

ANNEX 5

Model set of palm oil sector sustainability covenants

Special Clause #. Palm Oil Sector Sustainability Covenants

#.1 With respect to each production unit identified in Schedule X1, the borrower shall do all things reasonably necessary to maintain the unit's certificate of compliance with the RSPO principles and criteria.

#.2 With respect to each production unit identified in Schedule X2, the borrower shall do all things reasonably necessary to implement the action plan referenced in the schedule, to meet the progress targets specified in the plan and to achieve a certificate of compliance with the RSPO principles and criteria before the date specified in the schedule.

#.3 With respect to each planned new production unit, or significant expansion of plantation area or mill capacity in existing production unit, identified in Schedule X3, the borrower shall do all things reasonably necessary to implement the RSPO alignment plan referred to in the Schedule and to achieve a certificate of compliance with the RSPO principles and criteria within six months of the production unit becoming operational.

#.4 With respect to the downstream operations specified in Schedule X4, the borrower shall do all things reasonably necessary to progressively increase the volume of palm oil within its supply chains that is sourced from the RSPO-certified production units as a proportion of the total volume of palm oil entering those supply chains and to meet the targets specified in the schedule.

#.5 The borrower shall verify its compliance with the covenants in this clause by furnishing the bank with the reports and documents specified in Schedule X1, X2, X3 and X4 and shall permit the bank or its nominated agents to conduct such audits and inspections of the borrower's production units and operations as the bank considers necessary to verify the facts and opinions stated in such reports and documents.

Schedule X1 (RSPO certified production units)

Name of RSPO certified production unit _____

Location (province/state and country) _____

Item	Due date for submission of item to the bank
Copies of successive certificates of compliance with the RSPO criteria and indicators.	Within 30 days of receipt of the certificate by the borrower.
Summary reports prepared by the relevant certifying body outlining the results of each successive certification assessment (including monitoring or surveillance assessments). The report shall include a summary of findings, any identified non-compliances, and issues raised by stakeholder consultation.	Within 30 days of receipt of the summary report by the borrower.

Schedule X2 (production units in progress to compliance with RSPO criteria)

Name of production unit.	Location (province/state and country).	Action plan reference number and date of bank approval.	Date before which RSPO certification to be achieved.
_____	_____	_____	_____

Reports and documents to be furnished to the bank for each of the abovementioned production units -

Item	Due date for submission of item to the bank
Successive iterations of the borrower's action plan to achieve compliance with RSPO criteria and indicators with respect to the unit.	Within 30 days of each modification of the action plan.
Annual reports on progress achieved in implementing the action plan prepared by an RSPO-accredited certification body or other suitably qualified person approved by the bank. The report shall include a summary of the borrower's progress in implementing the action plan, any identified non-compliances, issues raised by stakeholder consultation and any recommended corrective actions or modifications to the action plan.	(insert due date for the first annual report) and thereafter respective annual reports are due on the anniversary of that date.
Copy of certificate of compliance with the RSPO criteria and indicators (upon successful completion of the action plan).	Within 30 days of receipt of the certificate by the borrower.

Schedule X3 (proposed new production units or significant expansions of existing units)

Name of planned new production unit or unit to be expanded.	Location (province/state and country).	RSPO alignment plan reference number and date of bank approval.
_____	_____	_____

Reports and documents to be furnished to the bank for each of the abovementioned production units -

Item	Due date for submission of item to the bank
Successive iterations of the borrower's RSPO alignment plan.	Within 30 days of each modification of the plan.
Six-monthly reports on progress in implementing the RSPO alignment plan. The reports shall include a summary of the borrower's progress in implementing the action plan, a list of draft and final versions of outputs completed during the reporting period, acknowledgement and justification for any slippage in plan implementation and any proposed corrective actions or modifications to the action plan.	(insert due date for the first report) and thereafter successive reports are due at six monthly intervals.
Copies of outputs (drafts or final versions) specified in the RSPO alignment plan as requested by the bank.	Within 30 days of the bank requesting a copy of a given output.
Copy of certificate of compliance with the RSPO criteria and indicators (after commencement of operations).	Within 30 days of receipt of the certificate by the borrower.

Schedule X4 (downstream operations in the palm oil sector and targets for increasing the proportion of palm oil within the borrower's supply chains that is sourced from the RSPO-certified production units) .

Note: leave blank if borrower has no downstream operations in the palm oil sector

	Downstream business unit 1	Downstream business unit 2	Downstream business unit 3	Downstream business unit 4
	(insert name and HQ location)	(insert name and HQ location)	(insert name and HQ location)	(insert name and HQ location)
Baseline specify year				
Estimated total quantity of palm oil (tonnes per annum)				
Total quantity of RSPO certified palm oil (tonnes per annum)				
Proportion	%	%	%	%
Year 1 target				
Total quantity of palm oil				
Total quantity of RSPO certified palm oil				
Proportion	%	%	%	%
Proportion	%	%	%	%

Schedule X4 continued

	Downstream business unit 1	Downstream business unit 2	Downstream business unit 3	Downstream business unit 4
	(insert name and HQ Location)	(insert name and HQ Location)	(insert name and HQ Location)	(insert name and HQ Location)
Year 2 target				
total quantity of palm oil				
Total quantity of RSPO certified palm oil				
Proportion	%	%	%	%
Year 3 target				
total quantity of palm oil				
Total quantity of RSPO certified palm oil				
Proportion	%	%	%	%

Reports and documents to be furnished to the bank for each of the business units mentioned in schedule X4 -

Item	Due date for submission of item to the bank
Successive iterations of the borrower's responsible palm oil procurement policy and related action plan and targets.	Within 30 days of each modification of the policy or plan.
Yearly reports on progress in implementing the responsible palm oil procurement policy and related action plan. The report shall include a summary of the borrower's progress in implementing the action plan, an estimate of 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, acknowledgement and justification for any slippage in plan implementation and any proposed corrective actions or modifications to the action plan or targets.	(insert due date for the first annual report) and thereafter respective annual reports are due on the anniversary of that date.