

Draw the line

A black book about the shady investments of Australian banks in palm oil





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This report is a modified version of the Milieudefensie/ Friends of the Earth Netherlands 2018 report titled *Draw the line: The shady investments of Dutch Banks into palm oil*. The report has been republished to focus on Australian Banks with Milieudefensie/ Friends of the Earth Netherlands's permission. The content of this publication may not be used, either in whole or in part, for commercial purposes without the prior approval of Friends of the Earth Netherlands and Australia. The content of this Australian version of the publication is the sole responsibility of Friends of the Earth Australia. With regards to the original 2018 Milieudefensie/ Friends of the Earth report, various investigations conducted by partner organisations were consulted for the development of this publication. These parties all gave their approval for the numerical figures, photographs and text contained in this publication and the publication was produced within the context of the Green Livelihoods Alliance, which is part of the Dialogue and Dissent framework of the Dutch Ministry of Foreign Affairs. Please consider the environment before printing this publication.

We would like to thank Milieudefensie/Friends of the Earth Netherlands for their incredible research in producing the 2018 Draw the line Report and their powerful campaign to stop destructive palm oil over many years. Together with Friends of the Earth groups from the international federation, we will ensure that human rights and the environment are protected globally.

This report has been made possible with the support of various parties:

Investigation

- Friends of the Earth United States
- The Forests & Finance project
(www.forestsandfinance.org, a collaboration between Rainforest Action Network, TuK INDONESIA and Profundo)
- Mighty Earth
- Friends of the Earth Netherlands (Milieudefensie)
- Profundo (www.profundo.nl)
- SDI (Friends of the Earth Liberia)
- Walhi (Friends of the Earth Indonesia)

Images

Kemal Jufri (p.4, 7, 9, 10, 11, 34), Ed Wray (p.5, 12, 19, 20, 24, 28, 31), Gaurav Madan (p.16, 17, 47), Victor Barro (p.18, 26, 79), Yudhi Mahendra / Mighty Earth (cover, p.22, 67), James Taylor (p.30,44), Myrthe Verwey (p. 55), Micha Patault / Greenpeace (p.72)

Design: Eric Mels, Hoorn

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Summary

ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank are ducking their responsibility for the disastrous consequences of providing finance to the palm oil sector. This black book reveals that these four Australian banks are failing in their attempts to prevent their money from being used to fund rainforest clearing, land grabbing and human rights violations. In recent years, numerous reports on deforestation, land grabs and human rights violations have surfaced. These banks, however, refuse to recognise the structural nature of the palm oil sector's issues. It is high time for the Australian banks to acknowledge that financing this sector carries too much risk for the rainforest and its inhabitants. That is why Friends of the Earth Australia is calling on ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank to cut their financial ties with the palm oil sector and to withdraw from it as soon as possible.

This black book shows that in the last ten years, money that came from ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank has been used to finance palm oil companies who oppress the local inhabitants and destroy precious forests. Such actions are disastrous not only for the rainforest, but also for the local people and the special – and often endangered – animal



species who call it home. All big four banks had ongoing financial involvement with Wilmar International of over US\$2 billion, which has had multiple allegations of harmful practices. One such example is in West Sumatra Indonesia where the PT PMJ plantation, part of the Indonesian company AMP POM – PT AMP, a subsidiary Wilmar International is accused of intimidating the resident population and chasing the inhabitants off their native land to make way for palm oil.

And this is only the tip of the iceberg, 68 human rights and environmental violations were discovered at multiple palm oil plantations belonging to Wilmar International Limited, Triputra Agro Persada, POSCO DAEWOO, Olam International Limited, Noble Plantations Pte Ltd, Goodhope Asia, Astra International that have received money from at least one of these four Australian banks within the past ten years. The banks can no longer downplay this tidal wave of severe human rights violations and environmental abuses as mere 'incidents'. Our investigation highlights the palm oil's sector's severely entrenched issues that the banks can no longer ignore. ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank have been active in the palm oil sector for a considerable period of time. During the 2010–2018 period, the four Australian banks had a total financial involvement (across loans, underwriting, bond holdings and shareholdings) of at least US\$6.5 billion (AUD\$9.6 billion) in six major companies involved in the palm oil supply chain. Approximately US\$928 million (AUD\$1.3 billion) of this would be directly exposed to the palm oil business, given that these companies are involved in a number of business sectors of which palm oil is one. The true totals, however, are likely to be much higher. To this day, the population of countries like Indonesia are still bearing the disastrous impact of the financial contributions made by ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank. All the while, these banks are lining their pockets with the profits of the black gold of our time: cheap palm oil.

Methodology

■ Investigation design

This report was written by Friends of the Earth Australia based on another report by Friends of the Earth Netherlands. The cases highlighted in Chapter One are based on local investigations carried out together with partner organisations of Friends of the Earth Australia. Chapter Four is based on investigatory work carried out by third parties. Friends of the Earth Australia developed the company profiles after conducting a literature review.

■ Financial data

Information about the financial ties between the major Australian banks and selected palm oil companies was derived from the Forest & Finance Database, a collaborative project between Rainforest Action Network, TuK INDONESIA and Profundo. This platform investigates the financial services (corporate loans, credit and underwriting) that 180 selected companies received in the forest risk sector during the 2010–2018 period, supplemented by investments in shares and bonds up to May 2017. As part of its investigatory work, Profundo used information found in the financial databases of Thomson Eikon, Bloomberg, IJGlobal and TradeFinanceAnalytics, as well as *company register filings* and public reports. For companies that carry out additional *business activities* beyond those in the *forest risk sector*, the absolute amounts have been adjusted to better reflect the proportions of the financing for the *forest risk activities*. A calculation has been made for each of these companies as to what share of their activities can be attributed to activities in the *forest sector*. More information is available in the [methodology section of Forest & Finance](#).

In May 2018, Friends of the Earth Australia commissioned Profundo, a research agency, to update the online Forest & Finance Database. Employing the same methodology, new information came to light about the ties between ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank and the six companies that had been identified. The primary objective was to gain insight into the most recent ties between the banks and relevant companies (2016–2018), which were as yet unknown during the most recent update of the Forest & Finance Database (May 2017). This update uncovered new ties from before 2016.

Whenever claims are made in this report about financial ties between the major banks and specific companies, we will refer to two sources: Data from the [public Forest & Finance Database](#). The data resulting from the update carried out by Profundo is available on the Friends of the Earth Netherlands [website](#).

ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank were given an opportunity to respond to possible inaccuracies regarding the current financial ties indicated in Chapter Four.

■ Methodological limitations

An important limitation to this financial investigation is that the relationships identified do not provide a comprehensive picture of the total number of financial ties that exist between the banks and the companies. The banks we investigated did not disclose their lending/credit relationships, more specifically their clients and outstanding balances. As such, a clear impression of these relationships was rendered impossible. That is why we conducted our investigation on the basis of the limited information available from the two sources listed above. Although this information is as accurate as possible, it is probably not complete.

■ Black list

The black list is an account of the abuses reported on specific plantations for each of the selected palm oil companies. These abuses were uncovered during a media scan conducted by Profundo, which was then supplemented with data from Friends of the Earth Australia. The name and location (region and country) are provided for each plantation. In addition, the reported abuses have been categorised by theme. These categories are explained at the start of Chapter Four. The period referred to by these publications will also be provided, giving an indication of the *runtime* of the abuses identified. No further investigation has been conducted into these cases.

■ Selection criteria

This report is limited to the investments made by these Australian banks: ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank. Together, these four banks account for 60 to 80% of the banking market for mortgages, company credit and savings¹, and they make a significant financial contribution to the global production of palm oil. ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank have been active in this sector for a long time and — from an Australian perspective — are major players. During the 2010–2018 period, the four banks extended at least 6.5 billion US\$ in credit to the six companies indicated in this black book.² In addition, some banks also invest in these companies. The financial data underpinning this report illustrate that the major banks have repeatedly provided financing to the companies listed in this report. Although Australian insurers and pension funds are also active in the palm oil sector, according to an analysis by Chain Reaction Research³, over time, lending plays a greater role in the palm oil sector than investments in shares and bonds. The role that Australian banks currently play or could play at an international level, in relation to this sector, formed the basis for our decision to focus on four Australian banks in this report.



The recommendations arising from this report have broader relevance and are applicable to other financial institutions that maintain financial ties with the industrial palm oil sector.

■ Company selection

In this report, we discuss a representative selection of companies which, as the Forest & Finance Database illustrated, had financial ties to these four banks during the 2010–2018 period. This selection has been supplemented with information from Oxfam Australia, following recent reports on links between Wilmar International and the CBA, NAB and Westpac.⁴ This resulted in the selection of six companies who are actively engaged in the palm oil sector.

■ Overview

Chapter One provides a brief introduction to the problems that plague the industrial palm oil sector, and the role that Australian banks play in financing this sector. In the next two chapters, we examine the sustainability promises that the four banks have made but have left unfulfilled. In Chapter Four, we show that there are numerous examples of abuses occurring at the palm oil companies in the portfolio of the four banks, in spite of the banks' sustainability policies. The final chapter contains recommendations for the Australia government and ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank and other financial institutions.

■ Disclaimer regarding the four banks

Chapter Four provides an overview of the known and reported abuses committed over the years by a selection of palm oil companies. According to the international standards of the OECD⁵, the IFC⁶ and the UN⁷, banks must satisfy *due diligence* requirements; therefore, Friends of the Earth Australia assumes that these banks also have this information. We call on the banks to address whether or not they have considered or acted upon the content of these reports when entering into new financial relationships or when verifying existing relationships.

In order to provide a more complete picture of a specific company's operational management, this black book also contains various reports of abuses that transpired after the financial tie with the bank had been terminated. We do not, however, directly link these abuses to the financing decisions made by the bank in question.

When the abuses described in reports published later date back to before a financial relationship was formed, our conclusion is that the bank itself should have conducted further research to identify abuses before proceeding with the financing.

The problem of the industrial palm oil sector

Why is palm oil a problem? This chapter describes the diverse problems at play with palm oil production, sustainability initiatives and the role of the banks.

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■ What is palm oil?

Palm oil is an affordable and versatile vegetable oil derived from the fruits of the African oil palm (*Elaeis Guineensis*). A tropical plant originating in West and South-West Africa, oil palm provides oil that local populations use in their food and medicine. At the start of the twentieth century, large plantations in Central Africa introduced new oil palm species onto the market. When oil palm was introduced in Southeast Asia in the 1960s, Malaysia began erecting large-scale industrial plantations, and Indonesia was not far behind. Palm oil is the most common cooking oil in these regions.

The rise of industrial palm oil production and the unceasing demand for palm oil has drastically changed the landscape in Southeast Asia. Since 1990, palm oil production has increased nearly sixfold: from 12,466,000 metric tonnes in 1990–1991 to 72,902,000 metric

tonnes in 2016–2017⁸. This growth has been concentrated in just two palm-oil producing countries: Indonesia and Malaysia. Together, these countries account for no less than 83.8% of global palm oil production. Since the 1990s, however, industrial production has been shifting towards new regions such as Africa and Latin America, with countries such as Colombia, Guatemala, Nigeria, Papua New Guinea and Thailand recording a sharp increase in production figures since that time⁹.

Large multinationals dominate the palm oil sector. In the sector's complex production chain, corporate ownership changes hands at different points along the production process, such as plantations, processing mills, refineries, transport and processing. Furthermore, these palm oil companies widely vary in their operations within the sector. Some companies only operate 'upstream' (seed production, palm cultivation, plantation management and processing mills), 'midstream' (refinery processing) or 'downstream' (additional processing and consumer product marketing). Other companies are active throughout the entire production chain. Besides, many large companies often only add a small palm oil section, such as a few plantations, to their wider portfolio.

Major companies in the palm oil sector are characterised by highly complex organisational structures. Companies often have dozens, if not hundreds, of direct and indirect subsidiaries, listed or otherwise, with activities in different sectors (such as food, energy and infrastructure) and registrations – which are more than just one-offs – in tax havens such as Bermuda and the Cayman Islands. Parent companies and subsidiaries alike receive financing from banks and other investment companies by means of various forms of credit, the issuing of bonds and the holding of shares. Intra-company financing also takes place, in which subsidiary A provides a loan to subsidiary B, or subsidiary C is a controlling shareholder of subsidiary B.



Although smallholders (minor producers) play an important role in the national figures of palm oil production in countries such as Indonesia and Malaysia, the industrial palm oil sector – and its expansion – is dominated by large multinationals. It is these major players who manage the lion's share of the plantations. And it is these large companies that receive Australian financing. In this report, when we talk about (industrial) palm oil companies, we refer to these major players.

