

RSPO & The Investment Sector: The Sustainability + Profitability Equation

Bakhtiar Talhah
Roundtable on Sustainable Palm Oil

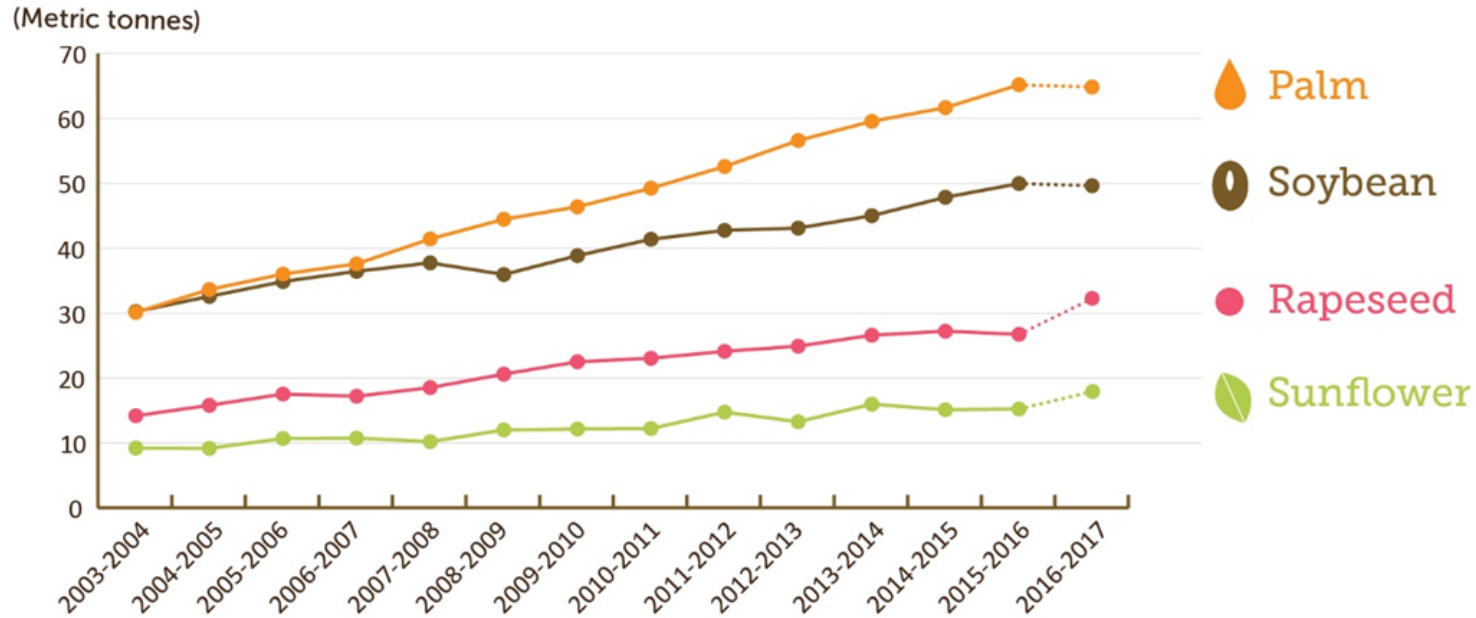


What is Certified Sustainable Palm Oil?

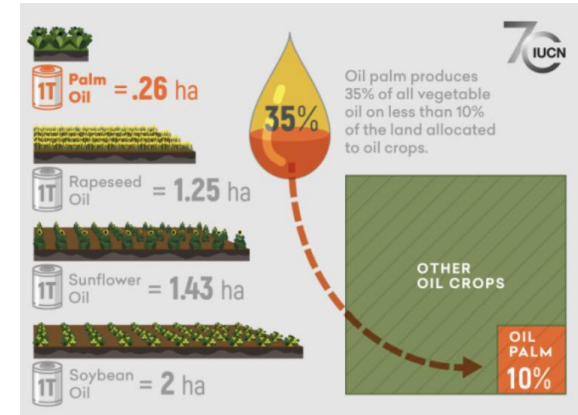




Global Demand for Vegetable Oil



Source: Oilseeds - World Markets and Trade, USDA, January 2017



Why is palm oil so popular?



