SIPEF is a Belgian company operating in agro-industrial activities, mainly in the production of sustainable palm products and bananas. The Group’s business strategy is built on controlled growth as an upstream player, and a crucial part of its mission is to be the preferred supplier of traceable, sustainable, high-quality agricultural products.

SIPEF was first established in 1919, and the adoption and continuous improvement of practices have been a central part of its identity for over one hundred years. The Company has made a top-down commitment to ensuring its business activities make a positive contribution to the environment, society and local economies. This includes managing plantations and operations in an environmentally and socially responsible manner, as well as creating employment and development opportunities in the rural and remote areas in which it operates.

SIPEF believes that producing commodities, which are fully traceable to source and certified by third parties, is fundamental to sustainable land use.

The Group’s sustainability strategy is implemented through its two main policies: the SIPEF Responsible Plantations Policy (RPP or ‘Policy’) and the SIPEF Responsible Purchasing Policy (RPuP).

Purpose and scope
The RPP is the highest-level Group sustainability policy, and defines the guidelines for SIPEF’s management of new developments, as well as continuous improvement in the management of existing plantations. The Policy covers SIPEF’s key environmental and social commitments and principles for sustainable production and processing. These include SIPEF’s overarching commitment to producing fully traceable and certified products, as well as its No Deforestation, No Peat, and No Exploitation (NDPE) commitments.
The pillars of the SIPEF RPP are:

- Responsible production and processing
- Responsible development of new operations
- Responsible social practices
- Responsible sourcing and smallholder production
- Innovation and continuous improvement
- Stakeholder engagement and reporting

The RPP applies to all plantations and operations managed by SIPEF, regardless of ownership share. The commitments and responsible practices set out in the document have been incorporated into the Company’s and its subsidiaries’ sub-policies, standard operating procedures (SOPs), as well as due diligence and verification procedures.

The Policy also applies to all smallholders delivering to SIPEF, and is supported by SIPEF’s RPuP, which guides the Group’s responsible sourcing requirements for engaging with third-party suppliers. In addition to the RPP and RPuP, the Group upholds several other corporate policies aimed at specific issues such as occupational health and safety, child labour and grievances.

The RPP was first developed in 2014, and has since been reviewed on an annual or biennial basis. SIPEF will continue to regularly review the RPP, and revise its content as necessary. The Policy is included as a point of discussion for the SIPEF board on an annual basis, usually during the last board meeting of the year.

**Responsible production and processing**

For SIPEF, sustainability starts with responsible production, first and foremost within SIPEF’s own plantations and operations, but also in the production areas of its suppliers, all of whom are smallholders. SIPEF is committed to:

- **Achieving a 100% Roundtable on Sustainable Palm Oil (RSPO) certified fully traceable supply base for its own palm oil production, and for the smallholders delivering to its mills**: All smallholders delivering to its mills need to be traceable and compliant with the RPuP, which requires suppliers to become certified in accordance with SIPEF’s RSPO time bound plan. SIPEF is committed to providing training and technical support to smallholders to achieve compliance and certification. All estates and mills in Indonesia are also committed to full compliance with the Indonesian Sustainable Palm Oil Standard (ISPO). For specific sites, SIPEF is further committed to maintaining other sustainability certifications already achieved.
➢ **Full certification of its banana operations to the Rainforest Alliance Sustainable Agriculture Standard**: SIPEF is also committed to upholding the certification of its banana operations to the GLOBALG.A.P. and Fairtrade standards.

➢ **Adopting and implementing Best Management Practices (BMPs) aimed at achieving higher yields per hectare, minimising inputs and impacts on the surrounding environment, and preserving soil health**: These practices include sustainable land preparation and management; minimising the use of agrichemicals; improving water management and reducing water usage intensity; minimising waste and pollution; and maintaining riparian buffer zones to protect waterways.

➢ **No use of fire to clear or cultivate land**: SIPEF also places significant focus on fire prevention and management. In Indonesia, the Group has a fire risk alert monitoring system, as well as firefighting procedures in place in case of any incidents involving fire. All cases of fire are responded to as soon as possible, and are reported to the relevant local authorities and the RSPO.

➢ **Minimising the use of pesticides, while maintaining or increasing productivity per hectare**: Integrated Pest Management (IPM) plans are developed for all operations and reviewed annually. The active ingredient, paraquat, was phased out of all SIPEF operations in 2016. Chemicals listed under the Stockholm Convention, Rotterdam Convention, and the World Health Organization (WHO) Class 1A and 1B pesticides are only used when no effective alternatives are available. Their use must be authorised in writing by local senior management on a case-by-case basis. All active ingredients in use are reviewed each year to align with the lists of pesticide management, as per relevant certification standards’ requirements. All workers involved in handling pesticides (permanent or otherwise) are trained and equipped adequately, and their health is regularly monitored.