■ The consumption of palm oil

The demand for palm oil is rising steadily. A popular raw material, palm oil is used in a wide range of products. Palm oil can be found in half of all supermarket products, such as peanut butter, chocolate spread, milk powder, butter, biscuits, pizza, sauces and crisps. It is also an ingredient in toiletries such as shampoo, lipstick, soap and detergent – not to mention that palm oil is an important component of biodiesel.

Palm oil is popular for an assortment of reasons. The oil has a wide range of applications and favourable characteristics (a relatively high yield per hectare and longevity), while production countries have low labour costs and offer 'favourable' investment climates. All told, this makes palm oil a very attractive and cheap raw material for a variety of different sectors, and one that offers opportunities for investors. The downside of the huge demand for this raw material is that it places enormous pressure on the tropical rainforest and its inhabitants.

In addition to being the world's largest palm oil company, Indonesia is also the largest buyer of palm oil, followed by India. The European Union holds a firm third place. In 2010–2018, at least 1,103,000 metric tonnes of palm oil were consumed in Australia.¹⁰



■ The problem with palm oil

There is nothing wrong with palm oil as a product in and of itself. There is, however, a good deal wrong with both the method and the scale of palm oil production. To meet the incredible demand for palm oil, international companies have built gigantic plantations in tropical countries to serve the global market, and huge amounts of unique tropical rainforest must be cleared to make way for these plantations. It is the major companies and their shareholders who benefit from the growth of this sector, while the original inhabitants in these regions are saddled with the problems.

The issues of the palm oil sector have been documented and communicated for decades by various NGOs, research agencies, media agencies and scientists. Friends of the Earth Australia has been mapping the problems in this sector since 2010. Countless examples of these abuses exist. A variety of sustainability initiatives to prevent these abuses have been launched over time, with the participation of both public and private actors. These initiatives, however, have proven ineffective at preventing abuses on both non-certified and certified plantations.

■ Problem: deforestation

Tropical rainforests are being cut down to make way for new plantations. According to conservative estimates from the Food and Agriculture Organisation of the United Nations (FAO), 8.8 million ha of natural forest disappeared on average every year between 2010 and 2015. This is equivalent to an area the size of Germany and Austria combined. The rainforest, with its millions of special plant and animal species, has unrivalled biodiversity. Approximately 80% of the land animals and plants that have been discovered live in forests. Clearing the forest threatens many animal species, such as the orangutan and the Sumatran tiger, with extinction due to the devastation of their habitat. Plant and animal numbers in the species being monitored fell by at least 58% between 1970 and 2012. Industrial agriculture – which includes palm oil – is the principle cause of this decline.

Forests are valuable assets in the fight against dangerous climate change because they absorb the greenhouse gas CO₂. Tropical rainforests also contain many peatlands, which store a considerable amount of CO₂, meaning that the deforestation or reclamation of peatland releases extra CO₂. Besides that, draining these soils results in a higher risk of forest fires, which then release sizeable amounts of greenhouse gases into the atmosphere.

Tropical regions also contain many areas that are designated as High Conservation Value (HCV) or High Carbon Stock (HCS) areas. The first typology, developed by the Forest Stewardship Council (FSC), differentiates between various biological, ecological, social and cultural values that are important nationally, regionally and globally. The latter typology distinguishes areas based on the amount of carbon and the biodiversity in the different types of forest.



■ Problem: land grabs

Approximately 1.7 billion people depend on forests and trees for their livelihood¹¹. Palm oil companies systematically drive the local people off of their land by deploying legal tricks, intimidation and violence. In many of the palm oil-producing countries, land rights are not firmly anchored in national legislation. This affords companies opportunities to settle on areas of land that communities have inhabited for centuries. Companies deliberately exploit the grey area between the formal and informal land rights that is characteristic of these countries¹². In addition, national or regional corruption is a commonly voiced reason for why even existing rights can be nullified.¹³

The procedures that should guarantee the consent of local communities (FPIC) and minimise the impact on the local environment (Environmental Impact Assessment) are often misused by companies¹⁴.

■ Problem: conflict

Locally, there are often tensions between local residents and the palm oil company in their area. Tensions also often arise within communities because local residents must find other forms of income, companies are selective about which people they involve in public participation procedures such as FPIC and some residents benefit more than others from – or are bribed by – the companies. The increased uncertainty and companies' 'divide and conquer' tactics fan the local tensions. Other examples of local conflict include heightened tensions when palm oil companies decide to bring in labour from outside the region, causing a lack of economic prospects at the local level.

■ Problem: labour rights

Another problem is manifested directly on the plantations. Several studies have shown violations of fundamental labour rights on plantations, including unpaid overtime caused by unrealistic production targets, child labour, the absence of employment contracts, trade union breakdowns, inadequate medical facilities and a lack of protective clothing¹⁵.

■ Problem: threats to the climate

The clearing of tropical rainforest, the peat fires, the use of biofuels and the transport of immense quantities of palm oil around the world are all disastrous for the climate. Deforestation turns tropical areas which ought to be climate regulators into a major CO₂ emitter. The 2015 forest fires in Indonesia placed the country in fourth place in the rankings of the largest CO₂ emitters in the world¹⁶. Biofuels derived from palm oil indirectly generate three times as much CO₂ as the diesel they replace¹⁷.

■ Problem: concentration of money and power

The palm oil sector is dominated by large multinationals whose business operations are geared towards maximising profits for their shareholders. A limited number of large families dominate the palm oil sectors in Indonesia and Malaysia, and they are among the richest families in these countries¹⁸. Investors choose to finance these companies in light of the high profits they expect to earn on their outlay. Profit maximisation is the leitmotiv. These large companies (and their shareholders) get the maximum profit out of the cheap land, labour and financing, while the local inhabitants of Liberia, Papua, Sumatra and other tropical areas get a raw deal.

The demand for palm oil is only increasing. A large portion of that demand not only comes from Australia – it is even encouraged by our governments. As the demand for biofuels is stimulated by the government and the range of (cheap) biscuits and shampoos increases, we are shifting the real cost of cheap palm oil to people on the other side of the world and to future generations. That is not fair.

The inhabitants of the tropical rainforest are not the ones benefiting from the expanding palm oil sector. Profits rise for a select few, and the amount of inexpensive consumer products increases. Meanwhile, communities in developing countries have increasingly limited options. Without access to land and the sources of their daily sustenance, without a sustainable form of local development and local future prospects, these communities are confronted daily with the unfairness of the current economic system.

■ Why sustainability initiatives do not work

Over recent decades, various organisations (governmental, NGO and industrial) have been involved in designing all manner of initiatives to make the sector more sustainable. For example, larger palm oil companies have adopted sustainability policies such as the ‘no-deforestation, no-peat, no-exploitation policy’ (NDPE). A deforestation-free supply chain, however, still seems a long way off¹⁹. Another initiative is the Roundtable on Sustainable Palm Oil (RSPO), which is dominated by the sector and cannot actually guarantee the ‘sustainability’ of its certified palm oil²⁰.

Both initiatives assume that the industrial palm oil sector needs to keep expanding, as a response to the growing global demand for this oil. This assumption underlies the structural nature of abuses in the sector, namely the efforts to meet the growing demand for one type of oil by producing at an industrial scale. Such developments are, by definition, not sustainable. This report shows not only that these problems are inherent to the palm oil sector, but also that committing to the growth of this sector translates into the acceptance of social, environmental and climatological risks.

■ The role of the Australian banks

Large-scale palm oil cultivation is lucrative, but the initial costs of a plantation are very high. That is why palm oil companies are dependent on external financing. Australian banks, insurers and pension funds also provide financing to the industrial palm oil sector. Australian banks primarily extend various types of loans to these companies, which in turn facilitate their operational management. These are often multi-year loans that banks grant either independently or in tandem with other banks. Australian banks have been active in this sector for a long time and – from a Australian perspective – are major players. The financial data backing this report shows that the four banks have repeatedly financed companies indicated in this black book. The banks had a total financial involvement of at least at least 6.5 billion US\$ in credit over the period 2010-2018. Furthermore, their participation in various syndicated loans enabled enormous credit relationships^{21,22}.

Insurers and pension funds also finance these palm oil companies by purchasing shares. Consequently, they become part-owners of the relevant company and share in its profits. Although these institutions fall outside the scope of this report (see Methodology), Friends of the Earth rroups have previously taken these institutions to task for their investments in this sector²³.

Although Australian banks do recognise the problems in the industrial palm oil sector, and they have tried to exclude these abuses from their portfolio by tightening up their sustainability policies and procedures over the past ten years, they have been unsuccessful.

But now we find ourselves at a turning point at which demonstrating incidents does not do justice to the structural nature of the problems in this sector. It is time that Australian banks recognise that financing this sector entails too many sustainability risks. Therefore, it is long past time to stop financing these companies.



Land grabs in West Sumatra with support from Australian banks²⁴

'What gave them the idea to ask me this? I will never leave this land. Did he buy the land? Or was it the property of his father or his grandfather? Naturally, he could not show me any papers. I was so angry that I chased him until I could no longer see him. They ran away as fast as they could.'

- Farmer Nurisam

Farmer Nurisam still remembers it as if it was yesterday. She was planting maize on her land near the village of Koto Baru in West Sumatra, Indonesia, when four police officers walked up to her. One of them told her that she was no longer allowed to plant maize here, because people were planning to raze everything to plant new trees. Even though Nurisam was shocked by this statement, she didn't let herself be dismissed. Instead, she chased the men from her land.

While Nurisam did not lose her piece of land that day, many of her fellow villagers did. A palm oil plantation called Primatama Mulya Jaya (PT PMJ) stole the land without permission in 1996, and oil palms are still grown there to this day. The PT PMJ plantation is part of the Indonesian company AMP POM – PT AMP, a subsidiary of palm oil giant Wilmar International.

■ Australian banks finance land grabs

By lending money to Wilmar International, ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank are supporting a company that is stealing land from people like Nurisam. Wilmar has been a notorious subject of scandal for years due to land grabs, human rights violations and deforestation. All four banks have a long history with Wilmar. Between 2010 and 2017, ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank financed several sections of Wilmar International. Enormous sums changed hands. From 2010-2017, ANZ, Commonwealth Bank of Australia, National Australia Bank and Westpac had a financial involvement worth US\$2 billion with Wilmar International and its subsidiaries.

■ Koto Baru is forever changed

The village leader of Koto Baru, Pak Armis, says that prior to the arrival of the PT PMJ plantation in their village, the inhabitants' daily life was very different:

'Before PT PMJ entered our lives, we all had our own piece of land.

The community grew all kinds of crops, such as rice and maize.

We could catch and sell fish. We could collect rattan to make our roofs.

We never had to buy this before, because the forest provided it to us!

That's all gone now.'



FOTO: ED WRAY

The village leader of Koto Baru, Pak Armis

■ Permission was never given

In May 2018, the Koto Baru community had simply had enough. Village inhabitants came together and filed a complaint against the plantation with the international Roundtable on Sustainable Palm Oil (RSPO). In this complaint, they accuse the palm oil companies of having taken their land from them. The company had not properly informed them, nor had they been given a free choice about the sale of their land. Palm oil plantations are obliged to do both. However, according to the traditional leader of Koto Baru, Syahrul Ramadhan Tanjung Sinaro, the community of Koto Baru has never granted PT PMJ permission to use their land. As Nurisam describes:

'It's incomprehensible that companies like Wilmar are active on this indigenous land. We've worked this land for centuries without any problems. Since PT PMJ came, we are suffering.'

■ Village members are seen as criminals

In 2010, village leader Pak Armis, together with other village leaders, was arrested and brought to the police station. At first they had no idea why, but they soon found out that the police had accused them of stealing palm oil from the plantation. Village inhabitants say that this is a lie. Ever since then, the village leaders have been considered criminals. In the words of Pak Armis:

'In 2011, we were once again stopped by police officers who told us that we were not allowed to go to our own land. If we refused to leave, they would destroy our community. They forced us to move far away from the plantation. They also said that it was their right to do so, because it was their land. But this is our land!'

■ Tell our story

Nurisam and Pak Armis alike hope that PT PMJ returns the land to their village, Koto Baru. Also, they would like an ending to all the intimidation and the criminalisation of the village leaders and others from the community. As Pak Armis requests:

'Please do not just listen to our story, but be sure to share it. Not only in West Sumatra and Indonesia – spread it across the globe.'

A paper reality

Banks use their sustainability policy to create a paper reality. This chapter describes how the banks justify their ongoing financing of the controversial palm oil sector.

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Over the past ten years, the four major Australian banks have regularly made public claims to be working for a better world. ANZ, for example, claims to base its activities “to take account of social, environmental and economic risks and opportunities”²⁵. Commonwealth Bank Australia is committed to “limiting climate change to well below two degrees, in line with the Paris Agreement and supporting the responsible global transition to net zero emissions by 2050”²⁶. National Australia Bank pledges to create positive and sustainable impact on the communities and environment²⁷. Westpac is publicizing that they are working “to create the most meaningful economic, social and environmental impact in the areas that matter most to our customers, communities, employees and our business”²⁸.