Relatively cheap

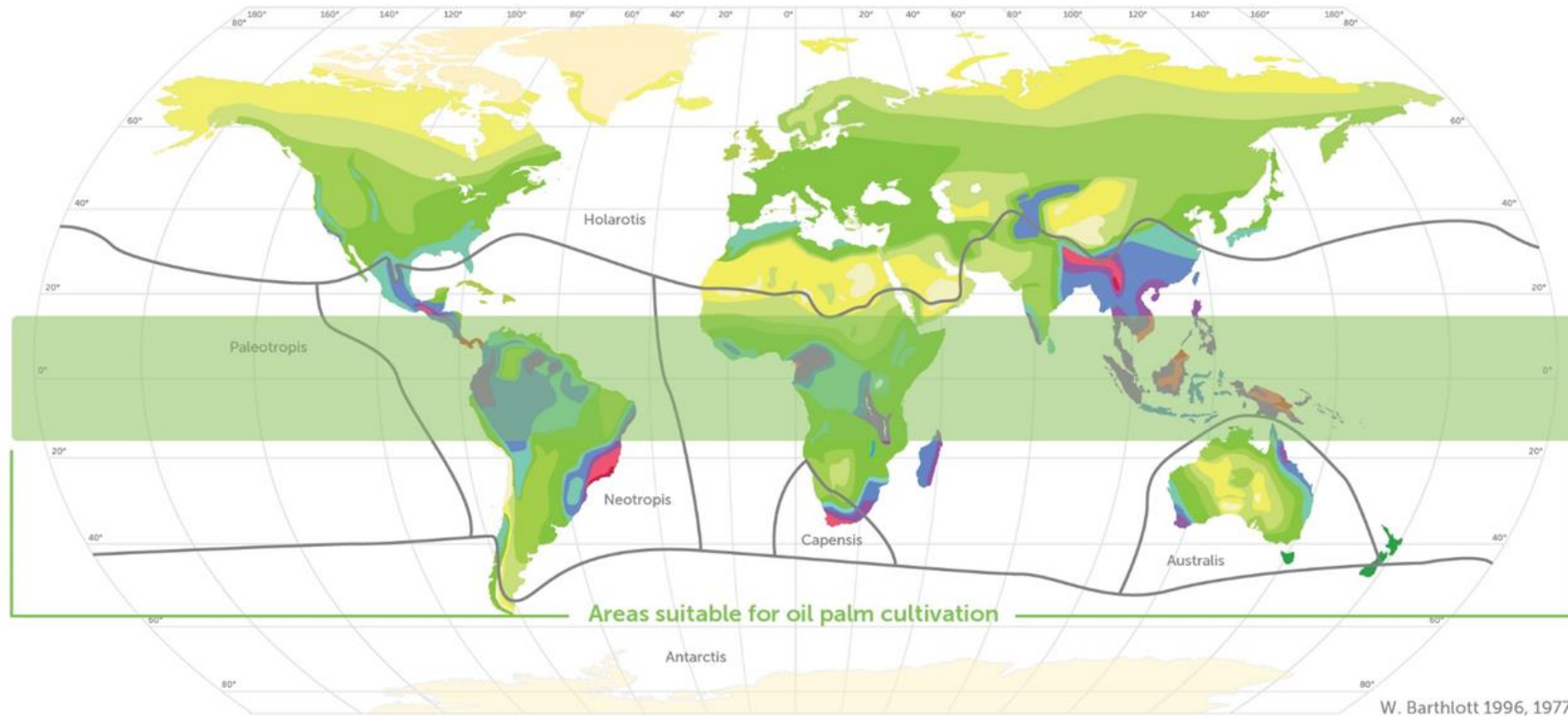


Most versatile



High yielding

Development in the Tropics Should Not Negatively Impact Biodiversity



Diversity Zones (DZ) : Number of Species per 10.000km²

- | | | |
|---|---|---|
| ● DZ 1 (<100) | ● DZ 5 (1000-1500) | ● DZ 9 (4000-5000) |
| ● DZ 2 (100-200) | ● DZ 6 (1500-2000) | ● DZ 10 (≥5000) |
| ● DZ 3 (200-500) | ● DZ 7 (2000-3000) | |
- Capensis floristic regions