➢ **Identifying High Conservation Value (HCV) areas and High Carbon Stock (HCS) forests with the help of recognised professionals, and ensuring the areas are clearly delineated, actively protected and monitored**: The presence of HCV areas and HCS forests in the operations of the Group is made known to neighbouring communities. Social HCV areas remain accessible to communities. Other conservation areas identified by third-party assessments or by the Company will be protected, taking into consideration landscape-level impacts.

➢ **No hunting, with the exception of sustainable hunting by local communities**: SIPEF’s no hunting policy is implemented on its own estates and in the areas of its third-party suppliers.
Monitoring, reporting and reducing the Group’s greenhouse gas (GHG) emissions: SIPEF is committed to continuing and building on its existing initiatives to reduce its GHG emissions. This includes engaging in best management practices on cultivated peatland and upgrading palm oil mills to include methane capture facilities, as and when it is technically and financially possible. Following the calculation and verification of the baseline of SIPEF’s carbon footprint in 2019, progress will be monitored and reported using appropriate available tools.5

Identifying solutions for adapting to climate change: SIPEF will continue to regularly assess the risks and impacts linked with climate change, and to identify concrete solutions that will enable the Company to manage and adapt to these risks and impacts.

Responsible development of new operations

Respect for the limited availability of agricultural land is crucial for SIPEF’s success as a business, now and especially in the future. SIPEF is committed to:

- **No deforestation since November 2014**: New developments do not take place in HCV areas, HCS forests, peatland, fragile or marginal soils. All new oil palm projects are developed only after integrated HCV-HCSA assessments.6 For ongoing projects, and acquired going concerns, HCS assessments are conducted, and the results are integrated into the HCV management plans.

- **SIPEF believes that a 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 for any new development projects is a robust FPIC process.

- **Adhering to the requirements of the RSPO New Planting Procedure (NPP) for any new developments in its own oil palm operations**: The NPP requires all new development plans to undergo an integrated HCV-HCSA assessment, an FPIC process, social and environmental impact assessments, GHG assessments, soil suitability studies and a land use change analysis, in line with current relevant standards and prior to any land development.

- **No new development in peat areas, regardless of depth, since November 2014**: In addition, all cultivated peat areas are managed to meet or exceed the RSPO Best Management Practices for Existing Oil Palm Cultivation on Peat, particularly with regards to water management, fire prevention and firefighting.
- Monitoring its concessions in Indonesia and Papua New Guinea for any land use change and potential illegal deforestation activities: Monitoring also covers areas managed under third-party suppliers.

- Designing all new SIPEF operations (plantations and processing facilities) to minimise their net GHG emissions: This includes, for example, installing methane-capture facilities in all new palm oil mills as part of its GHG reduction plan.

- No use of fire for the development of new projects: SIPEF strictly prohibits the use of fire for any new developments. The use of fire for clearing land is against the laws of the countries where the Group operates. It also damages the long-term fertility of soils and can cause disruption to agricultural activities.

- Following the relevant certification standards requirements for non-oil palm operations, which are similar to the procedures for oil palm new developments.

**Responsible social practices**

SIPEF believes in being a responsible employer and a good neighbour. The Group acknowledges that sustainable agriculture cannot be achieved without respect for human rights. SIPEF is committed to:

- Implementing 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.

- Respecting the rights of indigenous and tribal people to exercise control over their own institutions, ways of life and economic development: In addition, respecting their rights to maintain and develop their identities, languages and religions, and to enjoy their fundamental human rights to the same degree as the rest of the population of the states within which they live, as expressed in the ILO Indigenous and Tribal Peoples Convention, 1989 (No. 169).
Fair labour practices as per the Free and Fair Labour in Palm Oil Production: Principles and Implementation Guidance, and as verified through compliance with the RSPO standard: These are the standards in all of SIPEF’s operations for all employees, which are implemented through specific Company policies on human rights; minimum working age; prohibition of forced, trafficked and child labour; non-discrimination; eliminating gender discrimination; and on occupational health and safety.

Compliance with the requirements of the RSPO, Rainforest Alliance and Fairtrade standards on living wage: Each of these standards uses the Global Living Wage Coalition’s (GLWC) definition and sets its own requirements on how and when the living wage must be paid.

Conducting social impact assessments and periodic consultations with communities neighbouring the SIPEF operations, or affected by them: As much as possible, local communities will also be provided with opportunities to benefit from SIPEF’s activities.