‘Corporate social responsibility’ now plays a far more significant role at these banks compared to ten years ago and, from a global perspective, these banks appear to be doing relatively well — at least on paper. Their efforts have translated into a stricter sustainability policy several themes, more detailed procedures to ensure that this same policy is actually implemented, and participation in multi-stakeholder initiatives to better integrate specific themes into their business operations. Unfortunately, this ‘paper reality’ has not enabled the four banks to make good on their promises in practice. The Human and environmental Rights violations in the palm oil sector exposed in this report are sadly only one such example.

Australian banks have been active financiers of the industrial palm oil sector for many years. Despite the many environmental, social and human rights abuses in this sector, the banks still support the activities of these palm oil companies. Regardless of the lofty words issued by these four banks, the local inhabitants of Papua, Sumatra and many other tropical areas experience the negative consequences of these money flows daily. What’s more, Australian banks must be aware of this situation. These abuses are in direct conflict with their

own sustainability principles. The stricter monitoring procedures should ensure that Wilmar International Limited, Triputra Agro Persada, POSCO DAEWOO, Olam International Limited, Noble Plantations Pte Ltd, Goodhope Asia and Astra International are identified and rendered ineligible for financing or re-financing.

The banks should be aware of practically every abuse described in this report. If the alarm bells have already gone off, there have been no meaningful steps taken to prevent or correct these abuses. As such, why do these four large Australian banks continue to finance these companies? Before that question can be answered, it is important to gain a better understanding of the background to the current situation. What exactly are these banks promising? This chapter explains why these banks are still operating in the palm oil sector and why Friends of the Earth Australia believes that they are avoiding their responsibility.

■ Australian financing

Australian banks are active in financing the industrial palm oil sector in various ways. Broadly speaking, direct financing can be divided into; (1) the provision of various types of loans to a palm oil company (a credit relationship) and (2) investing in a company by purchasing or offering interests such as shares or bonds (an investment relationship).

The following are examples of common credit relationships:

- Corporate loans: In this case, the bank provides financing for the company’s specific activities or for the company itself. These loans commonly have a term of multiple years.
- Project financing: financing that is allocated for a specific project.



- Revolving credit facilities: This form of credit is comparable to a credit card. The company has access to a certain maximum credit for an agreed term. The company can often decide independently how it spends the funds.
- ‘Underwriting’ bonds (underwriting or bond issuance): To issue bonds on the stock exchange, companies require the assistance of investors. Investors ‘underwrite’ a portion of the issued bonds. In principle, the bank will purchase a portion of the bonds with the aim of selling this back to the investors. In the meantime, however, the company receives credit for these bonds.

In addition, intra-company financing is common in the palm oil sector. In such cases, subsidiaries provide each other with credit or co-ownership of other companies under the same parent company. In the case of a credit relationship, the company is a customer of the bank, and this relationship is set out in a contract. In some cases,

the bank provides this loan by itself. In other cases, a loan is offered in cooperation with other banks (known as a syndicated loan), which allows the banks to spread out their financial risk. In the case of an investment relationship, the relationships are less ‘formal’, but they are based on the investment strategy of the bank and the value of these companies on the stock exchanges where the shares or bonds are offered. It is often the case that the financial ties between banks and their customers are not public information: banks insist on client confidentiality as being a major concern in the case of credit relationships, but even with investment relationships, these banks are reluctant to make them public.

Only professional research firms can dig deeper into the relationships between bank A and company B, by means of financial databases such as Thomson EIKON and Bloomberg. However, these investigations only reflect the tip of the iceberg and are based on what could be traced. There is no comprehensive overview. The relationships outlined in this report are therefore only a representation of some of the known relationships between the four banks and specific palm oil companies. We are certain of the existence of these relationships. We are almost certain that even more relationships (more companies as well as more financing) exist, but managed to stay under the radar. The relationships in this report show that the major Australian banks have, in fact, financed various companies in the industrial palm oil sector over an extended period (2010–2018) and, in many cases, have done so repeatedly. This report also illustrates that the financing is provided to companies which, over a comparable period, have been discredited in connection with various abuses.

The issuing of a new loan or investment by a bank is primarily a financial consideration of costs, revenues, (financial) risks and potential growth, which is carried out by portfolio managers and equity and risk analysts. The sustainability department — often

relatively small departments – measure new and existing financing relationships against their sustainability policy. The same applies to their loans and investments in the palm oil sector. Banks use external data providers such as Sustainalytics, to draft an ‘environmental, social, and governance’ (ESG) report on specific companies, which presents indicators such as CO2 emissions and involvement in controversies. These ESG reports are largely based on data provided by the company itself, plus scans of media coverage and NGO reports. This way, banks outsource their responsibility to trace misconduct to external parties. With the ESG report in hand – and before a new credit relationship is formed – banks make an evaluation of whether or not to grant financing to a particular company and whether or not they want to enter into a dialogue with the company about ESG matters. In addition, existing relationships are regularly assessed against these criteria (monitoring). The four banks operate reactively; they are only prepared to take action after a loan or investment has led to abuses. This stands in direct contrast to the precautionary principle, by which preventive action and solid research by the investor are a top priority before entering into such relationships.

■ Paper tigers

The four major Australian banks have policies that should prevent deforestation, landgrabs and human rights violations. Each bank formulates this policy differently, often under the thematic heading of ‘agribusiness’.

Westpac announced its new financing agribusiness policy in 2014 that the bank will only lend to the agribusiness companies that will support prior and informed consent of indigenous and local communities. However, Westpac is still lending multi-million credit lines to companies like Wilmar – a company which is notoriously linked to land grabs and human rights violations²⁹.

ANZ Bank has no evident policy or process on land or agriculture, yet they claim that they address land cases through their sensitive sector policy³⁰, membership of RSPO, social and environmental risk policy and approach responsible lending policy.

NAB released a new policy in 2014 on improper land acquisitions to show their commitment to take policy action on land grabs. NAB was the first among other big Australian banks to outline a policy that it will reformulate its procurement and lending practices to safeguard land rights³¹.

The Commonwealth Bank considers Environmental Social Governance risks and opportunities of its lending decisions and undertakes mandatory ESG risk assessments. CBA has not initiated any improved practices for land grabbing policies, although the bank made commitment to engage on one specific case in Brazil³².

None of the big Australian banks are members of Roundtable on Sustainable Palm Oil (RSPO) except ANZ Banking Group Limited. RSPO is a not-for-profit that unites stakeholders from the palm oil industry to develop and implement global standards for sustainable palm oil and it has developed a set of environmental and social criteria which companies must comply with in order to produce Certified Sustainable Palm Oil (CSPO)³³.

All the banks claim to have addressed and announced new policies that will stop deforestation, land grabs and human rights violations. However, the bar may be raised; the ‘improved policies’ do not appear to be sufficient to ensure that there are no more abuses in the banks’ portfolios, demonstrating that the banks’ improved sustainability policies are mainly paper tigers. Banks are still not doing enough to ensure that affected communities by their investments rights are respected.

■ The alarm bell

If the banks' screening and monitoring procedures reveal that a company is not complying with their sustainability policy, their first step is to enter into a dialogue and to encourage the company to comply with the established sustainability policy. This is known as the engagement pathway. As these pathways are confidential, it is impossible for third parties to monitor individual talks. This black book, however, shows how insufficient improvements by the palm oil companies proves that this engagement strategy does not result in actual improvements.

The emphasis on a constructive dialogue, while maintaining the customer or investment relationship, gives companies considerable time and leeway to repair their relationship while effecting only minimal change. Although banks do indicate they are willing to exclude specific companies if engagement does not produce the desired results, yet in reality, banks are extremely reticent to do so. This deprives the bank of an effective 'big stick' to ramp up pressure on companies and results in business as usual. Engagement pathways lack clear agreements with concrete goals that are linked to well-defined periods of time, and that have clear consequences for failing companies. Moreover, this lack of transparency strengthens the company's dominant position throughout this process.

The exclusion of palm oil companies is very rare. The dialogue between the bank and the company is shrouded, as it were, in thick fog. There is still no palm oil company to be found on publicly available exclusion lists of the four Australian banks, even though this black book shows that there is a very good reason for doing precisely this³⁴. A central theme here is the topic of transparency. Tensions are perceived between social responsibility and customer confidentiality. The banks use the latter as an argument for why they should not talk about individual customers, why dialogues take place behind closed doors, why they do not report on the talks and why they do not maintain a public list of 'offending companies'. This does, however, remove the possibility of promoting their social responsibility and prevent private customers and social organisations from monitoring their activities in this arena. Although there are legal restrictions in the case of credit relationships, the same is not true for investment relationships.

There are definite opportunities for banks to be more transparent about the content and progress of the engagement pathways with existing clients, while still maintaining customer confidentiality³⁵.



Moreover, it is possible to forge an agreement with new customers that the customer relationship will be public. However, the legal restrictions do not exist in the case of investment relations, but maintaining investment relationships is still used as an argument against transparency. Additionally, nothing prevents the banks from disclosing an excluded customer. In the case of shareholding, banks also have the option of submitting (or voting on) a motion or resolution at the shareholders' meetings for specific companies.

■ The status quo

On paper, the four Australian banks have devised mechanisms to prevent Australian funds from being directed to activities that conflict with their stated principles. Although these goals could be more ambitious, this black book points out the lack of effectiveness, decisiveness, leadership and transparency when it comes to actually following through on these fine intentions. The sustainability policies of these banks appear primarily to be paper tigers. The next chapter provides additional insight into the structural problems that overshadow the palm oil sector.

Failing sustainability policy

Despite the banks' sustainability policy, funds are still being dispersed to land grabs and deforestation. This chapter demonstrates that things can be done differently.

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The industrial palm oil sector is dominated by several large multinationals, including Astra Agro Lestari, Golden Agri-Resources and Wilmar International, which have expanded their operations with the support of Australian financing to meet the increasing demand for palm oil. New plots of land are claimed — legitimately or otherwise — and deforested, and new plantations are added to the various subsidiaries of these multinationals. Each of these companies has its own long list of reported abuses on plantations around the world. Over the past 20 years, the palm oil sector has been able to pursue unbridled, destructive growth³⁶.

Herein lies the problem: the palm oil companies' organisational structure, their business operations and their inadequate control over the various divisions render sustainability policies a sham, not worth the paper they are printed on. After all, who is monitoring Wilmar's plantations? And who is collecting reliable and actionable information for NGOs, companies, banks or the government? Australian banks appear to depend on NGOs for information that exposes abuses. Data providers (and therefore the banks) mainly base their assessments on reports and media coverage. This is an extremely detrimental situation; NGOs have limited capacity and financial resources that are subject to change. In addition, NGOs should not be the consultants monitoring the impact of Australian financing. What's more, the banks are ducking their responsibility and passing it on to NGOs. And the cases that do end up in the media are just the tip of the iceberg. Many abuses are either 'too poorly documented' or 'insufficiently mediagenic' to even capture the attention of these publications. For local communities, it is often impossible to present their issues to international organisations or to garner media coverage for them. They typically do not have sufficient knowledge or funding to achieve this end; sometimes they cannot read or write, and they may not speak the right language.



The financial institutions are full of fine words, but these institutions need to have their sustainability policies in order to guarantee that no Australian financing goes to fund deforestation, land grabs and human rights violations. Moreover, engagement without transparency and exclusion has no practical relevance. When an abuse does attract interest, the company is kindly, but urgently, requested once more to satisfy the requirements of the sustainability policy³⁷. If the same company commits another abuse within two years, but on another plantation, this simply results in a new dialogue.

■ Where promises fall short

Friends of the Earth International has pursued many campaigns to support forest inhabitants worldwide in their fight against the destructive consequences of the industrial palm oil sector³⁸. We are also taking action in partnership with local groups, and in our future talks with Australian banks to persuade them to act more decisively in relation to these companies. In recent years organisations such as Oxfam Australia, Amnesty International, Greenpeace, the World Wildlife Fund and many others have drawn attention in their own way to the problems that plague this sector.

Experience has shown that the palm oil sector is — and remains — a sector that entails a high risk of deforestation, land grabs and human rights violations. Moreover, this is a structural problem. In Chapter One, we provided two examples of abuses on plantations. Despite years of pressure from NGOs, these same companies are still eligible for renewed financing and continue to be discredited with controversial plantations. Existing rankings of the ‘better’ and ‘worse’ palm oil companies do not provide any guarantees of the situation on the ground. Besides, all of these companies have passed the screening procedures of the four Australian banks and have (often repeatedly) received financing from one or more Australian banks during the 2010–2018 period.

