**Interview by Michael with Matt Wreford of Demica re. IFC Project**

**Michael:**

Okay. Right, Matt Wrefod, welcome. Welcome back, I should say because this is not the first time we've spoken at BCR Webcasting. Matt, I'd like to ask you a little bit about your arrangement with IFC and the sustainability programme that they have for their emerging markets and particularly an arrangement that is with Barry Callebaut and how their suppliers are being funded using the Demica system. And what the IFC are trying to do to encourage these ESG type of arrangements with their suppliers. Can you tell us a bit more about that?

**Matt:**

Of course. So some of you may have seen the IFC recently put out an announcement about a socially responsible Supply Chain Finance programme that it is funding for Barry Callebaut. Barry Callebaut is one of the largest makers of chocolate and cocoa products in the world over 2 million tonnes of that are produced each year by Barrett Callebaut. This is a business that's got an excellent credit rating. But it works with suppliers obviously in many emerging markets, right? Cocoa is often grown in Africa, in places like Ghana, but also over in the Caribbean and Latin America etc. And so the IFC for a number of years has been looking about how to support SME suppliers in jurisdictions which obviously many banks would be uncomfortable financing, or many Western banks more accurately, and then also to build out sustainability metrics so that suppliers that meet an externally assessed rating as on social matters or environmental matters will end up at getting cheaper funding from the IFC than those that are less well rated. So this really rewards suppliers for improving those key metrics. And it's an important sustainability measure from Barry Callebaut itself. So it really is, I think, a pioneering approach that the IFC have done. Many of you may be, or some of you may be aware that the IFC is both a shareholder in Demica, but also uses our platform for the programmes that operate of this nature. So we're really excited to be associated with it. And it's gonna be really interesting to see how it rolls out from here, the first suppliers already live and being funded. But we expect it to grow quite significantly over the medium term.

**Michael:**

And this is one large buyer, Barry Callebaut. I mean, are you expecting more these kinds of arrangements through the IFC?

**Matt:**

Absolutely. The IFC has a role as an amazing network globally, right? Working with both, you know, governmental organisations and very large corporates in pretty much most of the emerging markets, right? If you think about the difference in cost of capital from a major purchasing group that, say, investment grade in North America, Europe and a small emerging market supplier, the difference is just enormous. And so the value to the SME supplier of having very low cost supply chain finance provided to them is enormous. And so we're really excited. I can see this being a template transaction that is rolled out with similar businesses in the future.

**Michael:**

Sure. And there's huge pressure, as we know, at the moment on the whole green issues/sustainability issue. I mean, this is quite likely to be extremely big in the future, isn't it? In terms of momentum, and, you know, the interest in all parties to provide this kind of arrangements and financing?

**Matt:**

Yeah, I agree. I think that we'll see, you know, other banks and financial institutions rolling out similar programmes. Right? The IFC is very focused on frontier emerging markets and smaller suppliers. But the principles that it is pioneering here would apply anywhere. So I think these and ESG initiatives are front of mind for most of the large banks that Demica works with. So, and we know other discussions that have taken place in other banks around using similar approaches. So I think you're correct, you're going to see this as a long trend.

**Michael:**

Because other development banks or just banks?

**Matt:**

No, just banks in general. I mean, I think that, you know, the days of where ESG was a sort of a narrower range of specialist institutions is ended. And I think now ESG is an incredibly important part of the financial services markets.

**Michael:**

Sure. Yeah, of course. Sorry. I meant is it just Demica talking to other development banks?

**Matt:**

Yes, absolutely. We have a relationship with a number of them. Others have yet to be announced. But I'm very happy when they are announced to talk to you again, Michael, about that.

**Michael:**

Right. Okay. So watch this space.

**Matt:**

Watch this space.

**Michael:**

Alright. Wreford, thank you very much, indeed.

**Matt:**

Thank you.