

Particulars

About Your Organisation

1.1 Name of your organisation

International Finance Corporation (IFC)

1.2 What is/are the primary activity(ies) or product(s) of your organisation?

- ☐ Palm Oil Grower
- ☐ Processor and/or Trader
- ☐ Consumer Goods Manufacturer
- ☐ Retailer
- ☒ Bank and/or Investor
- ☐ Social and/or Development NGO
- ☐ Environmental and/or Conservation NGO
- ☐ Affiliate

1.3 Membership number

5-0002-05-000-00

1.4 Membership category

Banks and Investors

1.5 Membership sector

Ordinary

Bank & Investors

1. Operational Profile

1.1 Please state your company's main activity(ies) within palm oil-related financing. Please select all applicable option(s).

- ☐ Corporate / Commercial Banking
- ☐ Trade Finance
- ☐ Private Banking
- ☐ Investment / Equity
- ☐ Debt / Capital Market
- ☒ Other

Other

Advisory Project: Supporting the Indonesia Palm Oil Development for Smallholders project.

2. Operations in Palm Oil

2.1 What types of financial services does your company provide to the palm oil industry?

- ☐ Trade Solutions
- ☐ Lending/Loans
- ☐ Leasing
- ☐ Treasury Products
- ☐ Cash Management Products
- ☐ Investments
- ☐ Insurance
- ☒ Other

Other

No investment in this period.

2.2 For your company's palm oil-related activities, which geographic region(s) do you operate in?

- ☐ Worldwide
- ☐ Africa
- ☐ Europe
- ☐ North America
- ☐ South America
- ☐ Middle East
- ☐ China
- ☐ India
- ☒ Indonesia
- ☐ Malaysia
- ☐ Oceania
- ☐ Rest of Asia

3. Palm Oil Policy and Progress**3.1 Does your company have a lending or investment policy on palm oil?**

Yes

3.2 Which supply chain sectors does your palm oil policy cover?

- ☒ Growers
- ☒ Traders
- ☒ Processors
- ☒ Consumer Goods Manufacturers
- ☒ Retailers
- ☐ Others

Others

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3.3 Does your policy on palm oil make a specific reference to RSPO-certified sustainable palm oil and oil palm products, and/or RSPO certification?

Yes

3.4 Does your company have a policy that requires all your palm oil clients to be RSPO members?

Yes

3.5 Does your company require your clients to have a public TimeBound Plan for 100% RSPO certification or uptake?

Yes

3.6 When do you expect to require all your Grower clients to be RSPO certified?

2018

3.7 When do you expect to require your clients in all other sectors to be RSPO certified?

2020.0

3.8 Which regions do the above commitments cover?

- ☐ Worldwide
- ☒ Africa
- ☐ Europe
- ☐ North America
- ☒ South America
- ☐ Middle East
- ☒ China
- ☒ India
- ☒ Indonesia
- ☐ Malaysia
- ☐ Oceania
- ☐ Rest of Asia

3.9 What measures do you take if a client is not meeting the requirements of your policy on palm oil?

Generally, potential clients who are not RSPO members will be recommended to join RSPO. IFC then would expect the firm to follow the RSPO Codes of Conduct if it is a grower client or to follow the supply chain requirements for supply chain clients.

3.10 Do you proactively engage with your clients to support and join the RSPO?

Yes

3.11 Did members of your company participate in RSPO working groups and/or taskforces during the reporting period?

Yes

3.12 Does your company have any collaborations with public or private sector palm oil industry players to support them in their efforts to increase the production or consumption of certified sustainable palm oil (CSPO)?

Yes

3.13 What other activities have your company undertaken to promote RSPO-certified sustainable palm oil and oil palm products during the reporting period?

