

Particulars

About Your Organisation

1.1 Name of your organization

International Finance Corporation (IFC)

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

- ☐ Grower
- ☐ Processor and/or Trader
- ☐ Consumer Goods Manufacturer
- ☐ Retailer and/or Wholesaler
- ☒ Bank and/or Investor
- ☐ Social and/or Development NGO
- ☐ Environmental and/or Conservation NGO
- ☐ Supply Chain Associate
- ☐ Affiliate

1.3 Membership number

5-0002-05-000-00

1.4 Membership category

Banks and Investors

1.5 Membership sector

Ordinary

Bank and/or Investor**1. Operational Profile**

1.1 Please state your main activity(ies) within the palm oil supply chain. Please select the option(s) that apply to you

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

Other:

2. Operations in Palm Oil

2.1 What are the various types of financial services to the palm oil sector provided by your organisation?

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

Other:

2.2 What geographic region(s) do you operate in for the palm oil business?

Africa, South America, China, India, Indonesia

3. Palm Oil Policy and Progress

3.1 Does your organisation have a lending or investment policy on palm oil?

Yes

3.2 Which sub-sectors does your palm oil policy cover?

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

3.2 Others

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

Yes

3.4 Do you have a policy that requires all your palm oil customers to be RSPO members?

Yes

3.5 Do you require your customers to have a public Time-Bound Plan* for 100% RSPO certification?

Yes

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

2018

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

2020

3.8 In which regions do the above commitments cover?

Worldwide

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

Generally potential clients whom are not RSPO members will be recommended to join RSPO. IFC then would expect the firm to follow the RSPO Codes of Conduct.

3.10 Do you proactively engage with your customers to support and ask them to join the RSPO?

Yes

3.11 What other activities have you undertaken in the reporting year to promote RSPO-certified sustainable palm oil and oil palm products?

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. IFC continues to support the international trade of CSPO through the promotion of its sustainable Letter of Credit for RSPO certified palm oil.

IFC remains an active participant in the RSPO FITF and is also working closely with Otoritas Jasa Keuangan (OJK), the Indonesia Financial Services Authority, to build capacity and provide direct technical support. IFC has provided in-depth technical assistance in developing the Sustainable Finance Roadmap and Umbrella Policy policy, convening focus group discussions and leading the drafting of the academic paper that undergirds the new policy. IFC has provided training in collaboration with OJK to ensure that financial institutions can implement the policy, conducting training of trainers to establish knowledge resources to sustain the growth of sustainable finance in the market. All of these activities 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 held series of sharing sessions among GGP partners to actively promote collaboration and synergy among GGP partners.

In March 2018, IFC conducted a workshop to convene industry stakeholders and discuss the progress and challenges of developing traceability systems for independent oil palm smallholders in Indonesia. The workshop objectives are to share experiences and lessons learned, clarify definitions of traceability, elucidate the roles and responsibilities of industry stakeholders, and better understand the incentives and physical interventions needed to support traceability for smallholders.

4. Actions for Next Reporting Period**4.1 Outline actions that will be taken in the coming year to promote RSPO-certified sustainable palm oil and oil palm products.**

Over the next two years IFC will bring to a close its smallholder palm projects in Sumatra, at completion the project will have directly trained 50, 000 smallholders in best management practices and sustainability certified 2, 000 independent smallholders across four project locations in Sumatra.

IFC is also part of the Good Growth Partnership (GGP) that aims to reduce deforestation in tropical commodity supply chains. In Jan 2019, IFC will hold a workshop with other GGP partners to share knowledge and lessons learned so far among the GGP partners and with key stakeholders in the Government of Indonesia and major players in the sustainable palm oil supply chain. It is expected that the workshop will stimulate more collaboration and synergy among the 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.

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5. Non-Disclosure

5.1 Information in the sections above are mandatory declarations in your ACOP. For confidentiality purposes, members may choose not to display data in Section 3 publicly; however, RSPO reserves the right to utilise the member's data on an aggregate basis for sectoral and total analysis. Please check this box if the member consents to have the data in Section 3 displayed publicly.

Yes - Display Publicly

6. Application of Principles & Criteria for all member sectors

6.1 Regarding your company's investment policies, do you have position statements and/or policies related to dealings in the palm oil industry that are in line with RSPO P&C. Select all relevant options.