It is time to acknowledge that the banks’ current approach is woefully inadequate. Australian banks cannot guarantee that their investments (made with consumers’ money) are not contributing to deforestation, land grabs and human rights violations. It is long past time for the banks to take responsibility for their involvement in the palm oil sector. This requires a proactive stance, in which the interests of local residents count more than customers’ profits. There is no denying it; banks must stop financing the industrial palm oil sector.

■ A different approach

Unfortunately, the ANZ, Commonwealth Bank of Australia, National Australia Bank and Westpac do not adhere the concept of making customer relationships publicly available and excluding companies in the palm oil sector in advance. They employ a variety of arguments to back up their approach. For example, the banks dismiss the abuses in the sector as isolated incidents; according to them, these abuses do not reflect a structural problem in the sector. After a multitude of documented abuses at various companies, it is clear that we can no longer talk about ‘incidents’. Another argument the banks employ is that withdrawing from the sector would mean that they could no longer influence these companies. If that influence had indeed been effective, we would already have had fewer examples of controversial plantations with those same companies. A third argument is that if other banks (who are not as interested in sustainability) take over the financing, this will further reduce the pressure on these companies. That is a possibility, but it is no reason to keep contributing to these practices. Moreover, it appears that when major financial players exclude companies or sectors, this has a substantial impact on the willingness of other financial institutions to follow this example.

We ask that the banks embrace their responsibility and partner with other banks to put their sustainability policy into practice. A more risk-averse investment strategy would be a good start. In addition, we call on the Australian government to integrate sustainability guidelines into stricter regulations for the financial sector overseas and at home.

A black book of abuses

Land grabs, deforestation and human rights violations are the order of the day in the palm oil sector. This chapter provides insight into many abuses in which the banks are also implicated.

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This chapter presents an overview of six companies in the palm oil sector that have received financing within the past eight years from at least one of the four major Australian banks³⁹. Although these companies have passed the selection criteria of ANZ, Westpac, Commonwealth Bank of Australia and National Australia Bank (and the majority of these companies continue to pass), all of these companies are – or have been— involved in various types of misconduct.

Several cases of abuses emerged from a standard media scan, and were then investigated and documented by reliable sources such as NGOs, research institutes and/or media agencies⁴⁰. The banks should be aware of these abuses; after all, these are the matter that should be detected during their own screening and monitoring procedures. This report only represents the tip of the iceberg. Our media scan was limited, while many abuses do not garner the attention of reports and the international media – meaning that the actual number of abuses is likely to be many times greater.

The abuses in this chapter are divided into eight themes, in order to highlight the nature of these problems. The details can be found in the sources listed in the company profiles, found under the blacklists. The eight types of abuses are distinguished as follows:



Labour rights: minimum standards for the labour rights of plantation workers are not respected. Examples of such labour infractions include the unannounced dismissal of employees, postponing or even neglecting to make salary payments, unsafe working conditions and child labour.



Fire: plantations are built on land claimed by burning forest or other vegetation or, when constructing plantations, the forest or plantation is set on fire after the plantation ground itself has been acquired.



Conflict: a situation in which the presence of the palm oil company provokes conflicts with, or between, the local residents. The residents stand up for their rights, but are thwarted by third parties, whereby the palm oil company either causes or aggravates the conflict. This may be a conflict between local residents and the company or between local residents and the government, but could also involve social conflicts within the communities themselves. Violent acts may be committed against the local population.



Criminalisation: a situation in which people who stand up for land or human rights are intimidated or threatened. Violence is regularly employed in these efforts, as well as arbitrary arrests or other human rights violations.



Illegalities: an umbrella term for all of the illegal activities, according to national and international guidelines, that palm oil companies can perform. Examples include falsifying environmental reports or impeding inspections.



Land grabs: a plantation that has been, or will be, developed on land that has been improperly acquired, for example by forcing the local population to relinquish their land. Land grabbing (also known as land grabs) is an overarching concept that may involve various situations, such as diverse claims of formal and informal land and use rights, plantations without official government authorisation, or the lack of correct, prior consultation with the local population (FPIC).



Deforestation: forests are cleared to either construct or expand a palm oil plantation.



Peatlands: the plantation is, or will be, constructed on peatlands.

What are the known financial ties⁴⁷?

	ANZ	Westpac	CommBank	NAB
Astra International (a subsidiary of Jardine Matheson Holdings Ltd)	Credit to Astra International Tbk PT (revolving credit facility): (2010 (2x), 2011 (1x), 2013 (1x), 2014 (1x)) Credit to Astra Agro Lestari Tbk PT (revolving credit facility): (2017 (1x))		Credit to Astra Agro Lestari Tbk PT (corporate loans): (2011 (1x), 2012 (1x))	
Goodhope Asia (a subsidiary of Carson Cumberbatch)	Credit to Goodhope Asia Holdings Ltd (2013 (3x) 2 corporate loans and 1 revolving credit facility)			
Noble Plantations Pte Ltd (a subsidiary of the Noble Group)	Credit to the Noble Group Ltd (revolving credit facility): (2010 (3x), 2012 (4x), 2013 (3x), 2014 (1x), 2015 (2x), 2016 (1x))	Credit to the Noble Group Ltd (revolving credit facility): (2010 (3x) 2011 (3x), 2012 (4x), 2013 (3x), 2014 (1x))	Credit to the Noble Group Ltd (revolving credit facility): (2010 (1x), 2011 (3x), 2012 (5x), 2013 (5x) 4 revolving credit facility and 1 corporate loan, 2014 (2x) 1 revolving credit and 1 corporate loan, 2015 (3x) 2 revolving credit and 1 corp loan, 2016 (1x))	Credit to the Noble Group Ltd (revolving credit facility): (2010 (1x), 2012 (1x), 2013 (4x), 2014 (1x), 2015 (3x) 2 revolving credit and 1 corporate loan, 2016 (1x))

	ANZ	Westpac	CommBank	NAB
Olam International Limited (a subsidiary of the Olam group)	<p>Credit to Olam International Ltd (2011 (3x) 2 corporate loans and 1 underwriting, 2012 (1x) underwriting, 2014 (5x) 3 revolving credit, 1 corporate loan and 1 underwriting, 2016 (5x) revolving credit, 2018 (1x) revolving credit)</p> <p>Credit to Olam International Group (2015 (4x) 3 revolving credit and 1 corporate loan, 2017 (6x) revolving credit facility)</p>	<p>Credit to Olam International Ltd (2014 (3x) 2 revolving credit and 1 corporate loan, 2015 (6x) 1 revolving credit facility, 1 corporate loan and 4 underwriting, and revolving credit facility in 2016 (3x) and 2017 (3x))</p>	<p>Credit to Olam International Ltd (2014 (3x) 2 revolving credit and 1 corporate loan, 2016 (3x) revolving credit, 2018 (1x) revolving credit facility)</p> <p>Credit to Olam International Group (2015 (4x) 3 revolving credit and 1 corporate loan, 2017 (6x) revolving credit facility)</p>	<p>Credit to Olam International Ltd (2011 (2x) corporate loans, 2014 (4x) 3 revolving credit and 1 corporate loan, 2015 (2x) 1 revolving credit and 1 corporate loan, and revolving credit facility in 2016 (5x), 2017 (3x) and 2018 (1x))</p>
Triputra Agro Persada (a subsidiary of the Triputra Group)	<p>Credit to the Triputra Group (2011 (1x) corporate loan, 2013 (4x) 1 revolving credit and 3 corporate loans)</p>			
Wilmar International Limited	<p>Credit to Wilmar International Ltd (corporate loans): (2010 (7x), 2011 (1x))</p>	<p>Credit to the Wilmar Group (revolving credit facility): (2011 (3x), 2012 (1x), 2013 (3x) 1 revolving credit facility and 2 corporate loans, 2014 (2x) revolving credit, 2017 (2x) revolving credit)</p>	<p>Credit to Wilmar International Ltd (2010 (7x) corporate loans, 2016 (1x) shareholding, 2017 (3x) 2 revolving credit facility and 1 corporate loan)</p> <p>Credit to the Wilmar Group (2011 (4x) 3 revolving credit and 1 corporate loan, 2012 (1x) revolving credit, 2013 (3x) 1 revolving credit and 2 corporate loans, 2014 (2x) revolving credit)</p>	<p>Credit to Wilmar International Ltd (corporate loans): (2010 (7x), 2011 (1x))</p> <p>Credit to the Wilmar Group (corporate loans): (2013 (2x))</p>

Astra International

A subsidiary of Jardine Matheson Holdings Ltd

■ Company profile

Astra International, founded in 1957, is listed on the Jakarta Stock Exchange. The company is a subsidiary of the Bermuda-registered conglomerate Jardine Matheson Holdings Limited, which is run by the influential Scottish Keswick family. The parent company was founded in 1832 by two Scots, William Jardine and James Matheson, as a trading company in China, and now employs more than 440,000 people⁴⁷. Astra International (mainly in Indonesia) and Jardine Matheson (in Southeast Asia) are active in a variety of sectors, such as the automobile industry, the hotel industry, mining, heavy equipment, financial services and agribusiness⁴⁸.

Astra International's activities in the palm oil sector are housed in the subsidiary Astra Agro Lestari (AAL), which has been listed on the Jakarta Stock Exchange since 1997. Established in the early 1980s after a merger, AAL initially focused on cassava and rubber plantations. In 1984, AAL set up its first palm oil plantation in Riau, and is nowadays considered one of the largest producers of raw palm oil (CPO) in Indonesia. For example, the most recent AAL annual report lists 46 subsidiaries. The company owns 290,961 hectares of plantations and 31 processing mills in Sumatra, Kalimantan and Sulawesi. In 2017, AAL produced no less than 1,633,806 metric tonnes of crude palm oil (CPO) and 356,595 metric tonnes of kernel oil⁴⁹. Up until 2017, the company collaborated with no fewer than 73,099 palm oil smallholders, organised into 2,736 groups. The company buys both Fresh Fruit Bunches (FFB) from smallholders (2,690,000 metric tonnes in 2017) for its own processing mills, and raw palm oil (CPO) for end products from external parties.

Initially, AAL mainly exploited palm oil plantations. However, the company became active in the downstream industry more recently and started developing export products, especially for China and the Philippines. AAL currently operates a palm oil refinery in the provinces of West Sulawesi and Riau. To market these products, AAL entered into a joint venture with Singapore-registered KL-Kepong Plantation Holdings Sdn. Bhd. Approximately 79.7% of the shares in AAL are held by Astra International, which falls under the umbrella parent company Jardine Matheson via two intermediate companies. Astra Agro Lestari is not a member of the RSPO.

■ What are the known financial ties?

- In 2010, **ANZ** extended credit two times (revolving credit facility) to Astra International Tbk PT.
- In 2011, **ANZ** extended credit once (revolving credit facility) to Astra International Tbk PT.
- In 2013, **ANZ** extended credit once (revolving credit facility) to Astra International Tbk PT.
- In 2014, **ANZ** extended credit once (revolving credit facility) to Astra International Tbk PT.
- In 2017, **ANZ** extended credit once (revolving credit facility) to Astra Agro Lestari Tbk PT.
- In 2011, **Commonwealth Bank Australia** extended credit once (corporate loan) to Astra Agro Lestari.
- In 2012, **Commonwealth Bank Australia** extended credit once (corporate loan) to Astra Agro Lestari.

Blacklist

PT Adau Agro Kalbar (PT AAK) in West Kalimantan, Indonesia

Reported abuses:

deforestation

Duration: 2006–2014



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)
- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2016), [An update on Astra Agro Lestari - One year after its new sustainability policy](#)

PT Borneo Indah Marjaya (PT BIM) in East Kalimantan, Indonesia

Reported abuses:

fire

Duration: 2015



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2016), [An update on Astra Agro Lestari - One year after its new sustainability policy](#)
- Mongabay (2016), [Fires ravaged forests in Indonesian palm oil giant Astra's land in 2015](#)

PT Cakung Permata Nusa (PT CPN) in South Kalimantan, Indonesia

Reported abuses:

fire

Duration: 2015



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2016), [An update on Astra Agro Lestari - One year after its new sustainability policy](#)
- Mongabay (2016), [Fires ravaged forests in Indonesian palm oil giant Astra's land in 2015](#)

PT Cipta Narada Lestari (PT CNL) in Central Kalimantan, Indonesia

Reported abuses:

fire

Duration: 2015



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2016), [An update on Astra Agro Lestari - One year after its new sustainability policy](#)
- Mongabay (2016), [Fires ravaged forests in Indonesian palm oil giant Astra's land in 2015](#)

PT Subur Agro Makmur (PT SAM) in South Kalimantan, Indonesia

Reported abuses:

peatlands, fire

Duration: 2009–2015



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)
- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2016), [An update on Astra Agro Lestari - One year after its new sustainability policy](#)
- Mongabay (2016), [Fires ravaged forests in Indonesian palm oil giant Astra's land in 2015](#)

PT Surya Panen Subur (PT SPS) in Aceh, Indonesia
AAL sold the plantation to the PT Agro Muja Raya (AMARA) company in 2010.

