



RESPONSIBLE PLANTATIONS POLICY

Last revision adopted by the Board of Directors on November 22, 2019

SIPEF is a plantation company that was established in 1919. The adoption and constant improvement of practices that have long-term positive impacts have been a central part of its identity for over one hundred years.

Plantations form an integral part of the natural and social environments in which they operate. Their establishment and operations have social and environmental impacts, both positive and negative.

SIPEF believes that sustainable land use must be driven by economic development with the significant contribution of responsible private investment. SIPEF is helping to lead the journey to sustainability through cooperation with its customers, social and environmental NGOs, producers, researchers and other willing stakeholders. Together with them, the Company can develop and promote the adoption of responsible and sustainable standards and practices for its industry.

SIPEF believes that production of all commodities, which are fully traceable to the source and certified by a credible third party is a fundamental step towards sustainable land use.

In the oil palm sector, the Roundtable on Sustainable Palm Oil (RSPO) is the most stringent sustainability standard. In all the other commodities SIPEF specialises in, namely rubber, tea and bananas, the Rainforest Alliance Sustainable Agricultural Standard is the highest standard.

SIPEF is committed to achieving a 100% RSPO certified fully traceable supply base¹.

All of SIPEF's rubber, tea and banana operations are certified to the Rainforest Alliance Sustainable Agriculture Standard and are fully traceable to source. In addition, the banana production in Ivory Coast is GlobalG.A.P. certified and already partly Fair Trade certified.

In Indonesia, the majority of the estates and mills are also certified or working towards certification to the Indonesian Sustainable Palm Oil Standard (ISPO).

Three of the Indonesian operations are certified to the International Sustainability & Carbon Certification (ISCC) standard.

For rubber, SIPEF is a founding member of the newly formed Global Platform for Sustainable Natural Rubber (GPSNR).

SIPEF is actively involved in a wide range of sustainability initiatives, including RSPO, GPSNR, the Belgian Alliance for Sustainable Palm Oil (BASP) and “Gabungan Pengusaha Kelapa Sawit Indonesia” (GAPKI) or the Indonesian Palm Oil Association (IPOA), through participation in numerous working groups, board seats, committees and task forces to ensure engagement with all stakeholders in setting equitable standards.

Responsible social practices

→ SIPEF believes that respect for human rights will help lift people out of poverty and injustice, allow them to assert their dignity and guarantee sustainable development. SIPEF supports the implementation of the International Bill of Human Rights, including the Universal Declaration of Human Rights, and of the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, as they are transcribed into the laws and regulations of the countries where it operates.

→ SIPEF believes in the rights of indigenous and tribal people to exercise control over their own institutions, ways of life and economic development, and to maintain and develop their identities, languages and religions, as expressed in the ILO Indigenous and Tribal Peoples Convention, 1989 (No. 169).

→ SIPEF is committed to fair labour practices as per the ILO Conventions on Free and Fair Labour Principles and as verified through its RSPO compliance. These are the standards in all SIPEF operations for all employees, and are implemented through specific Company policies on human rights; minimum working age; prohibiting forced or trafficked labour; discrimination; eliminating gender discrimination; and on the importance of a safe workplace.

→ SIPEF believes in the importance of being a ‘good neighbour’. Social-environmental impacts from its operations are controlled to avoid any negative impact on the surrounding population. Communities neighbouring the SIPEF operations, or affected by them, are consulted periodically, and as much as possible provided with opportunities to benefit from its activities. SIPEF provides employment, builds and maintains schools, roads, health centres, bridges and places of worship. Smallholder oil palm projects are developed with and for local communities, beyond legal requirements.

→ Grievances, both internal and external are considered seriously, and are handled through transparent and unbiased mechanisms. The grievance mechanisms allow for appeals to higher management and protect whistle-blowers.

Responsible plantation and processing management

→ Best Management Practices (BMPs) are adopted and implemented to ensure optimal use of the land converted into plantations. Existing oil palm blocks established on peat are mapped and shared with RSPO. All peat estates are managed to meet or exceed the RSPO 'Best Management Practices for existing peat plantations', particularly with regards to water management, fire prevention and firefighting.

→ SIPEF has never used fire as a means of land cultivation in all areas under its management, and since 1989 has adopted a zero burning policy.

→ SIPEF gives special attention to fire prevention and control. All the estates and mills have set up firefighting teams with full firefighting equipment. The Group actively monitors fire warnings using local staff in the field, watch towers and is supported by the National Aeronautics and Space Administration (NASA) Fire Information for Resource Management System (FIRMS) alerts and RSPO alerts. All cases of fire are responded to as soon as possible and reported to the relevant local authorities.

