



**Friends of
the Earth
Europe**

**for the people | for the planet | for the future
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FoE response to final statement on complaint guidelines on Rabobank and Bumitama

Friends of the Earth's response to final statement by the Dutch National Contact Point (NCP) of the Organisation for Economic Co-operation and Development (OECD) on the case of loans by Rabobank to illegal operating oil palm company Bumitama, 15th of January, 2016.

Friends of the Earth has taken note of the NCP statement published on Friday 15th January. Friends of the Earth welcomes Rabobank's commitment that they will modify their current approach to handling complaints and will publish their complaints procedure, including a time frame for the procedure. This is what Friends of the Earth had advocated.

Friends of the Earth also welcomes NCP's recommendation to Rabobank that they should devote more attention to being transparent with regard to engagement with its clients specifically on environmental and social issues.

However, Friends of the Earth finds the general findings of the NCP very weak, most notably regarding the following:

- NCP supports Round Table on Sustainable Palm Oil (RSPO), whereas NCP does not have indepth information and expertise on the challenges of this multi stakeholder dialogue. NCP fails to acknowledge the many failures of the RSPO. Many organisations have stated repeatedly the weakness of the RSPO and already other initiatives are emerging besides the RSPO.¹
- Discussion on disengagement: despite the fact that NCP identifies that disengagement is an option under the OECD guidelines, in its statement it says: 'the NCP remains of the opinion that regarding this case disengagement of financial institutions that adhere to the RSPO principles will in general not benefit the goal of sustainability. The NCP stresses the importance of disengagement as a last resort.' Friends of the Earth has brought cases of violations by palmoil companies, including Wilmar, since 2001 to Rabobank. NCP does not clarify when this moment of disengagement arrives, but surely after 15 years of bringing cases the time has come to conclude that the palm oil sector is not a sustainable sector and that financiers should divest from it. More than 10 years of RSPO have not brought significant changes and recent forest fires in Indonesia, largely due to palm oil companies, were one of the strongest in years. With its strong unjustified reliance on engagement, the NCP risks giving its blessing to the palm oil industry as there is no threath of real sanctions from investors.

¹ Forest Peoples Programme, Sawit Watch and TUK INDONESIA (2013), *Conflict or consent? The oil palm at a crossroads*, Moreton-in-Marsh: FPP; Greenpeace International (2013), *Certifying destruction*, Amsterdam: Greenpeace International

- NCP proposes an evaluation at the end of 2017, but has not formulated the criteria in a measurable way, so it is not clear what will be evaluated. There are also no sanction mechanisms identified.

Friends of the Earth concludes that NCP has not been able to address the underlying problem of Rabobanks' continuous financing of palm oil companies.

Friends of the Earth calls on financiers to do the following:

- Withdraw their financial services immediately from companies in the palm oil sector found in breach of environmental and social commitments and legal obligations, to make clear that there will be zero tolerance for breaches of the companies' and their financiers' environmental and social commitments;
- Not rely on company-led reporting to ensure them that sustainability policies are being implemented, but should seek monitoring that is completely independent from companies involved in palm oil, and should be prepared to suspend financing when these policies are breached by palm oil companies;
- Include in their contracts with investee companies a clause that allows them to cancel their financial services in the event of breaches of the financiers' ESG policy.