Reported abuses:

deforestation, fire

Duration: 2007–2009



Sources:

- Rainforest Action Network (2012), [Truth and Consequences](#)
- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Tri Buana Mas (PT TBM) in South Kalimantan, Indonesia

Reported abuses:

peatlands, fire

Duration: 2011–2014



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)
- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2016), [An update on Astra Agro Lestari - One year after its new sustainability policy](#)
- Mongabay (2016), [Fires ravaged forests in Indonesian palm oil giant Astra's land in 2015](#)

PT Waru Kaltim Plantation (PT WKP) in East Kalimantan, Indonesia

Reported abuses:

land grabs, conflict

Duration: 1985–2015



Sources:

- Tempoh Indonesia (2013), [Indigenous Kutai Dayak Sues Astra Agro Rp 80 Billion](#)
- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Agro Nusa Abadi (PT ANA) in Central Sulawesi, Indonesia

Reported abuses:

deforestation



Duration: 2006–2014

Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Cipta Agro Nusantara (PT CAN) in Central Sulawesi, Indonesia

Reported abuses:

deforestation



Duration: 2006–2014

Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Eka Dura Indonesia (PT EDI) in Riau, Indonesia

Reported abuses:

peatlands, deforestation



Duration: prior to 2006–2014

Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Kimia Tirta Utama (PT KTU) in Riau, Indonesia

Reported abuses:

peatlands, deforestation



Duration: prior to 2006–2014

Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Persada Dinamika Lestari (PT PDL) in South Kalimantan, Indonesia

Reported abuses:

peatlands

Duration: 2009–2011



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Sawit Jaya Abadi 1 (PT SJA 1) in Central Sulawesi, Indonesia

Reported abuses:

deforestation

Duration: 2006–2014



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Sawit Jaya Abadi 2 (PT SJA 2) in Central Sulawesi, Indonesia

Reported abuses:

deforestation

Duration: 2006–2014



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Sari Aditya Loka (PT SAL) in Aceh, Indonesia

Reported abuses:

land grabs, conflict

Duration: 2013–2014



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Subur Abadi Plantations (PT SAP) in East Kalimantan, Indonesia

Reported abuses:

deforestation

Duration: 2006–2014



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Tunggul Perkasa Plantation (PT TPP) in Riau, Indonesia

Reported abuses:

land grabs, conflict

Duration: 2011–2014



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)

PT Tunggul Perkasa Plantation 3 (PT TPP 3) in Aceh, Indonesia

Reported abuses:

deforestation (of elephant habitat)

Duration: 2008



Sources:

- Aidenvironment on behalf of Mighty, Rainforest Foundation Norway, KKI Warsi, YMP (2015), [Sustainability Assessment of Astra Agro Lestari](#)



Goodhope Asia

A subsidiary of Carson Cumberbatch

■ Company profile

Goodhope Asia is the palm oil branch of parent company Carson Cumberbatch PLC, which is listed on the Sri Lanka Stock Exchange. Carson Cumberbatch PLC began in the nineteenth century as a coffee and rubber producer and has since expanded into an empire with interests throughout Southeast Asia, including hotels, real estate and breweries⁵⁰. The company purchased its first plantation, an area of 12,000 hectares, in Central Kalimantan, Indonesia in 1996. In 2008, all of its palm oil activities were transferred to a new holding called Goodhope Asia Holdings Ltd, which is registered in Singapore. This holding includes palm oil plantations, as well as the processing of palm oil fruits to raw oil, as well as the production of edible oils and fats for both food manufacturers and end consumers. The company also offers ICT services⁵¹. Carson Cumberbatch PLC has a 53.3% stake in Goodhope Asia. Another company in the Carson Cumberbatch Group, Bukit Darah PLC, holds a 35.6% stake in Goodhope Asia, as well as being a holding company with a 45.7% stake in Carson Cumberbatch⁵².

Goodhope now owns fifteen palm oil plantations in Central, East, West and South Kalimantan, West Papua and Malaysia⁵³. The company has four processing mills in Kalimantan⁵⁴. According to its 2016–2017 annual report, Goodhope currently has a land bank of over 139,000 hectares in Indonesia, of which 69,000 hectares are planted⁵⁵. During the 2015–2016 financial year, the company produced 240,000 metric tonnes of crude palm oil (CPO)⁵⁶. The 2016–2017 annual report states that the company also purchased approximately €8.5 million⁵⁷ in Fresh Fruit Bunches (FFB).

Goodhope has been a member of the RSPO since 2 December 2014. Four mills are certified by the RSPO; two mills for the oldest plantation, PT Agro Indomas; the Sungai Binti Mill for PT Agro Bukit Central Kalimantan; and the Bukit Santuai mill for PT Agro Wana Lestari. According to the company, 70.93% of the group's total crude oil production (CPO) was certified as of 31 March 2017⁵⁸. In addition, various people from the Goodhope organisation play an active role within the RSPO. Mr Edi Suhardi, *Director of Sustainability*, is on the Board of Governors, Mrs. Lukita Wardhani, *CSR Manager*, is a member of the Complaints Panel and Mr Wilton Simanjuntak, *RSPO Manager*, is a member of the RSPO National Interpretation Task Force.

■ What are the known financial ties?

- In 2013, **ANZ** extended credit three times (two corporate loans and one revolving credit facility) to Goodhope Asia.

Blacklist

PT Agro Bukit in Borneo, Indonesia

Reported abuses:

illegalities, land grabs, conflict

Duration: 2004–2015



Sources:

- Jakarta Globe (2014), [Agro Bukit Told to Halt Operations in Disputed Area of C. Kalimantan](#)
- Rainforest Rescue (2015), [Indonesia: another senseless killing for palm oil](#)

PT Agro Indomas in Central Kalimantan, Indonesia

Reported abuses:

labour rights

Duration: 2002–present



Sources:

- RSPO complaint (2017), [Case Tracker \[Status: Box C - Panel convened\]](#)

PT Agrajaya Baktitama in West Kalimantan, Indonesia

Reported abuses:

illegalities

Duration: 2017–present



Sources:

- RSPO complaint (2017), [Case Tracker \[Status: Complaint Box D - Complaint legitimate\]](#)

PT Nabire Baru in Papua, Indonesia

Reported abuses:

illegalities, deforestation, land grabs, conflict, peatlands

Duration: 2010–present



Sources:

- Awas MIFEE (2015), [Coalition calls on Bupati to revoke PT Nabire Baru's permit](#)
- RSPO complaint (2016), [Case Tracker \[Status: Box C - Panel convened\]](#)
- Mongabay (2016), [Complaint against a palm oil company in Papua held in limbo by RSPO](#)
- CorpWatch (2016), [Goodhope Asia Accused Of Land Grabbing In West Papua For Palm Oil](#)
- RSPO complaint (2017), [Case Tracker \[Status: Complaint Box D - Complaint legitimate\]](#)
- Greenpeace (2017), [Palm oil alert: Goodhope Asia Holdings](#)
- Greenpeace (2017), [Dirty Bankers](#)

PT Sariwana Adi Perkasa (PT SAP) in Papua, Indonesia

Reported abuses:

deforestation, illegalities

Duration: 2013–present



Sources:

- RSPO complaint (2017), [Case Tracker](#) [Status: Complaint Box D - Complaint legitimate]
- Greenpeace (2017), [Dirty Bankers](#)
- Greenpeace (2017), [Palm oil alert: Goodhope Asia Holdings](#)

PT Batu Mas Sejahtera (PT BMS) in Papua, Indonesia

Reported abuses:

illegalities

Duration: 2017–present



Sources:

- RSPO complaint (2017), [Case Tracker](#) [Status: Complaint Box D - Complaint legitimate]

PT Sawit Makmur Sejahtera (PT SMS) in Papua, Indonesia

Reported abuses:

illegalities

Duration: 2017–present



Sources:

- RSPO complaint (2017), [Case Tracker](#) [Status: Complaint Box D - Complaint legitimate]

PT Sinar Sawit Andalan (PT SSA) in Papua, Indonesia

Reported abuses:

illegalities

Duration: 2017–present



Sources:

- RSPO complaint (2017), [Case Tracker](#) [Status: Complaint Box D - Complaint Legitimate]

PT Sumber Hasil Prima in Papua, Indonesia

Reported abuses:

illegalities

Duration: 2017–present



Sources:

- RSPO complaint (2017), [Case Tracker](#) [Status: Complaint Box D - Complaint Legitimate]

Noble Plantations Pte Ltd

A subsidiary of Noble Group

■ Company profile

The Noble Group Ltd trades in various commodities. The company describes itself as a ‘manager of a portfolio of global supply chains for a wide range of industrial and energy products’. The Noble Group focuses on the processing, marketing, financing and transport of these raw materials. Noble’s activities are clustered into three sectors, namely energy (oil, coal and LNG), metals & mining and ‘corporate’ (global bulk transport logistics)⁵⁹.

The Noble Group transitioned to the palm oil sector in 2010, when the company purchased the Indonesian company PT Henrison Inti Persada (PT HIP)⁶⁰, followed by PT Pusaka Agro Lestari (PT PAL) in 2011⁶¹. Both companies are direct subsidiaries of the Noble Group, under the name Noble Plantations Pte Ltd. The total land bank for both palm oil companies covers 70,705 hectares, of which 19,260 hectares were planted in 2017⁶². PT HIP has its own processing mill, while the mill for PT PAL has yet to be built. Their palm oil companies are located in Indonesia, in the provinces of West Papua and Papua. A total number of eight management units fall under these two companies.

Noble Plantations Pte Ltd has been a member of the RSPO since October 2011. At present, none of Noble’s activities are certified. Noble Plantations states that it would like to have its business operations certified by 2020. In 2017, an audit was planned for the certification of PT HIP.

Several publications refer to the unclear ownership constructions of both plantations under the Noble Group; these constructions require deep digging to determine the (current) owner relationships.

In addition, it appears that the Noble Group has been trying to sell all or parts of both plantations since 2013; this has so far proven unsuccessful⁶³. The Noble Group has also been active in the purchase and transport of palm oil since 2010⁶⁴. However, little additional information has been located to confirm these activities.

■ What are the known financial ties?

- In 2010, **ANZ** extended credit (revolving credit facility) three times to the Noble Group Ltd.
- In 2012, **ANZ** extended credit (revolving credit facility) four times to the Noble Group Ltd.
- In 2013, **ANZ** extended credit (revolving credit facility) three times to the Noble Group Ltd.
- In 2014, **ANZ** extended credit (revolving credit facility) once to the Noble Group Ltd.
- In 2015, **ANZ** extended credit (revolving credit facility) twice to the Noble Group Ltd.
- In 2016, **ANZ** extended credit (revolving credit facility) once to the Noble Group Ltd.
- In 2010, **Commonwealth Bank of Australia** extended credit (revolving credit facility) once to the Noble Group Ltd.
- In 2011, **Commonwealth Bank of Australia** extended credit (revolving credit facility) three times to the Noble Group Ltd.
- In 2012, **Commonwealth Bank of Australia** extended credit (revolving credit facility) five times to the Noble Group Ltd.
- In 2013, **Commonwealth Bank of Australia** extended credit five times (four revolving credit facility and one corporate loan) to the Noble Group Ltd.
- In 2014, **Commonwealth Bank of Australia** extended credit two times (one revolving credit facility and one corporate loan) to the Noble Group Ltd.

- In 2015, **Commonwealth Bank of Australia** extended credit three times (two revolving credit facility and one corporate loan) to the Noble Group.
- In 2016, **Commonwealth Bank of Australia** extended credit once (revolving credit facility) to the Noble Group Ltd.
- In 2010, **National Australia Bank** extended credit once (revolving credit facility) to the Noble Group Ltd.
- In 2012, **National Australia Bank** extended credit once (revolving credit facility) to the Noble Group Ltd.
- In 2013, **National Australia Bank** extended credit four times (revolving credit facility) to the Noble Group Ltd.
- In 2014, **National Australia Bank** extended credit once (revolving credit facility) to the Noble Group Ltd.
- In 2015, **National Australia Bank** extended credit three times (two revolving credit facility and one corporate loan) to the Noble Group.
- In 2016, **National Australia Bank** extended credit once (revolving credit facility) to the Noble Group Ltd.
- In 2010, **Westpac** extended credit (revolving credit facility) three times to the Noble Group Ltd.
- In 2011, **Westpac** extended credit (revolving credit facility) three times to the Noble Group Ltd.
- In 2012, **Westpac** extended credit (revolving credit facility) four times to the Noble Group Ltd.
- In 2013, **Westpac** extended credit (revolving credit facility) three times to the Noble Group Ltd.
- In 2014, **Westpac** extended credit (revolving credit facility) once to the Noble Group Ltd.