IFC continues to work on its Indonesia smallholder palm project to build the technical capacity of independent smallholders, link them closer to mills and improve the sustainability of production. Two farmer group associations (FGAs) were established and have obtained RSPO Certification (both in October 2019). Two additional FGAs are planned to be RSPO Certified in 2020. IFC was an active member of RSPO's working groups in supporting smallholder inclusion in the RSPO system. It was a member of the Smallholder Interim Group (SHIG) that developed the new RSPO standard for certification of independent smallholders and contributed significantly (under the Curriculum Development Committee) to the development of the curriculum of the Smallholder Trainer Academy. IFC contributed to the RSPO, a set of Learning Posters and supporting guides on Best Management Practices to enhance smallholders training on production of sustainable oil. These learning materials have been used for the IFC's independent smallholders project. IFC remains an active participant in the RSPO FITF and is also working closely to support the development of a more environmentally and socially responsible financial sector in Indonesia, which is better able and informed to support sustainable palm oil development. IFC is also part of the Good Growth Partnership (GGP) that aims to reduce deforestation in tropical commodity supply chains. This is a GEF-funded program that includes palm oil in Indonesia, led by UNDP with IFC as a partner along with WWF, Conservation International and UNEP-FI. IFC actively involves in regular meeting sessions among GGP partners to actively promote collaboration and synergy among GGP partners.

4. Actions for Next Reporting Period

4.1 Please outline activities that your company will take in the coming year to promote the production or consumption of certified sustainable palm oil (CSPO)

Over the next 12 months, IFC plans to complete its smallholder palm projects in Sumatra. At completion, the project will have enabled some 50,000 smallholders to receive training in Best Management Practices and Sustainability and supported certification of 2,000 independent smallholders across four project locations in Sumatra. IFC will launch an e-learning platform for smallholders using a mobile application in Q3, 2020. The conventional extension service practices in which the extension workers provide face-to-face training to farmers have some limitation to reach wider palm oil supply chains, particularly independent smallholders who are located in dispersed and remote farm sites. Recent advances in digital technology and the penetration of smartphones into rural areas provide strong opportunities for delivering extension services to smallholder farmers through a digital platform. IFC is also part of the Good Growth Partnership (GGP) that aims to reduce deforestation in tropical commodity supply chains. IFC will continue to promote collaboration and synergy among GGP partners and encourage the participation of key stakeholders in the effort to promote sustainable commodity production and also maintains forests and important ecosystem services. IFC also scale up the smallholders project with GGP partners to facilitate and provide access for methodology training and training materials to UNDP with collaboration with Musim Mas in Pelalawan, Riau province, Indonesia.

5. Shared Responsibility

The Board of Governors of the Roundtable on Sustainable Palm Oil (RSPO) approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility indicators will be done through several channels, including ACOP. As the implementation of Shared Responsibility reporting is still on-going and in development, the Shared Responsibility section in ACOP is not yet final and may change in future ACOP cycles. For more information on Shared Responsibility, please go to <https://rspo.org/news-and-events/news/what-are-the-new-shared-responsibility-rules> or email the ACOP team at acop@rspo.org

Labour & Labour Rights

5.1 Does your company have a publicly-available policy covering Labour & Labour Rights?

Yes

5.1.1 Does the policy cover:

- ☒ No discrimination
- ☒ Wage and working conditions
- ☒ Freedom of association
- ☒ No child labour
- ☒ No harassment
- ☒ No forced or trafficked labour

5.1.2 Has your company previously uploaded or linked its Labour & Labour Rights policy in previous ACOP reporting cycles?

Yes

Ethical Conduct & Human Rights

5.2 Does your company have a publicly-available Policy covering Ethical Conduct & Human Rights?

Yes

5.2.1 Does the policy cover:

- ☒ Recruitment
- ☒ Contractors
- ☒ Sub-Contractors & Third-Party Contractors

5.2.2 Has your company previously uploaded or linked its Ethical Conduct & Human Rights policy in previous ACOP reporting cycles?

Yes

Land Use

5.3 Does your company have a publicly-available Policy covering Land Use?

Yes

5.3.1 Does the policy cover:

- ☒ Free Prior and Informed Consent (FPIC)
- ☒ Compensation

5.3.2 Has your company previously uploaded or linked its Land Use policy in previous ACOP reporting cycles?

Yes

Occupational Health & Safety**5.4 Does your company have a publicly-available Policy covering Occupational Health & Safety?**

Yes

5.4.1 Has your company previously uploaded or linked its Occupational Health & Safety policy in previous ACOP reporting cycles?