6.1.A Water, land, energy and carbon footprints

File: --

Link: --

6.1.B Land use rights

File: --

Link: --

6.1.C Ethical conduct and human rights

File: --

Link: --

6.1.D Labour rights

File: --

Link: --

6.1.E Stakeholder engagement - Name

File: --

Link: --

6.1.F None of the above. Please explain why.

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6.2 What best practice guidelines or information has your organisation provided in the past year to facilitate production and consumption of RSPO-certified sustainable palm oil and oil palm products? What languages are these guidelines available in?

The WBG and IFC continue to abide by the The World Bank Group Framework and IFC Strategy for Engagement in the Palm Oil Sector that was produced in 2011. This is available in English, French, Spanish and Bahasa Indonesia. The 2012 edition of IFC's Sustainability Framework and Performance standards applies to all investment and advisory clients whose projects go through IFC's initial credit review process after January 1, 2012. The Performance Standards are available in English, French, Spanish, Arabic, Chinese, Russian, Portuguese and Turkish; the Guidance Notes are available in English, French, Spanish, Arabic, Chinese, Russian and Portuguese. Additional training Resources on the Performance Standards are also available. The WBG has also developed Environmental, health and safety guidelines for vegetable oil production and processing in 2015. The WBG developed Environmental, health and safety guidelines for perennial crop production in 2016.

7. Support for Oil Palm Smallholders**7.1 Are you currently supporting any oil palm Independent Smallholder groups?**

Yes

7.2 If yes, how are you supporting them?

IFC have 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 and three sites in Riau. At the end of 2018, more than 15,000 farmers were registered to the program (or about 34,500 Ha) and more than 12,000 farmers had received BMP training, across four sites in North Sumatra and Riau. The project has also hired and trained over 70 local field staff, who provide farmers with training and coordinate activities on the ground. Trainings include; Harvesting and FFB grading, fertilizer and manuring, integrated pest management, and crop maintenance. The project also developed additional modules on occupational health and safety, financial literacy and environmental and social standards. 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 distribution scheme.

As well as technical capacity building, the project has begun the process of certification for over 400 smallholders, in 33 farmer groups in Labuhan Batu, North Sumatra province and for more than 300 smallholders in 23 farmer groups in Rokan Hulu, Riau province. As part of the certification effort and broader project implementation, IFC has signed an MOU with BNI to develop a scalable financing model to improve access to working and replanting capital for independent smallholders.

7.2.1 Do you have any future plans to support oil palm Independent Smallholders?

7.2.2 When do you plan to start your support for oil palm Independent Smallholders?

8. Challenges**8.1 What significant economic, social or environmental obstacles have you encountered in the production, procurement, use and/or promotion of CSPO and what efforts did you make to mitigate or resolve them?**

- ☐ 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
- ☒ Others

Other:

The inclusion of smallholders and independent mills remains a major hurdle for the RSPO. The costs of certification, limited capacity to implement RSPO standards, complexity and information barriers embedded in existing supply chains, and lack of market demand for sustainably produced palm oil, holds smaller producers back and makes it difficult for those who wish to adopt more sustainable practices, to compete. IFC is 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, particularly India, China and particularly in domestic markets such as Indonesia, but current uptake is limited. One key reason is the lack of a persuasive business case for increased purchasing of CSPO, as well as uncertain government support and a confusing policy environment.

The RSPO and its members have made significant progress in the years since its inception, and 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 is in discussions with the RSPO Smallholder working group regarding the sharing of its smallholder training materials.

8.2 In addition to the actions already reported in this ACOP, how has your organisation supported the vision of RSPO to transform the market for sustainable palm oil in other ways? (e.g. Funding; Engagement with key stakeholders; Business to business education/outreach)

- ☐ Engagement with business partners or consumers on the use of CSPO
- ☐ Engagement with government agencies
- ☐ Promotion of CSPO outside of RSPO venues eg trade workshops industry associations
- ☐ Promotion of physical CSPO
- ☐ Providing funding or support for CSPO development efforts
- ☐ Research & Development support
- ☐ Stakeholder engagement
- ☒ Others

Other:

Participation in RSPO RT 16 in Kota Kinabalu, Malaysia. Promotion of sustainable palm oil through local and international business forums and events. As part of its work with the GEF, IFC is looking at the development of an appropriate financial product to support the inclusion of smallholders.

8.3 Please attach or add links to any other information from your organisation on your palm oil policies and activities (e.g.: sustainability reports, policies, other public information)

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