■ Blacklist

PT Henrison Inti Persada (PT HIP) in West Papua, Indonesia

Reported abuses:

land grabs, conflict, deforestation

Duration: 2011–present



Sources:

- Environmental Investigation Agency, Telepak (2012), [Clear-cut exploitation - How International Investors and REDD+ Donors Profit from Deforestation in West Papua](#)
- Mongabay (2012), [Indigenous group paid \\$0.65/ha for forest worth \\$5,000/ha in Indonesia](#)
- Council on Ethics for the Norwegian Government Pension Fund Global (2013), [Recommendation on the exclusion of Noble Group Ltd from the Government Pension Fund Global's investment universe](#)
- KLP Norway (2015), [Decision to exclude from investment](#)
- Franciscans International (2015), [Human Rights in West Papua 2015](#)
- Environmental Investigation Agency (2016), [Noble Savages HSBC's Noble Intentions](#)
- Aidenvironment, Chain Reaction Research (2016), [Noble Group: Cost of capital and deforestation risks under priced?](#)
- Greenpeace (2017), [Dirty Bankers](#)
- awas MIFEE (2017), [Malalilis oh Malalilis, what fate has befallen you?](#)
- The Guardian (2017), [Beleaguered West Papuans left to count the cost of Indonesia's palm oil boom](#)

PT Pusaka Agro Lestari (PT PAL) in Papua, Indonesia

Reported abuses:

deforestation, illegalities, land grabs, conflict

Duration: 2012–present



Sources:

- Council on Ethics for the Norwegian Government Pension Fund Global (2013), [Recommendation on the exclusion of Noble Group Ltd from the Government Pension Fund Global's investment universe](#)
- awas MIFEE (2014), [SKP: An Oil Palm Plantation is Threatening the Kamoro People in Mimika](#)
- KLP Norway (2015), [Decision to exclude from investment](#)
- Environmental Investigation Agency (2016), [Noble Savages HSBC's Noble Intentions](#)
- Aidenvironment, Chain Reaction Research (2016), [Noble Group: Cost of capital and deforestation risks under priced?](#)
- Greenpeace (2017), [Dirty Bankers](#)
- Environmental Investigation Agency (2017), [HSBC triggers investigation into its own palm oil client](#)
- The Guardian (2017), [HSBC triggers investigation into palm oil company over deforestation allegations](#)
- RSPO complaint (2017), [Case Tracker](#) [Status: Box C - Panel convened]



Olam International Limited

A subsidiary of the Olam Group

■ Company profile

Agribusiness Olam International Limited was founded in 1989 and is registered on the Singapore Stock Exchange. Its activities cover the entire supply chain – production, processing and marketing – for a range of agricultural bulk goods, such as rubber, coffee, cocoa and rice. In the case of palm oil, the activities take place throughout the chain⁶⁵.

Olam has been active in the palm oil sector since 2007, via its share in a joint venture with Wilmar under the name Nauvu Investments. Through this joint venture, Olam and Wilmar became co-owners of the SIFCA Group, NEWCO and Palm-Cl. These three companies are active in the West African palm oil sector. In March 2018, Olam sold its share in this joint venture⁶⁶. In 2010, a second joint venture was established together with Gabon's government, called Olam Palm Gabon SA, in which Olam holds a 60% share. Several plantations fall under this joint venture. Olam Palm Gabon has a total land bank of 144,000 hectares, of which 56,000 hectares are currently planted⁶⁷. According to their 2017 annual report, 55,400 hectares have been certified – including the Awala plantation, the Bilala mill and part of the Mouila plantation. In 2016, Olam Palm Gabon bought the plantation, mill, refinery and infrastructure of SIAT Gabon. RSPO certification is scheduled for 2019. The Olam Group also holds a second joint venture with Gabon's government for a smallholder project named Sotrader, in which Olam holds a 49% share. Approximately 7,500 hectares of the planned 30,000 have already been planted⁶⁸.

Olam's palm oil is processed in Gabon, Mozambique and the United Kingdom. In addition to using its own oil, Olam also processes palm oil for third parties such as Wilmar, Golden Agri-Resources, IOI and Sime Darby⁶⁹. According to this overview, there are no fewer than 1,682 mills (run by third parties) in Olam's supply chain.

According to its annual report, Temasek Holdings – a Singapore-based equity fund – and the Mitsubishi Corporation are majority shareholders in Olam, with 53.8% and 17.49% of the shares, respectively.

■ What are the known financial ties?

- In 2011, **ANZ** extended credit three times (two corporate loans and one underwriting) to the Olam International Ltd.
- In 2012, **ANZ** extended credit once (underwriting) to the Olam International Ltd.
- In 2014, **ANZ** extended credit five times (three revolving credit facility, one corporate loan and one underwriting) to the Olam International Ltd.
- In 2015, **ANZ** extended credit four times (three revolving credit facility and one corporate loan) to the Olam International Ltd. and Olam Holdings Partnerships.
- In 2016, **ANZ** extended credit five times (revolving credit facility) to the Olam International Ltd.
- In 2017, **ANZ** extended credit six times (revolving credit facility) to the Olam International Ltd. and Olam Treasury Pte Ltd.
- In 2018, **ANZ** extended credit once (revolving credit facility) to the Olam International Ltd.

- In 2014, **Commonwealth Bank of Australia** extended credit three times (two revolving credit facility and one corporate loan) to the Olam International Ltd.

- In 2015, **Commonwealth Bank of Australia** extended credit four times (three revolving credit facility and one corporate loan) to the Olam International Ltd. and Olam Holdings Partnerships
- In 2016, **Commonwealth Bank of Australia** extended credit three times (revolving credit facility) to the Olam International Ltd.
- In 2017, **Commonwealth Bank of Australia** extended credit six times (revolving credit facility) to the Olam International Ltd. and OLAM HOLDINGS BV
- In 2018, **Commonwealth Bank of Australia** extended credit once (revolving credit facility) to the Olam International Ltd.
- In 2011, **National Australia Bank** extended credit two times (corporate loans) to the Olam International Ltd.
- In 2014, **National Australia Bank** extended credit four times (three revolving credit facility and one corporate loan) to the Olam International Ltd.
- In 2015, **National Australia Bank** extended credit two times (one revolving credit facility and one corporate loan) to the Olam International Ltd.
- In 2016, **National Australia Bank** extended credit five times (revolving credit facility) to the Olam International Ltd.
- In 2017, **National Australia Bank** extended credit three times (revolving credit facility) to the Olam International Ltd.
- In 2018, **National Australia Bank** extended credit once (revolving credit facility) to the Olam International Ltd.
- In 2014, **Westpac** extended credit three times (two revolving credit facility and one corporate loan) to the Olam International Ltd.
- In 2015, **Westpac** extended credit three times (one revolving credit facility, one corporate loan and four underwriting) to the Olam International Ltd.

- In 2016, **Westpac** extended credit three times (revolving credit facility) to the Olam International Ltd.
- In 2017, **Westpac** extended credit three times (revolving credit facility) to the Olam International Ltd.

■ **Blacklist**

Maryland Oil Palm Plantation (MOPP) in Maryland County, Liberia

Olam International and Wilmar International were joint owners (50/50 share) of Nauvu Joint Venture Company, which owned 27.06% of the shares in SIFCA in 2017. In turn, the SIFCA Group owns MOPP. In March 2018, Olam sold its stake in Nauvu JV Company to Wilmar.

Reported abuses:

deforestation, labour rights, land grabs, conflict, illegalities

Duration: 2011–2017



Sources:

- Friends of the Earth Europe (2014), [Continuing to exploit and deforest – Wilmar’s ongoing abuses](#)
- Forest Peoples Programme & Social Entrepreneurs for Development (2015), [Respecting Rights? Assessing Oil Palm Companies’ Compliance with FPIC Obligations: A case study of Maryland Oil Palm Plantation in south-eastern Liberia](#)
- EPA Liberia (2017), [EPA Fines Maryland Oil Palm US\\$10K For Environmental Breach](#)

Olam Palm in Estuaire & Moyen Ogooue, Gabon

Reported abuses:

deforestation

Duration: 2012–2016



Sources:

- Rainforest Foundation UK (2013), Seeds of Destruction
- Forestheroes.org (2014), [The Green Tigers - Which Southeast Asian companies will prosper in the new age of forest conservation?](#)
- Financial times (2016), [Olam under fire over Africa deforestation](#)
- Mighty Earth & BrainForest (2016), [Palm Oil's Black Box](#)
- Oakland Institute, BiC and Accountability Counsel (2017), [Unjust Enrichment: How the IFC Profits from Land Grabbing in Africa, Inclusive Development International, in cooperation with Urgewald](#)

Triputra Agro Persada

A subsidiary of the Triputra Group

■ Company profile

Triputra Agro Persada (TAP) is a private company that belongs to the Triputra Group. This group was founded in 1998 by Theodore Rachmat and Benny Subianto, both former senior executives of the Astra Group, which is also active in the palm oil sector. The Triputra Group operates in a variety of sectors, including agribusiness, mining, clothing production and metalworking. The agribusiness branch includes the Kirana Megatara Group, which is the largest crumb rubber producer in Indonesia with a market share of 18%, and Triputra Agro Persada, which focuses on the palm oil sector. According to TAP's latest annual report, the company and its subsidiaries owned approximately 170,000 hectares of planted areas in Sumatra and Kalimantan in 2012, with a land bank totalling 299,459 hectares⁷². TAP also owns five processing mills.

TAP's reporting is not at all comprehensive; for example, the company has not produced any official reports at all since 2012. According to The Forest 500, TAP owned 380,000 hectares of a land bank by 2016, and the company plans to expand in 2020 to no less than 600,000 hectares. This makes TAP one of the top ten largest land banks of palm oil products globally. Rambu Energy reports that TAP estimated that the company had produced more than 500,000 metric tonnes of crude palm oil (CPO) in 2015⁷³.

TAP has been a member of the RSPO since 2007, and several of its plantations are certified. According to the company, it is striving to achieve certification for all of its plantations. Strikingly, TAP only indicated 29,000 hectares of palm oil soil (planted) in the RSPO's 2016 annual report, which is a fraction of the total area that the

company owns together with its subsidiary. Of the reported 29,000 hectares, 26,831 hectares was certified⁷⁴.

TAP is owned by the prosperous Rachmat family. Forbes estimates the wealth of Theodore Rachmat and his family to be \$1.4 billion⁷⁵, putting Theodore Rachmat in nineteenth place in the ranking of richest people in Indonesia. His son, Arif Rachmat, is the current CEO of TAP.

■ What are the known financial ties?

- In 2010, **ANZ** extended credit once (corporate loan) to the Triputra Agro Persada PT.
- In 2013, **ANZ** extended credit four times (one revolving credit facility and three corporate loans) to the Agro Multi Persada.