→ Specific attention is given to the use of pesticides. Integrated Pest Management (IPM) plans are developed for all operations and reviewed annually. All active ingredients in use are also reviewed annually for safety and efficacy. Pesticides in World Health Organization (WHO) classes 1a and 1b are used only when no effective alternatives are available. Their use is authorised in writing by local senior management on a case-by-case basis. The active ingredient, paraquat, was phased out of all SIPEF's operations in 2016. All workers, permanent or otherwise, involved with pesticides, are trained and equipped adequately and their health is monitored.

→ High Conservation Value (HCV) areas are identified with the help of recognised professionals², clearly delineated, actively protected and monitored. The presence of HCV areas in the operations of the Group is made known to neighbouring communities. Social HCV areas remain accessible to communities. Other conservation areas are established as identified by third-party assessments or by the Company, taking into consideration landscape-level impacts.

→ SIPEF aims to reduce Green House Gas (GHG) emissions. Treating the liquid effluent from palm oil mills emits significant amounts of methane, a known GHG. To reduce emissions of methane, SIPEF is committed to installing methane-capture mechanisms in all its new palm oil mills. All its mills will be upgraded as and when it is technically and financially possible. As part of continuous improvement efforts, SIPEF has commissioned its first aerobic composting facility. Aerobic composting entirely eliminates GHG emissions from palm oil mill effluent.

→ The 'carbon' performance of the oil palm operations is monitored, using RSPO or ISCC-endorsed methodologies and reporting tools.

→ SIPEF is committed to implementing its no zero hunting policy on its estates and third-party suppliers cultivated estates.

Responsible development of new operations

→ SIPEF is committed to no deforestation. All new projects are developed after integrated HCV-HCS assessments³. For ongoing projects, and acquired going concerns, HCS assessments are conducted with the results integrated into habitat management plans.

→ SIPEF believes that a thorough Free, Prior and Informed Consent (FPIC) process is critical to the long-term success of any new operation, both for the communities and for the Company. The first step of all new projects is a robust FPIC process.

→ SIPEF is committed to the RSPO New Planting Procedure (NPP). All SIPEF's oil palm developments comply with the RSPO NPP.

→ SIPEF will not develop peat areas, of any depth, into new estates (since November 2014).

→ All new SIPEF operations (plantations and processing facilities) will be designed to minimise their net GHG-emissions. No fire is allowed in the development of new projects.

→ Development of non-oil palm operations follows a mechanism similar to oil palm developments: implementation of FPIC, HCV-HCS assessment by third-party specialists, Environmental and Social Impact Assessment (ESIA) - even if not required by local regulations, as well as a strict agronomical suitability review.

Responsible sourcing: full traceability

→ Traceability is a key component of sustainability. SIPEF encourages full transparency of commodity supply chains. The customers of the Company have the right to know the origin of its products. SIPEF will disclose the origin of any shipment to its customers, and to concerned stakeholders.

→ All commodities sold by SIPEF are fully traceable to their place of production, either an estate managed by SIPEF or any smallholder plot.

→ SIPEF sources exclusively from traceable independent and scheme smallholders. The Group endeavours to have all its suppliers independently certified.

This policy applies to all operations managed by SIPEF, or in which SIPEF has a controlling stake (even if SIPEF is not managing the operation).

This policy also applies to all smallholders delivering to SIPEF.

SIPEF provides smallholders with objective information about costs and benefits, and, once they have made this choice, with technical support to achieve compliance and become certified.

SIPEF has developed a mechanism to select, suspend or exclude suppliers based on the sustainability standards it is committed to.

SIPEF will review this policy as necessary, and it will be included as a point of discussion for the SIPEF Board once a year, usually during the last Board meeting of the year.

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1 <https://rspo.org/members/156/SIPEF Group>

2 Team leaders hold an Assessor Licencing Scheme (ALS) licence issued by the HCV Resource Network.

3 All HCS assessments are implemented using the High Carbon Stock Approach (HCSA) see <http://highcarbonstock.org/>. The HCSA is working on how to address 'High Forest Cover Landscape' areas, such as Papua New Guinea (PNG). While this is in progress, projects with communities in PNG are on hold. SIPEF will review its position on the appropriate tools for PNG once the HCSA has confirmed its position on HFCL.