Model sustainable palm oil investment policy

Statement of commitment

XYZ will ensure that its investments in, and financial services to, the palm oil sector are adequately screened and monitored to fund only those growers, millers and downstream palm oil users that are committed to minimizing and mitigating environmental and social risks associated with palm oil production and processing.

Scope of the policy

XYZ will apply this policy to all its services to, and investments in, the palm oil sector worldwide. For the purposes of this policy, the palm oil sector includes:

- upstream production units (crude palm oil mills and the plantations that supply them, including contract growers and other smallholders); and
- downstream users (refiners, manufacturers, traders and industrial users of products containing palm oil).

The policy applies to all financial services provided by XYZ (including commercial banking, investment banking, asset management and trust banking) and all investments made by XYZ. The policy will be applied to financing agreements and investments that predate this policy upon their renewal or as they become due for major review.

XYZ shall exercise discretion in deciding whether to apply this policy to: (a) transactions that only have an indirect connection to palm oil production and trade; or (b) the provision of financial services to, or investment in, a company that has only marginal involvement in the palm oil sector. XYZ will make such decisions on a case-by-case basis after assessing the materiality of risk to XYZ.

When financing or investing in a legal entity that is part of a larger corporate group, XYZ may elect to make such investment conditional upon related legal entities agreeing to comply with this policy.

Conditions on investment in the palm oil sector

Companies with upstream palm oil production units must commit to achieving compliance with the criteria of the Roundtable on Sustainable Palm Oil (RSPO), which address the following 8 principles:

1. Commitment to transparency
2. Compliance with applicable laws and regulations
3. Commitment to long-term economic and financial viability
4. Use of appropriate best practices by growers and millers
5. Environmental responsibility and conservation of natural resources
6. Responsible consideration of employees and of individuals and communities affected by growers and mills
7. Responsible development of new plantings
8. Commitment to continuous improvement in key areas of activity

A company will be required to demonstrate this commitment for each of its upstream production units by attaining RSPO certification of the unit or by committing to a time-bound, stepwise plan to achieve RSPO certification of the unit.

A company will be required to plan and develop any new production unit, or any significant expansion of the plantation area or mill capacity of an existing production unit, in a manner consistent with RSPO criteria and achieve RSPO certification within an agreed time period soon after the new or expanded production unit becomes operational.

A company with downstream operations will be required to commit to progressively increasing the volume of palm oil entering its supply chains that is sourced from RSPO-certified production units as a proportion of the total volume of palm oil entering its supply chains.

**Transparency**

XYZ will ensure transparency in the application of this policy and will provide its clients and prospects with clear information about its requirements and procedures. It will also publicly report on its performance in implementing this policy.

Through joining the RSPO, XYZ will stay abreast of developments in the sector and report annually on its progress in implementing this policy.