBS	Singapore		3	3
	Deutsche Bank	Germany		3	3
	HSBC	United Kingdom		4	4
	JPMorgan Chase	United States		3	3
	Mitsubishi UFJ Financial	Japan		3	3
	Mizuho Financial	Japan		3	3
	Morgan Stanley	United States		3	3
	OCBC	Singapore		0	0
	Standard Chartered	United Kingdom		4	4
	Sumitomo Mitsui Financial Group	Japan		3	3
<i>BinckBank Total</i>				35	35
Total			5,554	5,923	11,477

Source: Thomson EIKON, *EMAXX*, viewed in June 2017; Thomson EIKON, *Shareholdings*, viewed in June 2017; Thomson EIKON (2017, June), *Bond Issuances*; Bloomberg (2017, June), *Loan Search*; Bloomberg (2017, May), *Aggregated Debt*.

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