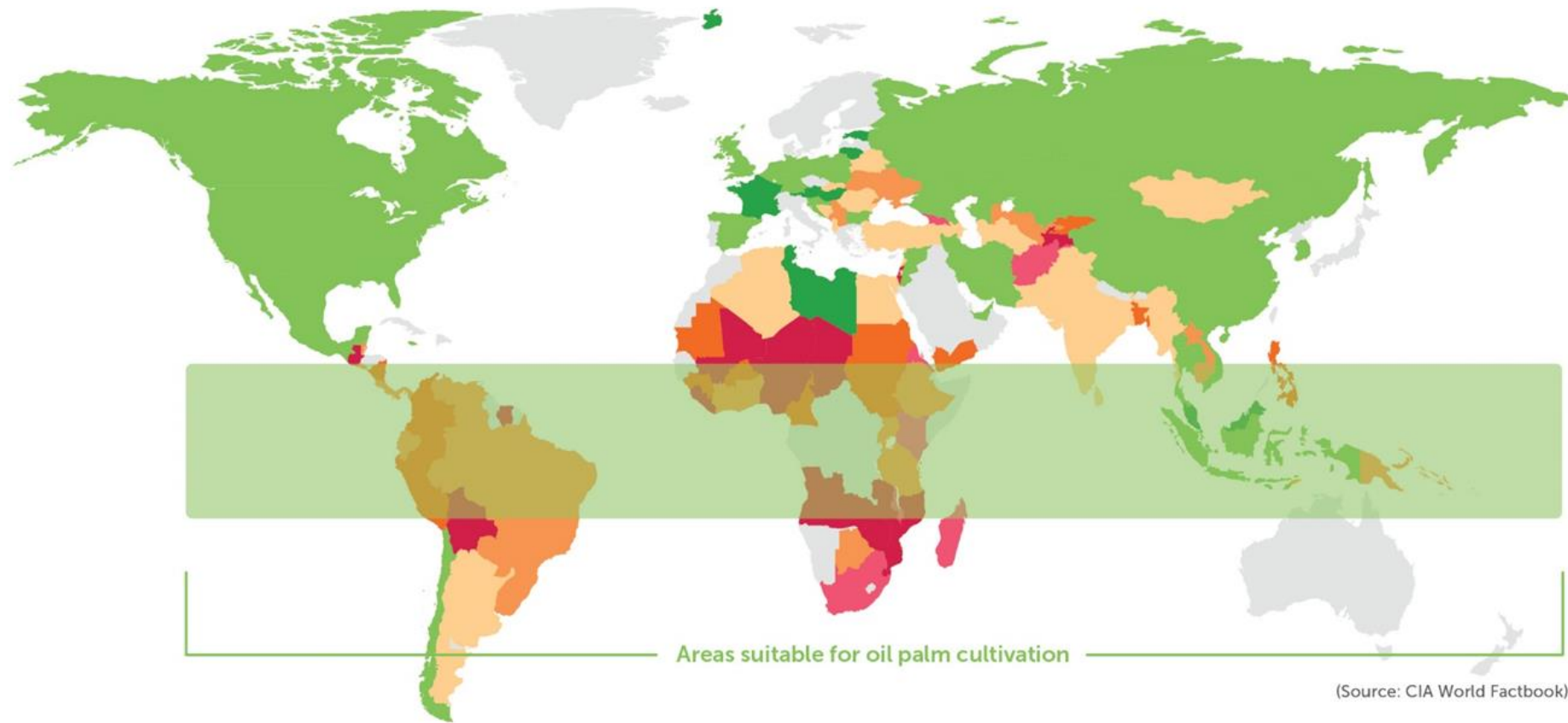
W. Barthlott N. Biedinger, G. Braun F. Feig, G. Kier, W. Lauer & J. Mutke 1997

modified after

W. Barthlott, W. Lauer & A. Placke 1966
 Department of Botany and Geography, University of Bonn
 German Aerospace Research Establishment, Cologne

Cartography: M. Gref
 Department of Geography, University of Bonn

Palm Oil Has Lifted Millions out of Poverty



Percentage of Population Living Below National Poverty Line



Roundtable on Sustainable Palm Oil (RSPO)



