

## SIPEF GUIDANCE DOCUMENT REGARDING LABOUR

The following document serves as a guide to stakeholders interested in the ongoing process of the continual improvement being undertaken by SIPEF with regards to labour standards in Indonesia. It is the intention of this document to provide stakeholders insight into the Company's position on key issues related to labour standards as well as an opportunity to be engaged in the process.

### Guiding principles

- SIPEF is committed to and aligned with the International Bill of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, as transcribed in the laws and regulations of the countries where the Company operates.
- SIPEF recognises that respect for human rights is an area that continuously changes as socio-economic conditions evolve, and one that needs review and focus on continuous improvement and collective engagement with stakeholders.
- SIPEF is committed to transparency and continuous improvement, and therefore continues to engage and make updates within:
  - The Company Sustainability Report, which reports the percentages of permanent labour and females employed over the years
  - The Company Grievance Dashboard, which provides an overview of specific cases that are either "open" or "closed" in the resolution process.

### Ongoing Cases

#### Background

- The Grievance Dashboard currently references only one "open" grievance linked to Company operations at PT AKL.
- The original grievances were initiated in 2017 by 11.11.11 (Belgium-based), with local representative NGO Sawit Watch as the grievance raiser. Over the years, SIPEF has worked to address these grievances and met with Sawit Watch several times to update on progress. Two of the original three grievances are considered "closed" by SIPEF as per the Grievance Dashboard, with the issue related to labour still being considered "open". In early 2020, Transnational Palm Oil Labour Solidarity (TPOLS) took over this grievance reutilizing the allegations originally raised by Sawit Watch.
- PT AKL is a new development area, which has gone through the RSPO New Planting Procedure but is not yet RSPO certified, due to the process of issuing an HGU not yet being completed. As required by RSPO, SIPEF has proceeded following the principles of Free, Prior and Informed

Consent (FPIC). SIPEF is developing infrastructure in close collaboration with local communities, whereby all work is discussed with local communities first, and there is an ongoing relationship based on mutual respect and trust.

### Ongoing process

The Company recognises that human resource management is a process requiring continual improvement and engagement. It is engaging an expert to provide an impartial analysis of the allegations that have been raised. The findings of the expert will be considered as part of the Company's continuous improvement plans. SIPEF has developed a training program that highlights its procedural compliance with labour standards as per its commitments. It is the Company's intention to conduct this training throughout the organisation, with the expectation that it be completed by year-end. The effectiveness of this training will be verified by an internal task force from the Head Office in Medan. It is also the intention to keep engaging with stakeholders, as has been done in previous years, to discuss progress and find areas that can be improved upon. A mediated meeting is planned for as soon as the training program and the verification program have been completed. Both Sawit Watch and TPOLS are welcome to join these meetings to follow the improvements that have been made in the field. In addition, it is also the intention to arrange a stakeholder engagement meeting including the Company, villagers and NGOs. This meeting will allow all parties concerned to freely voice their opinions, so if there are any field complaints, it is hoped that all the concerns can be properly addressed. Again, all stakeholders, including Sawit Watch and TPOLS, are welcome to join these meetings.

Below is a tentative agenda for the above-mentioned process, which, of course, will depend on the evolution of the Covid-19 crisis in Indonesia.

What	When
Independent party to investigate claims and advise SIPEF of improvement actions. Meeting for presentation of progress and planning, TPOLS/Sawit Watch is welcome	Asap
Human resources training course rolled out	Nov 2020-Feb 2021
Task force audit against critical issues	March-May 2021
Collaborative meeting-to invite communities for their input on issues raised	June –July 2021