■ Blacklist

PT Dwiwira Lestari Jaya (PT DLJ) in East Kalimantan, Indonesia

Reported abuses:

deforestation, land grabs, conflict

Duration: 2006–2017



Sources:

- Chain Reaction Research (2015), [Triputra Agro Persada](#)
- Pro Berau (2017), [Geram dengan Harapan Palsu](#)

PT Salonok Ladang MAS (PT SLM) in Central Kalimantan, Indonesia

Reported abuses:

land grabs, conflict

Duration: 2004–2014



Sources:

- Mongabay (2014), [Tuntut Lahan, Ratusan Warga Desa Blokir Jalan ke Kebun Sawit \(Demanding Land, Hundreds of Villagers Blocked Road to Palm Plantation\)](#)
- Chain Reaction Research (2015), [Triputra Agro Persada](#)
- The Gecko Project & Mongabay (2017), [The Palm Oil Fiefdom](#)

PT Sumber Mahardhika Graha (PT SMG) in Central Kalimantan, Indonesia

Reported abuses:

deforestation, land grabs, conflict, criminalisation

Duration: 2006–2015



Sources:

- Mongabay Indonesia (2013), [Laporkan Kelakuan PT SMG, Warga Desa Anjang Dikriminalkan](#)
- Chain Reaction Research (2015), [Triputra Agro Persada](#)

PT Trieka Agro Nusantara (PT TAN) in Central Kalimantan, Indonesia

Reported abuses:

deforestation

Duration: 2012–2013



Sources:

- Environmental Investigation Agency (2013), [Banking on Extinction](#)
- Ecologist (2013), [HSBC loans drive deforestation and push orangutans to the brink](#)
- Oxfam Australia (2014), [Banking on shaky ground - Australia's big four banks and land grab](#)
- International Business Times (2015), [HSBC 'Funded Destruction of Indonesia Orangutan Rainforests by Palm Oil Giants'](#)

PT Anugerah Agung Prima Abadi (PT AAPA) in East Kalimantan, Indonesia

Reported abuses:

deforestation

Duration: 2006–2014



Sources:

- Chain Reaction Research (2015), [Triputra Agro Persada](#)

PT Buana Hijau Abadi (PT BHA) in West Kalimantan, Indonesia

Reported abuses:

deforestation, peatlands, fire

Duration: 2006–2015



Sources:

- Chain Reaction Research (2015), [Triputra Agro Persada](#)

PT Gawi Bahandep Sawit Mekar (PT GBSM) in Central Kalimantan, Indonesia

Reported abuses:

deforestation, peatlands, fire

Duration: 2006–2015



Sources:

- Chain Reaction Research (2015), [Triputra Agro Persada](#)

PT Graha Cakramulia (PT GCM) in Central Kalimantan, Indonesia

Reported abuses:

fire

Duration: 2013–2014



Sources:

- Chain Reaction Research (2015), [Triputra Agro Persada](#)

PT Harapan Hibrida Kalbar (PT HHK) in West and Central Kalimantan, Indonesia

Reported abuses:

land grabs, conflict, peatlands

Duration: 2007–2015



Sources:

- Chain Reaction Research (2015), [Triputra Agro Persada](#)

PT Kedap Sayaq Dua (PT KSD) in East Kalimantan, Indonesia

Reported abuses:

peatlands

Duration: 2015



Sources:

- Chain Reaction Research (2015), [Triputra Agro Persada](#)

PT Kiara Sawit Abadi (PT KSA) in West Kalimantan, Indonesia

Reported abuses:

deforestation

Duration: 2006–2014



Sources:

- Chain Reaction Research (2015), [Triputra Agro Persada](#)

PT Muara Toyu Subur Lestari (PT MTSL) in East Kalimantan, Indonesia

Reported abuses:

deforestation, fire

Duration: 2006–2014**Sources:**

- Chain Reaction Research (2015), [Triputra Agro Persada](#)

PT Pinang Witmas Abadi (PT PWA) in West Kalimantan, Indonesia

Reported abuses:

deforestation, peatlands

Duration: 2006–2015**Sources:**

- Chain Reaction Research (2015), [Triputra Agro Persada](#)

PT Sukses Karya Mandiri (PT SKM) in Central Kalimantan, Indonesia

Reported abuses:

fire

Duration: 2013–2014**Sources:**

- Chain Reaction Research (2015), [Triputra Agro Persada](#)

Wilmar International Limited

■ Company profile

Wilmar International Limited is one of the largest companies in the palm oil sector and considered a leading agribusiness group in Asia. The company is based in Singapore and was founded in 1991 by Mr Kuok, who has been active in Malaysian agribusiness since 1973 via the Kuok Group. Wilmar is listed on the Singapore Stock Exchange. Wilmar's palm oil activities cover the entire supply chain; from the cultivation of oil palms and plantation management to the pressing of fruits in the processing mills, oil processing in refineries and the production of consumer products and biodiesel. Although the core of Wilmar's activities is palm oil, the company is also active in processing and trading oilseeds and grains (including soya beans, sunflower seeds and wheat), the production and processing of sugar and the marketing of artificial fertiliser.

Wilmar has 239,935 hectares of land planted with oil palms. Of these hectares, 68% are located in Indonesia, 24% in Malaysia and 8% are in Africa. In Africa, Wilmar has plantations in Ghana, Ivory Coast, Nigeria and Uganda. Because Wilmar is also active in the processing and trading of palm oil, the company largely depends on other companies



for its supply of raw (palm) oil. Examples of companies in Wilmar's supply chain include Goodhope Asia, Bumitama Agri Ltd, Eagle High Plantations, Triputra Agro Persada and Astra Agro Lestari⁷⁷. According to Wilmar's most recent annual report from 2017, the company produced 3,900,000 metric tonnes of palm oil through its own plantations. In addition, Wilmar processed and distributed no less than 23,200,000 metric tonnes of palm oil to more than 50 different countries⁷⁸. Wilmar has more than 500 factories, distributed across 50 countries.

The main shareholders of the company are the Kuok family and Archer Daniels Midland (ADM), a commodity trader and processor. Wilmar has been a member of the RSPO since 2005. According to the company's claims, 28 processing mills and more than 80% of its planted area in Indonesia, Malaysia and Ghana are certified by the RSPO⁷⁹.

■ What are the known financial ties?

All three Australian banks have repeatedly extended credit to subsidiaries of the Wilmar Group on a long-term basis.

- In 2010, **ANZ** extended credit seven times (corporate loans) to the Wilmar International Ltd.
- In 2011, **ANZ** extended credit once (corporate loan) to the Wilmar International Ltd.
- In 2010, **Commonwealth Bank of Australia** extended credit four times (three revolving credit facility and one corporate loans) to the Wilmar International Ltd. and Wii Pte Ltd.
- In 2012, **Commonwealth Bank of Australia** extended credit once (revolving credit facility) to the Wii Pte Ltd.
- In 2013, **Commonwealth Bank of Australia** extended credit three times (one revolving credit facility and two corporate loans) to the Wii Pte Ltd.

- In 2014, **Commonwealth Bank of Australia** extended credit two times (revolving credit facility) to the Wii Pte Ltd.
- In 2016, **Commonwealth Bank of Australia** offered shareholding for the Wilmar International Ltd.
- In 2017, **Commonwealth Bank of Australia** extended credit three times (two revolving credit facility and one corporate loan) to the Wii Pte Ltd.
- In 2010, **National Australia Bank** extended credit seven times (corporate loans) to the Wilmar International Ltd.
- In 2011, **National Australia Bank** extended credit once (corporate loan) to the Wilmar International Ltd.
- In 2013, **National Australia Bank** extended credit two times (corporate loans) to the Wii Pte Ltd.
- In 2011, **Westpac** extended credit three times (revolving credit facility) to the Wii Pte Ltd.
- In 2012, **Westpac** extended credit once (revolving credit facility) to the Wii Pte Ltd.
- In 2013, **Westpac** extended credit three times (one revolving credit facility and two corporate loans) to the Wii Pte Ltd.
- In 2014, **Westpac** extended credit two times (revolving credit facility) to the Wii Pte Ltd.
- In 2017, **Westpac** extended credit two times (revolving credit facility) to the Wii Pte Ltd.

■ **Blacklist**

PT Agro Nusa Investama (PT ANI) in West Kalimantan, Indonesia

Reported abuses:

illegalities, deforestation, fire,
land grabs, conflict

Duration: 2006–2013



Sources:

- Friends of the Earth Australia (2007), [Policy, Practice, Pride and Prejudice](#)
- CAO Ombudsman (2007), [Preliminary Stakeholder Assessment. Regarding community and civil society concerns in relation to activities of the Wilmar Group of companies](#)
- RSPO complaint (2012), [Case Tracker \[Status: Box H – Closed\]](#)
- CAO Ombudsman (2014), [Indonesia: Wilmar Group-01/West Kalimantan. Final Report – CAO Dispute Resolution Function](#)
- Eric Wakker, Aidenvironment Asia (2014), [Indonesia: Illegalities in forest clearance for large scale commercial plantations](#)

PT Alam Sawit Permai in Central Kalimantan, Indonesia

Reported abuses:

deforestation, illegalities

Duration: 2006–2007



Sources:

- Friends of the Earth Australia (2007), [Policy, Practice, Pride and Prejudice](#)
- Greenpeace (2008), [Burning up Borneo](#)

PT Asiatic Persada in Jambi, Indonesia

Wilmar bought the plantation in 2006, but sold it to the Ganda Group in 2013, while being in the middle of a mediation process with local communities, the RSPO and CAO. According to SOMO (2017), the plantation's name was changed to PT Berkas Sawit Utama in December 2016.

Reported abuses:

land grabs, conflict, illegalities

Duration: 1985–2014



Sources:

- RSPO complaint (2011), [Case Tracker](#)
- CAO Ombudsman (2011), [Indonesia/Wilmar Group-03/Jambi](#)
- Forest Peoples Programme (2011), [Independent Investigation of PT AP. Human Rights abuses and land conflicts in the PT Asiatic Persada concession in Jambi](#)
- Forest Peoples Programme (2013), [Conflict or Consent? The oil palm sector at a crossroads](#)
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BIASE Plantation, PZ Wilmar Ltd in Cross River State, Nigeria

Since 2011, the Ibiae plantation has been part of PZ Wilmar Ltd, a joint venture between Wilmar International and PZ Cussons.

Reported abuses:

illegalities, land grabs, conflict,
deforestation

Duration: 2011–2017



Sources:

- RSPO complaint (2012), [Case Tracker \[Status: Box H - Closed\]](#)
- Friends of the Earth (2015), [Exploitation and Empty Promises: Wilmar's Nigerian land grab](#)
- UNEP (2016), [Palm Oils Paradox](#)
- Ojo, Godwin (2017), [Oil palm in the wider landscape and threats to Nigeria's forests](#)



Bidco Uganda Limited in Kalangala islands, Uganda

Bidco Uganda Limited is a joint venture of Wilmar International, Josovina Commodities Pte and Bidco Oil Refineries Ltd. Wilmar International holds a 39% share in Bidco (annual report 2017).

Reported abuses:

deforestation, land grabs, conflict

Duration: 2014–present



Sources:

- Friends of the Earth Europe (2014), [Continuing to exploit and deforest: Wilmar's ongoing abuses](#)
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PT Buluh Cawang Plantation in West Kalimantan, Indonesia

Reported abuses:

deforestation, fire, illegalities

Duration: 2006



Sources:

- Friends of the Earth Australia (2007), [Policy, Practice, Pride and Prejudice](#)
- Eric Wakker, Aidenvironment Asia (2014), [Indonesia: Illegalities in Forest Clearance for Large Scale Commercial Plantations](#)

PT Bumi Pratama Khatulistiwa in West Kalimantan, Indonesia

Reported abuses:

fire, conflict

Duration: 2000–2017



Sources:

- Friends of the Earth Australia (2007), [Policy, Practice, Pride and Prejudice](#)
- RSPO complaint (2016), [Case Tracker](#) [Status: Case closed]

PT Bumi Sawit Kencana II, in Central Kalimantan, Indonesia

Reported abuses:

land grabs, conflict

Duration: 2016–present



Sources:

- RSPO complaint (2016), [Case Tracker](#) [Status: Box C - Panel convened]
- Forest Peoples Programme (2018), [Wilmar international implicated in police shooting of two farmers on oil palm estate](#)

Calaro Plantation, PZ Wilmar Ltd in Cross River State, Nigeria

Since 2011, the Calaro Plantation has been part of PZ Wilmar Ltd, a joint venture between Wilmar International and PZ Cussons.

Reported abuses:

illegalities, land grabs, conflict, deforestation

Duration: 2011–2017



Sources:

- RSPO complaint (2012), [Case Tracker](#) [Status: Box H - Closed]
- Friends of the Earth (2015), [Exploitation and Empty Promises: Wilmar's Nigerian land grab](#)
- UNEP (2016), [Palm Oils Paradox](#)
- Ojo, Godwin (2017), [Oil palm in the wider landscape and threats to Nigeria's forests](#)

PT Daya Labuhan Indah in North Sumatra, Indonesia

Reported abuses:

labour rights

Duration: 2016



Sources:

- Amnesty International (2016), [The Great Palm Oil Scandal](#)
- Amnesty International (2016), [Global brands profiting from child and forced labour](#)

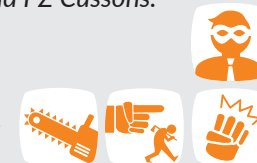
Ibiae plantation, PZ Wilmar Ltd in Cross River State, Nigeria

Since 2011, the Ibiae plantation has been part of PZ Wilmar Ltd, a joint venture between Wilmar International and PZ Cussons.

Reported abuses:

illegalities, deforestation, land grabs, conflict

Duration: 2011–2017



Sources:

- RSPO complaint (2012), [Case Tracker](#) [Status: Box H - Closed]
- Friends of the Earth (2015), [Exploitation and Empty Promises: Wilmar's Nigerian land grab](#)
- UNEP (2016), [Palm Oils Paradox](#)
- Ojo, Godwin (2017), [Oil palm in the wider landscape and threats to Nigeria's forests](#)

PT Jatim Jaya Perkasa in Riau, Indonesia

Wilmar sold this plantation to the Ganda Group in 2005.

Both sources describe abuses at the time of Wilmar's ownership.

New abuses were reported under the ownership of Ganda as well.

