

## 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.

<b>What</b>	<b>When</b>
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

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## SIPEF'S STAKEHOLDER ENGAGEMENTS

With reference to the recent publication "Report finds litany of labour abuses on RSPO-certified oil palm plantations", SIPEF takes this input very seriously and wants to provide stakeholders further information from the perspective of the Company's stakeholder engagements and actions taken.

SIPEF and its subsidiary PT Agro Kati Lama (PT AKL) respect the opinions expressed in this article. Although PT AKL is not yet RSPO certified, due to the HGU not yet having been issued, it is part of SIPEF's Time Bound Plan commitment and the Company is already managing this as per all of its RSPO certified operations. As set out in Company policies and operating as a responsible corporate citizen, all information is reviewed and verified in a process of continuous improvement of performance.

The Transnational Labour Solidarity and Sawit Watch have already been contacted and requests have been made for more specific information to be able to jointly, or with an independent third party, review the information and take immediate action where required. To date, such information has not been forthcoming. Nonetheless, the Company is fully engaged in a process to investigate these claims, and its systems will be strengthened to ensure these issues do not exist in its operations.

SIPEF recognises that human resource management is a process requiring constant focus and improvement. A comprehensive set of departments and Human Resources are relied on to ensure compliance with all relevant legal and certification standards. Furthermore, SIPEF has developed a training program that highlights its procedural compliance with labour standards as per its commitments, including the RSPO requirements. The Company is currently conducting this training throughout the organisation, with the expectation that it will be completed early 2021. Following this, an internal compliance audit process is being planned, with specific focus on the highlighted issues to ensure that Company management standards do not overlook any aspects. This is in addition to the existing standards and compliance systems that are already in place. SIPEF is currently engaging an expert NGO to provide an impartial analysis of the grievances raised, assess SIPEF's policy implementation and check the efficacy of SIPEF's internal audit framework. The expert will visit the site and have access to all stakeholders and information required. The findings of the expert will be included in the Company's continuous improvement plans.

Pending the lifting of covid-19 restrictions a multi-stakeholder meeting is being planned to allow all those concerned to voice their concerns regarding the issues raised. The meeting will include all workers and unions interested in attending. Both Transnational Labour Solidarity and Sawit Watch have already been informed of the intention to hold this meeting and are welcome to attend.

SIPEF follows a transparent grievance process and verifies any issues raised, and all information regarding this case is visible on the Grievance Dashboard. The Company remains open to recommendations for improvement and, with commitment to transparency and participation in mind, continues to update the stakeholders on the progress of this grievance process.

Schoten, 18th December 2020.