

# The Role of Financial Institutions

As a Financial Institution, you have an important role to play. Your financing decisions can encourage companies to meet their social and environmental responsibilities.

You can support the transformation to a sustainable palm oil sector by making sure that you finance companies (for example, producers or companies in the palm oil supply chain) that are RSPO members committed towards becoming 100% RSPO certified.

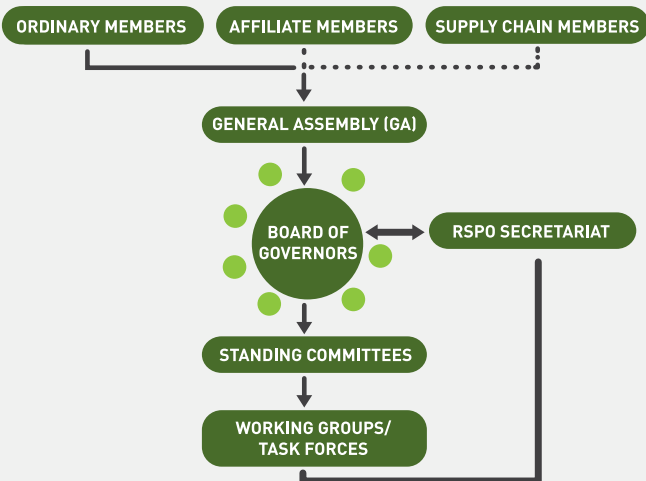


## RSPO Basics

The RSPO was established in 2004 to promote the production and use of sustainable palm oil for People, the Planet, and Prosperity.



### HOW RSPO OPERATES



Learn more by participating in the annual RSPO events:



400+ delegates from over 50 countries

The RSPO Roundtable (RSPO RT) Meeting is organized in the 4<sup>th</sup> quarter each year in a location within the SEA region. It is a unique platform to voice opinions, share perspectives, deliberate, debate and formulate future plans that will further strengthen the on-going efforts towards achieving our targets.



300+ delegates from over 27 countries

The RSPO European RT is organized in the 2<sup>nd</sup> quarter each year in a European location. It is a smaller, EU-centric platform to engage with European stakeholders across the palm oil industry on the question of palm oil sustainability.

You, too, can become part of the RSPO. Understand how on: [www.rspo.org/members/apply](http://www.rspo.org/members/apply)

# RSPO Financial Institutions Task Force (FITF)

Organization	Member Since	Name	Contact
ABN Amro	2014	Ghislaine Nadaud	<a href="mailto:ghislaine.nadaud@sg.abnamro.com">ghislaine.nadaud@sg.abnamro.com</a>
African Agriculture Fund LLC (PHATISA)	2015	Robert Kruger	<a href="mailto:robertkruger@phatisa.com">robertkruger@phatisa.com</a>
ANZ Banking Group Limited	2008	Bruce McKenzie	<a href="mailto:bruce.mckenzie@anz.com">bruce.mckenzie@anz.com</a>
BNP Paribas	2011	Severin Fischer	<a href="mailto:severin.fischer@bnpparibas.com">severin.fischer@bnpparibas.com</a>
Citibank	2010	Frazer Lanier	<a href="mailto:frazer.lanier@citi.com">frazer.lanier@citi.com</a>
Commerzbank AG	2014	Ruediger Senft	<a href="mailto:ruediger.senft@commerzbank.com">ruediger.senft@commerzbank.com</a>
Credit Suisse AG	2010	JT Lee	<a href="mailto:jwee.lee@credit-suisse.com">jwee.lee@credit-suisse.com</a>
HSBC	2004	Ian Hay	<a href="mailto:ianhay@hsbc.com.hk">ianhay@hsbc.com.hk</a>
International Finance Corporation (IFC)	2005	Bruce Wise	<a href="mailto:bwise@ifc.org">bwise@ifc.org</a>
ING Bank NV	2015	Nico Kam	<a href="mailto:nico.kam@ing.nl">nico.kam@ing.nl</a>
Rabobank International	2004	Geraldine Lim	<a href="mailto:geraldine.lim@rabobank.com">geraldine.lim@rabobank.com</a>
Standard Chartered Bank	2006	Samantha Bramley	<a href="mailto:Samantha.bramley@sc.com">Samantha.bramley@sc.com</a>
UBS AG	2012	Priya Gopalan	<a href="mailto:priya.gopalan@ubs.com">priya.gopalan@ubs.com</a>

## Advantages of Joining RSPO

- Ability to have a direct stake in the shaping and growth of sustainable palm oil.
- Highlights a Financial Institution's commitment to financing sustainable business and reducing the reputational risk associated with the sector.
- Be part of a group of like minded Financial Institutions driving and supporting sustainability transformation in the palm oil sector.
- Meet investors and societies' demands for Financial Institutions to operate responsibly.
- Overall minimize environmental & social risks (ESR) for investments and reduce the administrative burden for ESR assessments and decision making.