Yes

Climate Change & Greenhouse Gas (GHG)**5.5 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG)?**

Yes

5.5.1 Does the policy cover:

- ☒ Identification and assessment of GHG
- ☒ Public reporting of GHG footprint
- ☒ Monitored implementation plan to reduce or minimise GHG emissions

5.5.2 Has your company previously uploaded or linked its Climate Change & Greenhouse Gas policy or report in previous ACOP reporting cycles?

No

Complaints & Grievances**5.6 Does your company have a Complaints & Grievances Mechanism?**

Yes

5.6.1 Is your Complaints & Grievances mechanism in line with the RSPO's grievance mechanism? For details of the RSPO's grievance mechanism, please go to <https://askrspo.force.com/Complaint/s/>

Yes

Smallholders**5.7 Does your company support oil palm independent smallholder groups?**

Yes

5.7.1 Does this support cover:

- ☐ Fair and transparent dealings with Smallholders
- ☒ Improved Smallholder livelihoods

5.7.2 How is your company supporting them?

IFC has an ongoing advisory project working with a company to build the capacity of independent smallholders in Indonesia. The project is running at one site in North Sumatra province and three sites in Riau province. The project is developing a range of agricultural services for farmers and helping to improve extension services provided by off-takers and local agents. This includes a fertilizer procurement and distribution scheme. As well as technical capacity building, the project has supported certification of over 700 independent smallholders from two farmer group associations from two project locations and has begun the process of certification another 700 smallholders from another two project locations in Riau province. As part of the certification effort and broader project implementation.

6. Challenges

6.1 What significant obstacles or challenges has your company encountered in the promotion of certified sustainable palm oil (CSPO)? What efforts has your company taken to address these obstacles or challenges?

- ☐ Awareness of RSPO in the market
- ☐ Difficulties in the certification process
- ☐ Certification of smallholders
- ☐ Competition with non-RSPO members
- ☐ High costs in achieving or adhering to certification
- ☐ Human rights issues
- ☐ Insufficient demand for RSPO-certified palm oil
- ☐ Low usage of palm oil
- ☐ Reputation of palm oil in the market
- ☐ Reputation of RSPO in the market
- ☐ Supply issues
- ☐ Traceability issues
- ☐ No challenges faced
- ☒ Others

Others

The inclusion of smallholders and independent mills remains a major challenge for the RSPO. IFC is addressing this by engaging with all stakeholders within the supply chain, as well as smallholders themselves, to develop a viable and sustainable business model for smallholders. To achieve full market transformation, it is necessary to promote uptake of CSPO in emerging markets, but current uptake is limited. One key reason is the lack of a compelling business case for increased purchasing of CSPO, as well as uncertain government support and a confusing policy environment. IFC supports further collaboration and knowledge sharing among stakeholders to address some of the most challenging environmental, social and economic obstacles to the production, procurement and uptake of CSPO. IFC is working to play a convening role in different forums, it remains an active participant in the RSPO FITF and has a current MoU with the RSPO regarding the sharing of its smallholder training materials.

6.2 In addition to the actions already reported in this ACOP report, what other ways has your company supported the vision of the RSPO to transform markets to make sustainable palm oil the norm?

- ☒ Engagement with business partners or consumers on the use of CSPO
- ☐ Engagement with government agencies
- ☐ Promotion of CSPO outside of RSPO venues such as trade workshops or industry associations
- ☐ Promotion of physical CSPO
- ☒ Providing funding or support for CSPO development efforts
- ☐ Research & Development support
- ☒ Stakeholder engagement
- ☐ No actions taken
- ☐ Others

Others

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6.3 If your company has any other publicly-available reports or information regarding its palm oil-related policies and activities, please provide the links here

<https://www.rspo.org/resources/smallholders-documents/linking-learning/additional-resources-relating-to-smallholder>
<https://www.youtube.com/watch?v=BARF0Exyflw>