Handling both internal and external grievances through transparent and unbiased mechanisms: The grievance mechanisms allow for appeals to higher management and protect whistle-blowers. Details and progress on the status of grievances considered to be significant are transparently reported on SIPEF’s grievance dashboard on the Company’s website.

Responsible sourcing and smallholder production

Traceability and supplier engagement are fundamental to responsible sourcing in agricultural commodity supply chains. Engaging with and supporting smallholder farmers in supply chains can also help to address poverty and have a positive impact on livelihoods through increased yields, improved production quality, higher incomes and access to international markets. SIPEF is committed to:

Full traceability of all commodities sold by SIPEF to their place of production, either an estate managed by the Company or a smallholder plot: SIPEF can also disclose the origin of any shipment to its customers and to concerned stakeholders upon request.

Sourcing exclusively from traceable independent and scheme smallholders: SIPEF’s third-party suppliers are smallholders with whom SIPEF has a Memorandum of Understanding (MoU), whose production location is known and mapped, and who are either already RSPO certified or have the potential to become certified within the Group’s RSPO Time Bound Plan.
Providing support to oil palm smallholders delivering to its mills in their journey towards certification: The Company supports smallholders in its supply base with achieving compliance and becoming certified, by providing technical assistance, extension services and training, as part of its oil palm smallholder programmes.

Innovation and continuous improvement

SIPEF recognises the significant potential and importance of innovation in enhancing productivity, quality and circularity. The Group has made significant investments in research and solutions linked with maximising yields, new regenerative and nature-positive agricultural techniques and methods, and technological advancements focused on reducing GHG emissions and creating value out of by-products.

SIPEF is committed to investing in research, development and innovation that will enable progress towards:

- **Sustainable and optimal use of land**: Increasing yield per hectare, minimising environmental impacts, and improving soil health.
- **Efficient production and processing**: Increasing the efficiency and optimisation of the use of inputs, and re-purposing by-products.
- **Improving quality**: Significantly improving the quality of planting materials.
- **Enhancing resilience**: Boosting the resilience of future crops, as a key step in strengthening the capacity for adaptation to climate change.

Stakeholder engagement and reporting

SIPEF places great importance on stakeholder engagement in order to implement its sustainability strategy. The Company is committed to:

- **Regular engagement and cooperation with key stakeholders**: SIPEF’s key stakeholders include customers, shareholders, banks, social and environmental NGOs, researchers and experts, technical consultancies, local communities, and smallholders.
- **Transparent reporting on the implementation progress of its sustainability strategy, the RPP and other supporting policies**: This includes annual reporting in alignment with leading sustainability reporting frameworks and expectations of its most important stakeholders, and in compliance with regulatory requirements on non-financial reporting.

- **Active participation in voluntary multi-stakeholder platforms relevant to SIPEF’s sector**: SIPEF is committed to remaining actively involved in a wide range of sustainability and multi-stakeholder initiatives, including the RSPO, the Belgian Alliance for Sustainable Palm Oil (BASP), the Tropical Forest Alliance (TFA), and Gabungan Pengusaha Kelapa Sawit Indonesia (GAPKI) or the Indonesian Palm Oil Association (IPOA).

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1. SIPEF’s time bound commitment to achieve 100% RSPO certification can be found in the Company’s RSPO Annual Communications of Progress (ACOP) submission, accessible at: [https://rspo.org/members/1-0021-05-000-00/](https://rspo.org/members/1-0021-05-000-00/)

2. This includes certification to the International Sustainability & Carbon Certification (ISCC) standard. An overview of SIPEF’s sustainability certifications can be accessed at: [https://www.sipef.com/hq/sustainability/certifications-records](https://www.sipef.com/hq/sustainability/certifications-records)

3. Led by Assessor Licensing Scheme (ALS) assessors and HCSA registered practitioners

4. Sustainable hunting by local communities for subsistence purposes that does not cause a decline of local species populations, as defined by the Zoological Society of London Sustainability Policy Transparency Toolkit (SPOTT)

5. SIPEF is using the ISO14064 methodology to calculate its carbon footprint at Group level as of 2019.

6. All HCS assessments are implemented using the High Carbon Stock Approach (HCSA): [https://highcarbonstock.org/](https://highcarbonstock.org/). The HCSA and RSPO are working on how to address ‘High Forest Cover Landscape’ areas in countries like Papua New Guinea (PNG). While this is in progress, development projects with communities in PNG are on hold. SIPEF will review this position once the HCSA and RSPO have confirmed their position on High Forest Cover Loss (HFCL).