## What does RSPO require from Financial Institutions?

- Abide by the RSPO Code of Conduct: [www.rspo.org/resources/key-documents/membership](http://www.rspo.org/resources/key-documents/membership)
- Establish an internal policy, relevant to your business and to the RSPO Principles and Criteria (P&C).
- Specify a time-bound plan for providing financial services and products to clients that are RSPO members, and/or are producing, trading or buying Certified Palm Oil and its derivatives, relevant to the scope of the members' operations.
- Report progress annually as part of the mandatory progress report (Annual Communications of Progress - ACOP).
- Encourage / Require your customers, where relevant, to be members of RSPO, and to promote the RSPO as the preferred certification standard.

### Membership Type

### Fees

Ordinary Member

€ 2,000.00 per year

# Financial Institution Case Studies



## BNP PARIBAS

"[BNP Paribas' CSR Policy](#) on the palm oil sector has been updated in May 2017, and is in line with the "No Deforestation, No Peat, No Exploitation" (NDPE) principles. It sets clear requirements for our clients: no child or forced labour, no plantation development on High Conservation Value areas, High Carbon Stock forests, or peatland and other important areas such as Wetlands on the Ramsar List. Clients must obtain the Free Prior and Informed

Consent of communities affected by plantation development, and should apply their commitments to their suppliers. BNP Paribas also requires its clients to be (or commit to be) RSPO members and to have a time-bound plan for full certification. Through continuous engagement, BNP Paribas has been able to positively influence clients in adopting leading sustainability practices."



"[Citi's Sustainable Palm Oil Standard](#) requires all palm oil clients to commit to a time-bound Action Plan to achieve RSPO certification over time, in accordance with the RSPO P&C. As part of an advisory mandate for an IPO, Citi's Environmental and Social Risk Management team advised the client on environmental and social improvements to meet international investors' expectations. This included hiring a consultant to screen the land bank for High Conservation Value areas using satellite imagery and other documentation, as well as to

benchmark the company's existing operations with the RSPO P&C. At the onset of the mandate, the client was reluctant to commit to meeting the RSPO standard. However, following a pre-certification audit and the consultant's report, the company recognized that meeting the standard was both feasible and attractive to investors and decided to join the RSPO as a new member"

## COMMERZBANK

"Commerzbank became aware of the palm oil problem at an early stage, and entered direct talks with the relevant market entities as early as in 2007. [A position](#) for the supply of palm oil was devised jointly and directs that any palm oil supplier with whom Commerzbank is involved must be a member of the RSPO. Suppliers must also provide information - such as certification - about the extent to which sustainable palm oil production is already carried out within their process chain, or about their targets for ensuring sustainable production. At last, an individual media-check

is carried out. Commerzbank cannot finance palm oil business if suppliers fail to meet these criteria. We intend to contribute to a [sustainable development of the palm oil sector](#) as well as to have a positive impact on the support of sustainable production. We admit, among others, to more transparency, long-term orientated economic activities, and responsible dealing with environment, natural resources as well as affected individuals and communities in the palm oil market. That is why in August 2014, Commerzbank was the first German bank to become a member of the [RSPO](#)."

## CREDIT SUISSE

"[Credit Suisse](#) requires through its Forestry & Agribusiness Policy that clients are, or formally commit to become, members of the RSPO; and that client operations are either certified according to the P&C of the RSPO or that a commitment to a time-bound plan to achieve certification is in place. As an example

of [supporting sustainable palm oil through the global banking sector](#), Credit Suisse's Sustainability Affairs team guided a client unfamiliar with the RSPO scheme along the path towards certification through the provision of a number of tailored advisory support services"