2004

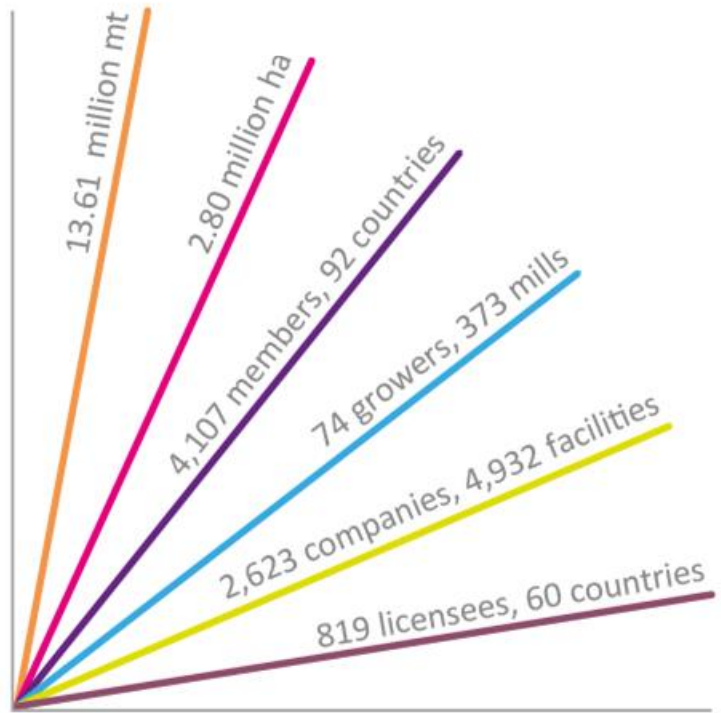
The RSPO was established in 2004 to promote the production and use of sustainable palm oil for People, Planet, and Prosperity.



MIGROS

AAK

Roundtable on Sustainable Palm Oil (RSPO)



- CSPO Volume
- Certified Area
- Membership
- Grower's Certification
- Supply Chain Certificates
- Trademark Licenses



19%
of palm oil globally is certified by the RSPO

Data as of 28 February 2019

As of start-2019, RSPO certified palm oil plantations cover an area approximately 47 times the size of Singapore island - and this continues to grow fast.

For current market data visit:
www.rspo.org/impacts



Principles and Criteria



RSPO Principles & Criteria 2018

7 PRINCIPLES

for growers to be RSPO certified

Principle 1. **Behave ethically and transparently**

Principle 2. **Operate legally and respect rights**

Principle 3. **Optimise productivity, efficiency, positive impacts and resilience**



Principle 4. **Respect community and human rights and deliver benefits**

Principle 5. **Support smallholder inclusion**

Principle 6. **Respect workers' rights and conditions**



Principle 7. **Protect, conserve and enhance ecosystems and the environment**

The Role of Financial Institutions



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.