Reported abuses:

illegalities, fire, peatlands,
deforestation (of tiger habitat)

Duration: 2003–2005

(2005–2013 under the Ganda Group)



Sources:

- Friends of the Earth Australia (2007), [Policy, Practice, Pride and Prejudice](#)
- Greenpeace (2013), [License to Kill](#)

PT Kerry Sawit Indonesia in Central Kalimantan, Indonesia

Reported abuses:

fire, peatlands

Duration: 2006–2015



Sources:

- Friends of the Earth Australia (2007), [Policy, Practice, Pride and Prejudice](#)
- Friends of the Earth (2015), [Up in Smoke](#)

Maryland Oil Palm Plantation (MOPP) in Maryland County, Liberia

Olam International and Wilmar International were joint owners (50/50 share) of Nauvu Joint Venture Company, which in 2017 held 27.06% of the shares in the SIFCA Group. In turn, SIFCA owns MOPP. In March 2018, Olam sold its share in Nauvu to Wilmar.

Reported abuses: deforestation, labour rights, land grabs, conflict, illegalities

Duration: 2011–2017



Sources:

- Friends of the Earth Europe (2014), [Continuing to exploit and deforest: Wilmar's ongoing abuses](#)
- Forest Peoples Programme & Social Entrepreneurs for Development (2015), [Respecting Rights? Assessing Oil Palm Companies' Compliance with FPIC Obligations: A case study of Maryland Oil Palm Plantation in south-eastern Liberia](#)
- EPA Liberia (2017), [EPA Fines Maryland Oil Palm US\\$10K For Environmental Breach](#)

PT Mustika Sembuluh in Central Kalimantan, Indonesia

Reported abuses:

land grabs, conflict

Duration: 1996–unknown



Sources:

- Forest Peoples Programme (2013), [Conflict or Consent? The oil palm sector at a crossroads](#)
- RSPO complaint (2017), [Case Tracker](#) [Status: Box J - No case - Closed]

Obasanjo plantation, PZ Wilmar Ltd in Cross River State, Nigeria

Wilmar International purchased the plantation from Obasanjo Farms in 2012. Some of the conflict with the local communities has its origins in the time before Wilmar's purchase of the plantation. Obasanjo plantation is part of PZ Wilmar Ltd, a joint venture between Wilmar International and PZ Cussons.

Reported abuses:

illegalities, deforestation, land grabs, conflict

Duration: 2001–2015



Sources:

- GRAIN (2013), [Stolen Land: Nigerian villagers want their land back from Wilmar](#)
- Friends of the Earth (2015), [Exploitation and Empty Promises: Wilmar's Nigerian land grab](#)
- UNEP (2016), [Palm Oils Paradox](#)

PT Permata Hijau Pasaman I in West Sumatra, Indonesia**Reported abuses:**

land grabs, conflict, criminalisation

Duration: 1999–present**Sources:**

- Friends of the Earth Australia (2007), [Policy, Practice, Pride and Prejudice](#)
- Forest Peoples Programme (2013), [Conflict or Consent? The oil palm sector at a crossroads](#)
- RSPO complaint (2014), [Case Tracker \[Status: Box F - Action plan\]](#)
- Forest Peoples Programme (2015), [Palm oil giant Wilmar resorts to dirty tricks](#)
- Mongabay (2017), [Wilmar grabbed indigenous lands in Sumatra, RSPO finds](#)
- Tempo.co (2018), [The Oil Palm Giant's Troubles](#)

PT Primatama Mulya Jaya (PT PMJ) in West Sumatra, Indonesia*This is one of the three cases examined in Chapter One.***Reported abuses:**

land grabs, criminalisation

Duration: 1996–present**Sources:**

- Antara Sumbar (2015), [Masyarakat Sungaitalang Klaim Lahan PT PMJ](#)
- Harian Haluan (2016), [PT PMJ Tuduh Pemuda Curi Sawit, Pucuk Adat Minta Terdakwa Dibebaskan](#)
- SUMBAR Today (2017), [Pekat IB Sumbar, Akan Tuntaskan Tanah Ulayat yang Dirampas PT. PMJ](#)

PT Perkebunan Milano in North Sumatra, Indonesia**Reported abuses:**

illegalities, labour rights (child labour)

Duration: 2016**Sources:**

- Amnesty International (2016), [The Great Palm Oil Scandal](#)
- Amnesty International (2016), [Global brands profiting from child and forced labour](#)

PT Sarana Titian Permata in Central Kalimantan, Indonesia**Reported abuses:**

fire (on HCV ground), peatlands

Duration: 2006**Sources:**

- FoE Australia (2007), [Policy, Practice, Pride and Prejudice](#)
- Friends of the Earth (2015), [Up in Smoke](#)

PT Sawindo Cemerlang in Gorontalo, Indonesia

This plantation falls under the palm oil company Kencana Agri Limited; Wilmar International has a 20% stake in this company.

Reported abuses:

land grabs, conflict, deforestation
(of HCS forest)



Duration: unknown–2014

Sources:

- Friends of the Earth Europe (2014), [Continuing to exploit and deforest: Wilmar's ongoing abuses](#)
- Greenomics (2014), [As a strategic shareholder, is this in line with Wilmar's No Deforestation Policy?](#)
- Mongabay (2014), [Despite green pledge, Wilmar partner continues to destroy forest for palm oil](#)

PT Sawit Tiara Nusa in Gorontalo, Indonesia

This plantation falls under the palm oil company Kencana Agri Limited; Wilmar International has a 20% stake in this company.

Reported abuses:

deforestation (of HCS forest)

Duration: 2013–2014

**Sources:**

- Greenomics (2014), [As a strategic shareholder, is this in line with Wilmar's No Deforestation Policy?](#)
- Mongabay (2014), [Despite green pledge, Wilmar partner continues to destroy forest for palm oil](#)

PT Wilmar Sambas plantation (PT WSP) in West Kalimantan, Indonesia**Reported abuses:**

land grabs, conflict, deforestation,
fire, illegalities

Duration: 2006–unknown

**Sources:**

- Friends of the Earth Australia (2007), [Policy, Practice, Pride and Prejudice](#)
- CAO Ombudsman (2007), [Preliminary Stakeholder Assessment. Regarding community and civil society concerns in relation to activities of the Wilmar Group of companies](#)
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- Eric Wakker, Aidenvironment Asia (2014), [Indonesia: Illegalities in forest clearance for large scale commercial plantations](#)

PT WINA (Mekar Bumi Andalas) in East Kalimantan, Indonesia

Reported abuses:

land grabs, conflict, illegalities

Duration: 2013–2015



Sources:

- RSPO complaint (2013), [Case Tracker](#) [Status: Box H - Case closed]
- The Jakarta Post (2014), [Wilmar accused of breaking deforestation agreement](#)

PT Agrindo Indah Persada (PT AIP) in Jambi, Indonesia

Reported abuses:

deforestation (of tiger habitat)

Duration: 2009–2013



Sources:

- Greenpeace (2013), [License to Kill](#)

PT Rimba Harapan Sakti in Central Kalimantan, Indonesia

Reported abuses:

fire, peatlands

Duration: 2015



Sources:

- Friends of the Earth (2015), [Up in Smoke](#)

Recommendations

This chapter contains recommendations for financial institutions and politicians regarding sustainable investments that respect nature, the environment and the local population.

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▼ SOURCES



This black book shows that ANZ, Macquarie Group, Westpac, Commonwealth Bank of Australia and National Australia Bank have invested in palm oil companies for decades. Time after time, these companies have been found guilty of deforestation, land grabs and human rights violations. After years of pressuring these financial institutions to hold the palm oil companies accountable for their practices, the time for empty (paper) promises has truly come to an end.

This report proves how the sector's problems are far more endemic than mere 'incidents'. Land grabs, deforestation and human rights violations are the order of the day in the industrial palm oil sector. Moreover, this report shows that the four banks are not effectively compelling these palm oil companies to run socially responsible operations. Maintaining financial relationships with these palm oil companies will not solve the sector's issues. On the contrary, this only keeps the destructive practices in place. Friends of the Earth Australia is calling on the three banks to cut all financial ties with the industrial palm oil sector.

■ International agreements

We focus in this report on the behaviour of the four major Australian banks, but other financial players also need to improve their policies. That is why Friends of the Earth Australia argues for regulations that apply to all financial institutions.

We refer specifically to the following process, which could ensure that financial institutions integrate ESG criteria into their operational management:

- The [UN Treaty on Business and Human Rights](#) has been drafted by the UN Human Rights Council. This treaty will oblige international companies to respect human rights. Because this treaty aims to be legally binding, sanctions can be imposed on companies that do not comply. It also empowers citizens to hold companies liable for human rights violations. The financial sector should also be covered by this treaty. The financing of companies guilty of human rights violations cannot continue with impunity.



■ Financial institutions

Friends of the Earth Australia asks that financial institutions in general – and ANZ, Macquarie Group, Westpac, Commonwealth Bank of Australia and National Australia Bank in particular:

- Refrain from forging new relationships with companies in the industrial palm oil sector, and that they sever their existing ties as quickly as possible. This involves an array of financial services:
 - Loans, revolving credit facilities and project financing.
 - Issuing, purchasing or offering shares and bonds.
 - Offering investment funds that include these companies.
- Become a role model for international financial institutions that are active in the industrial palm oil sector, and publicly advance this aim in collaborations and international financial forums.
- For new and existing financing and investment decisions in other sectors, to prioritise environmental, social and governance (ESG) risks and to exclude from their portfolios sectors that involve greater risks of deforestation, land grabs and human rights violations (risk-based divestment).
- Only enter into new financial relationships with companies that have demonstrably committed to achieving a positive social impact for people and the environment.
- Encourage responsible financing for small farmers engaged in agro-ecology, community-based forest management and other sustainable methods of land and forest management.
- Publicly call for improved regulations for financial services, in accordance with the Paris Agreement and the Sustainable Development Goals. Such as the United Nations Treaty on Business and Human Rights.



Friends of the Earth Australia asks Australian financial institutions to take additional steps in the area of transparency, namely:

- When entering into new financing and investment relations, to ensure (contractually or otherwise) that customer relationships can be made public and that financing relationships can be dissolved if customers violate sustainability policies.
- To be transparent and to publicly report on discovered abuses that are linked to existing financial relationships, and to make clear which steps the banks have taken or intend to take (including agreements and timeline).
- To be transparent and to publicly report on the ESG risks of the bank. To also focus – in the reporting – on policies that reduce risks and on the available opportunities for contributing to the Paris Agreement and the Sustainable Development Goals of the UN. This will require that the banks demand greater transparency from the companies with which they have a financial relationship.

■ The Australian government

Friends of the Earth Australia requests that the Australian government:

- Introduces regulations that obligate financial institutions to prioritise the ESG risks of financing and investment decisions.
- Introduce an Australian binding duty of vigilance law that gives impacted communities access to remedy in Australia.
- Advocates for a strong and binding [UN Treaty on Business and Human Rights](#) and to actively apply such a treaty to the financial sector.
- Conveys the aforementioned recommendations for financial institutions to government banks, such as Australia Export-Import Bank and EFIC, as well as to the sector associations and lobby organisations of which the banks are members.



Terminology and abbreviations

CEO	Chief Executive Officer	NDPE	No deforestation, no peat, no exploitation
CO₂	Carbon dioxide	NGO	Non-governmental organisation
CPO	Crude Palm Oil	NIBM	Norges Bank Investment Management
CSR	Corporate Social Responsibility	OECD	Organisation for Economic Co-operation and Development
DRC	Democratic Republic of Congo	PT	Perseroan Terbatas (Bahasa), wordt gebruikt om een Naamloos Venootschap (N.V.) aan te duiden
ESG	Environmental, Social & Governance	PT PMJ	Primatama Mulya Jaya
EU	European Union	RSPO	Roundtable on Sustainable Palm Oil
FAO	Food and Agriculture Organization of the United Nations	SDI	Sustainable Development Institute
FNV	Federatie Nederlandse Vakbeweging	TCFD	Task Force on Climate Related Financial Disclosure
FoE	Friends of the Earth	UN	United Nations
FoEE	Friends of the Earth Europe	WALHI	Wahana Lingkungan Hidup Indonesia
FPIC	Free, Prior and Informed Consent	Wilmar	Wilmar International Limited
FSC	Forest Stewardship Council	WNF	Wereld Natuur Fonds
HCV	High Conservation Value		
HCS	High Carbon Stock		
IUCN	International Union for Conservation of Nature		
IFC	International Finance Corporation (part of the World Bank Group)		
LNG	liquefied natural gas		
Ltd	Limited company		
MT	metric ton		
NCP	National Contact Point		

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- 6 such as the [IFC Performance Standards](#)
- 7 such as the [UN Global Compact](#) and the [UN Principles for Responsible Investment](#) (UNPRI)
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