Introduction of Guide for Overseas Investment and Production of Sustainable Palm Oil by Chinese Enterprises

Dr. GUO Peiyuan, Co-Founder & General Manager of SynTao on behalf of the InFIT team

Background information

Implementing party

Supported by PMO

In partnership with NDRC


Note: The outputs include two guides (1) Guide for Overseas Investment and Production of Sustainable Palm Oil by Chinese Enterprises and (2) Guide for Promoting Trade and Consumption of Sustainable Palm Oil in China. This document presents the guide for overseas investments and production of palm by Chinese enterprises.
Content Overview of the Guide

- PART A: Purpose and China Guiding Principles for the Guide
- PART B: Planning and Financing of Sustainable Overseas Investments
- PART C: Criteria and Indicators for Overseas Production of Sustainable Palm Oil by Chinese Enterprises
- PART D: Implementation of the Guide
- Definitions
- Annexes

PART A. Purpose and China Guiding Principles for the Guide

<table>
<thead>
<tr>
<th>A. Purpose</th>
<th>B. Planning &amp; Financing</th>
<th>C. Criteria &amp; Indicators</th>
<th>D. Implementation</th>
<th>Definitions</th>
<th>Annexes</th>
</tr>
</thead>
</table>

- Importance and Urgency
- Purpose
  - To guide and regulate overseas investment and production of sustainable palm oil
  - To strengthen the industry’s self-discipline and advocate the social responsibility of enterprises
  - To systematically promote the best practices for management and production
  - To promote sustainable development and cooperation
- China Guiding Principles
  - Triple Bottom Line, Win-Win, Cooperation, Coexistence, Voluntarily
- Laws, Standards and Regulations
PART B. Planning and Financing of Sustainable Overseas Investments

- Assessment of Potential Overseas Investments and Feasibility Study
- Overseas Investment Procedures in China and Host Countries
- Contract for Overseas Investments (including E&S considerations)
- Green Credit and Green Financing

Enterprises shall undertake a comprehensive feasibility study before the investment, with serious consideration for potential environmental and social impacts.

PART C. Criteria and Indicators for Overseas Production of Sustainable Palm Oil by Chinese Enterprises

- Commitment to Legal compliance and corporate governance
- Use of Appropriate Best Management Practices (BMPs)
- Environmental Responsibility and Conservation of Natural Resources
- Social Responsibility for Employees and Local Communities
### PART C. Criteria and Indicators for Overseas Production of Sustainable Palm Oil by Chinese Enterprises

#### A. Purpose

#### B. Planning & Financing

#### C. Criteria & Indicators

#### D. Implementation

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.1 Commitment to Legal compliance and corporate governance</td>
<td></td>
</tr>
<tr>
<td>C.1.1 Compliance</td>
<td></td>
</tr>
<tr>
<td>C.1.2 Ethical business practices</td>
<td>2</td>
</tr>
<tr>
<td>C.1.3 Commitment to transparency</td>
<td>6</td>
</tr>
<tr>
<td>C.1.4 Respect of human rights</td>
<td>5</td>
</tr>
<tr>
<td>C.1.5 Respect of rights to land, etc.</td>
<td>5</td>
</tr>
<tr>
<td>C.1.6 Continuous improvement</td>
<td>2</td>
</tr>
<tr>
<td>C.2 Use of Appropriate Best Management Practices (BMPs)</td>
<td></td>
</tr>
<tr>
<td>C.2.1 Plantation development</td>
<td>9</td>
</tr>
<tr>
<td>C.2.2 Soil management and conservation</td>
<td>3</td>
</tr>
<tr>
<td>C.2.3 Water management</td>
<td>6</td>
</tr>
<tr>
<td>C.2.4 Integrated pest management (IPM)</td>
<td>10</td>
</tr>
<tr>
<td>C.2.5 Ensuring operational efficiency</td>
<td>5</td>
</tr>
<tr>
<td>C.3 Environmental Responsibility and Conservation of Natural Resources</td>
<td></td>
</tr>
<tr>
<td>C.3.1 Assessment of environmental impacts and mitigation</td>
<td>3</td>
</tr>
<tr>
<td>C.3.2 Biodiversity conservation</td>
<td>5</td>
</tr>
<tr>
<td>C.3.3 Integrated waste management</td>
<td>4</td>
</tr>
<tr>
<td>C.3.4 Reduction of pollution and GHG emissions</td>
<td>9</td>
</tr>
<tr>
<td>C.4 Social Responsibility for Employees and Local Communities</td>
<td></td>
</tr>
<tr>
<td>C.4.1 Assessment of social impacts and mitigation measures</td>
<td>4</td>
</tr>
<tr>
<td>C.4.2 Pay and conditions of employment</td>
<td>4</td>
</tr>
<tr>
<td>C.4.3 Freedom of association</td>
<td>2</td>
</tr>
<tr>
<td>C.4.4 No discrimination or harassment of any form</td>
<td>5</td>
</tr>
<tr>
<td>C.4.5 Occupational Health and Safety (OHS)</td>
<td>8</td>
</tr>
<tr>
<td>C.4.6 Complaints and grievance process</td>
<td>3</td>
</tr>
<tr>
<td>C.4.7 Training</td>
<td>2</td>
</tr>
<tr>
<td>C.4.8 Fair and ethical dealing with smallholders and local businesses</td>
<td>3</td>
</tr>
<tr>
<td>C.4.9 Contribution to local economy and sustainable development</td>
<td>2</td>
</tr>
</tbody>
</table>
PART D. Implementation of the Guide

A. Purpose
B. Planning & Financing
C. Criteria & Indicators
D. Implementation
Definitions
Annexes

- Implementing Body and Stakeholders
- Industry Supervision, Certification and International Cooperation
- Transparency and Information Exchange
- Consultation and Participation of Stakeholders and the Public
- Assessment and Improvement

CFNA is responsible for promoting and monitoring the implementation of the Guide.

The Guide shall be implemented by Chinese enterprises......is also relevant to supply chain players associated with upstream production of palm oil.

Definitions

A. Purpose
B. Planning & Financing
C. Criteria & Indicators
D. Implementation
Definitions
Annexes

- Biodiversity
- Chinese enterprises
- Impact
- Oil palm smallholder
- Plan
- Stakeholders
- GHG
Annexes

- Overview of the oil palm industry and production of sustainable palm oil
- International conventions and related agreements
- Policies, regulations and procedures of host countries
- Sustainability standards and certification schemes
- High Conservation Value (HCV) Areas

Thank you for your attention!

- Please download the Guide through RT13 website

- Welcome feedback!
  Please send your feedback to
  InFIT Programme Team Leader: Dr Zhang Junzuo
  Tel: (+86-10)51099030-201
  Email: junzuoz@vip.sina.com