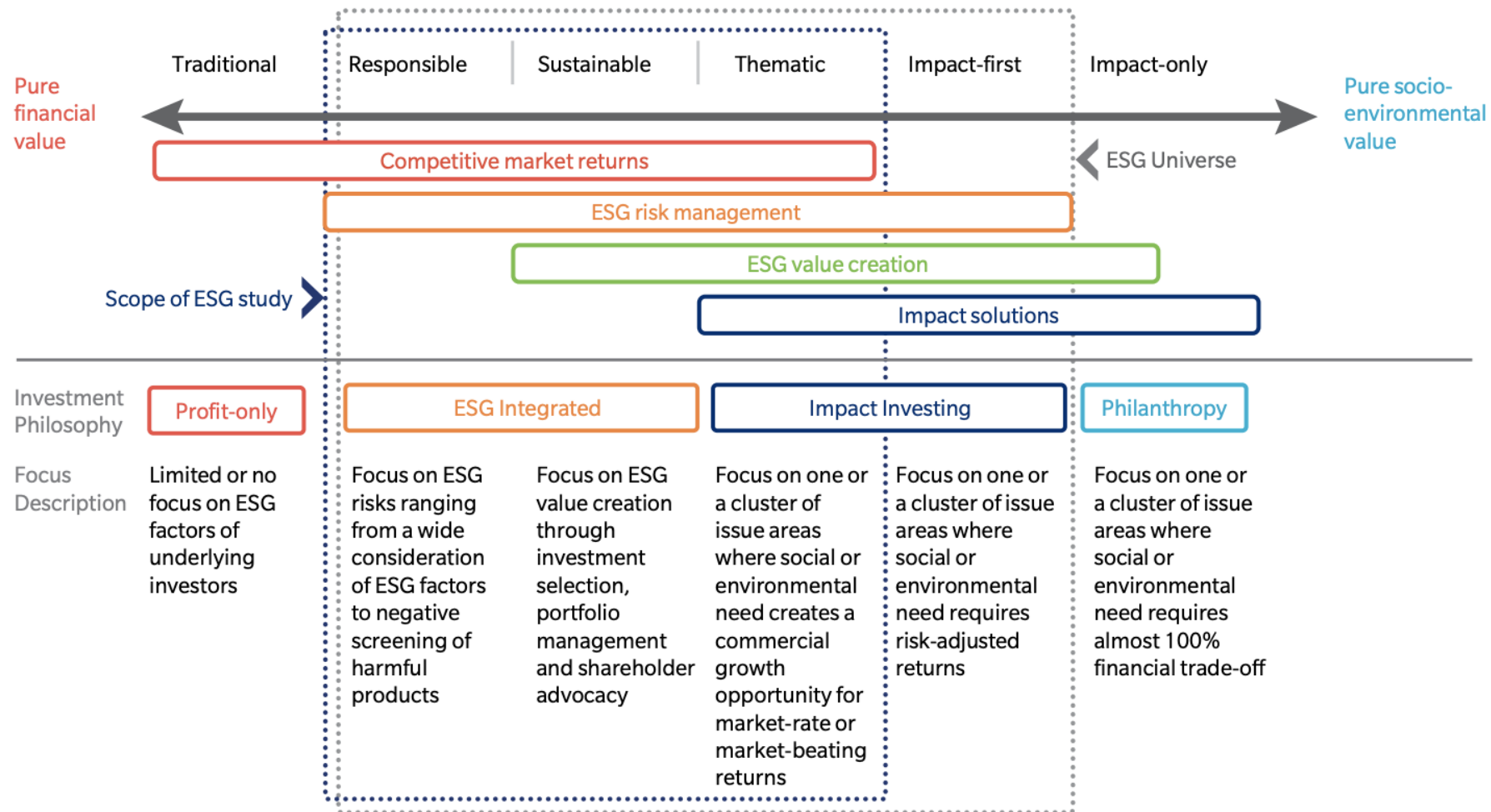
You can support the transformation to a sustainable palm oil sector by making sure that you finance companies (for example, producers or companies in the palm oil supply chain) that are RSPO members committed towards becoming 100% RSPO certified.