## HSBC

"[HSBC](#) has had a forestry policy since 2004, which included the Palm Oil plantations. In 2014, a new Agricultural Commodities policy was launched and extended the coverage to Palm Oil growers, refiners and traders. Clients must be RSPO members, have at least one operations certified and have all current operations certified by 31 December 2018. HSBC will assist their customers to understand what is needed to achieve certification by providing information and access to support providers. HSBC encourages and engages with its clients to i) certify under the relevant RSPO scheme and ii) publicly

adopt a No Deforestation, Nil Peat and No Exploitation commitment, with full progress reporting or RSPO Next certification in place by 31 December 2018. This is used to evidence their sustainability credentials, to reduce their reputational and campaign risk and to broaden their global investor base. In 2014 HSBC has launched a structured trade product aimed at [incentivizing the trade in sustainable palm oil \(CSPO\)](#), and continues to support and advance certification within the palm oil supply chain, in terms of unlocking both supply and demand for CSPO globally"



“Standard Chartered Bank (SCB) recognises the threat of unsustainable palm oil practices to people and the environment. Palm oil doesn’t have to be destructive; at Standard Chartered we take our obligations to society and the environment seriously and are committed to supporting a more sustainable palm oil sector. [SCB’s Palm Oil Position Statement](#) sets out minimum standards and criteria that we expect all our clients to achieve and ensures that we do not finance destructive practices such as conversion of primary forests to plantations, use of fire to clear land or planting on fragile soils such as

peatland. We also ensure our clients adhere to accepted human rights standards such as using the FPIC process prior to new development. In 2017 SCB initiated a review of a client that had become misaligned with our standards due to inadequate HCV/HCS assessments. Through ongoing dialogue the client recognised the multiple benefits of operating as per best practice guidelines and agreed to get expert guidance to achieve alignment. This case demonstrates how we actively work with clients to advance their sustainability agenda.”



“UBS has set standards in product development, investments, financing and supply chain management decisions, which include the stipulation of controversial activities and other areas of concern UBS will not engage in, or will only engage in under stringent criteria. [UBS’ Environmental and Social Risk Policy Framework](#) requires a client to be a member of the Roundtable on Sustainable Palm Oil (RSPO), and not subject

to any unresolved public criticism from the RSPO. Companies must further have some level of mill or plantation certification and be publicly committed to achieving full certification by 2020 (evidence must be available). An implementation example: By liaising directly with a client’s own environmental team, UBS was able to obtain additional information, set conditions, and monitor the company’s commitment”.



**Rabobank**

“[Rabobank’s](#) commitment towards sustainability is across all agribusiness sectors including palm oil through our [Food & Agribusiness Principles](#). Rabobank is committed to promoting the growth and use of sustainable palm oil through co-operation in the supply chain and an open dialogue among RSPO stakeholders. Clients are required to be RSPO P&C compliant and present a time bound plan to achieve certification which is monitored and challenged. As an example of

our efforts to promote open dialogue among our stakeholders, we initiated a collaborative engagement with a number of European banks for one of our key clients. The objective of the meeting was to better understand current challenges in the sector, how the client is addressing them in their internal control measures and how financial institutions can support them in this effort.”

## RSPO links

- [www.rspo.org/members/acop](http://www.rspo.org/members/acop)
- [www.rspo.org/certification/how-rspo-certification-works](http://www.rspo.org/certification/how-rspo-certification-works)
- [www.rspo.org/members/complaints](http://www.rspo.org/members/complaints)

## External links and initiatives

### International Finance Corporation (IFC):

Good Practice Handbook: Assessing and Managing Environmental and Social Risks in an Agro-Commodity Supply Chain  
[www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/learning+and+adapting/knowledge+products/publications/publications\\_handbook\\_agrosupplychains](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/learning+and+adapting/knowledge+products/publications/publications_handbook_agrosupplychains)

Palm Oil Investor Review: Investor Guidance on Palm Oil  
[www.rspo.org/file/Palm%20Oil%20Investor%20Review%20Web%20Version.pdf](http://www.rspo.org/file/Palm%20Oil%20Investor%20Review%20Web%20Version.pdf)

### Zoological Society of London (ZSL):

Financial Institutions Toolkit  
[www.sustainablepalmoil.org/spott/](http://www.sustainablepalmoil.org/spott/)

### United Nations Principles for Responsible Investment (UNPRI):

Investors Working Group Position Paper  
[https://www.unpri.org/download\\_report/3864](https://www.unpri.org/download_report/3864)

### World Wide Fund For Nature (WWF):

WWF’s position on working with financial institutions  
[http://wwf.panda.org/what\\_we\\_do/how\\_we\\_work/our\\_global\\_goals/finance/](http://wwf.panda.org/what_we_do/how_we_work/our_global_goals/finance/)

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