The Role of Financial Institutions / ESG Investing



Exhibit 1: The spectrum of ESG investing



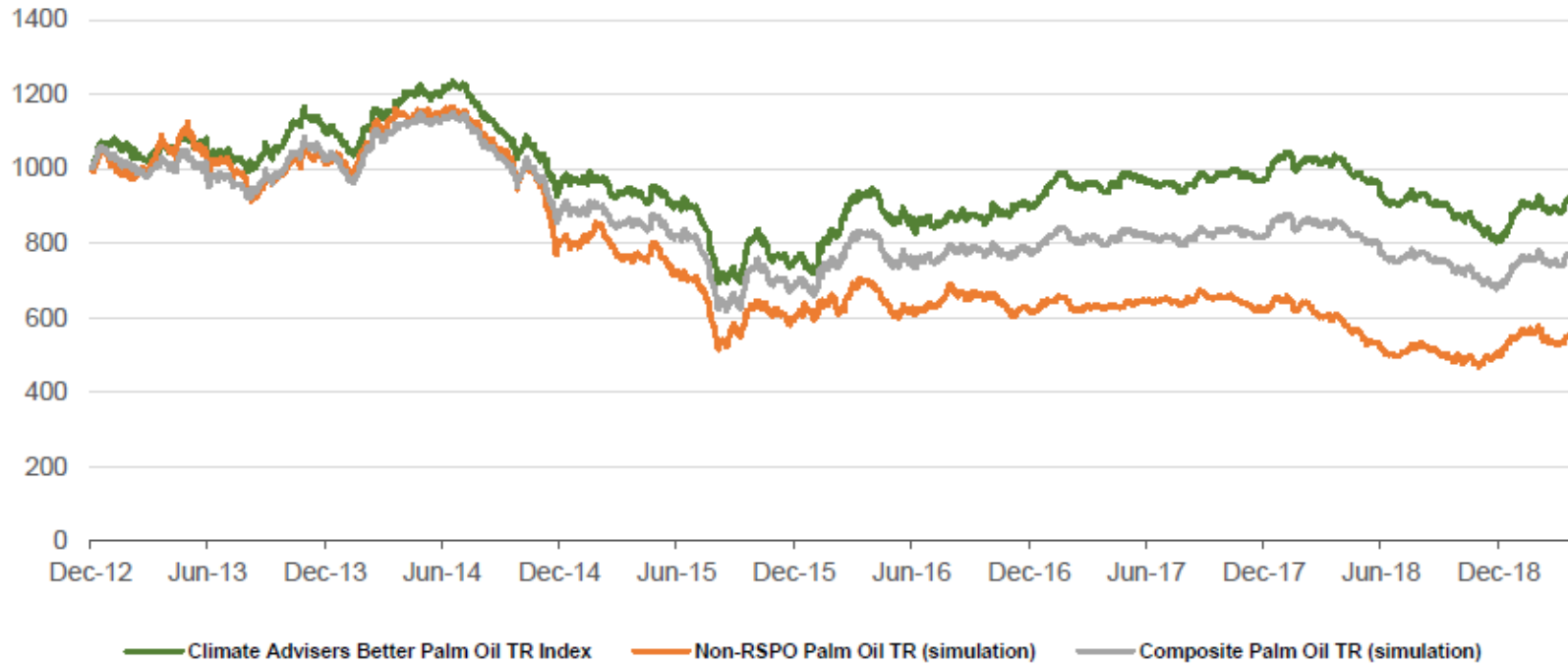
Source: Mercer Responsible Investment, MMC APRC analysis

Sustainability + Profitability

RSPO Members Outperform Non-members



Climate Advisers Better Palm Oil Index vs. Benchmarks
(12/21/2012-4/25/2019)



*Back-tested data is based on a list of stocks supplied by Climate Advisers to S-Network. Daily closing prices and corporate actions were applied to this list of stocks starting on December 21, 2012.

***RSPO**: Roundtable on Sustainable Palm Oil

Join the Sustainability Movement



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?

1. Abide by the RSPO Code of Conduct: www.rspo.org/resources/key-documents/membership
2. Establish an internal policy, relevant to your business and to the RSPO Principles and Criteria (P&C).
3. 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.
4. Report progress annually as part of the mandatory progress report (Annual Communications of Progress - ACOP).
5. 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

RSPO Members: Bank & Investors / Case Studies / Links



THE UNDERSTORY

MONDAY, JUNE 17, 2019

THE BLOG OF RAINFOREST ACTION NETWORK

Citigroup cancels \$140 million loan to palm oil company Indofood over labor abuses. Will others take a stand?



Investors to Palm Oil Producers: "Stick to RSPO principles"

POSTED ON 21 August 2013

A coalition of signatories to the Principles for Responsible Investment (PRI), which manage more than US\$2 trillion, have called for palm oil companies to adhere to the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria.

Several members of the PRI's Sustainable Palm Oil Investor Working Group, who include APG, Arisag Partners, Aviva Investors, Christian Super, First State Investments, Generation Investment Management, Hermes Equity Ownership Services, PGGM, MN, and Trillium Asset Management, expect all palm oil companies to adopt sustainable agricultural practices, become members of the RSPO and adopt a time-bound plan to certify all their plantations.

In this next phase of its engagement, the Working Group will write to plantation owners, refiners, traders, processors,



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on Videos Podcasts Research Events Jobs SDGs Topics

& Finance

Why does Singapore's \$235 billion investment giant care about sustainability?

THANK YOU

Find out more at
www.rspo.org

