

# **IFFCO GROUP POLICY ON SUSTAINABLE PALM OIL**

## **Investing in a Sustainable Future**

IFFCO recognizes that palm oil is one of the key ingredients that it sources, processes and trades within its business. Palm oil is the largest traded vegetable oil in the world; it is highly efficient in terms of yield per hectare and a highly versatile ingredient for food, feed, fuel and oleochemical products. With all of these strengths, producing palm oil sustainably is of utmost importance to the world, and subsequently to IFFCO's long-term business.

At IFFCO, sustainability is an integral part of our vision. The vision defines the core principles and guides our working practices in creating products and services for our customers and consumers. IFFCO also aspires to embark on contributing to the United Nations (UN) Sustainable Development Goals (SDGs), specifically related to responsible production and consumption, food safety and nutrition, climate change, protection of life on land, reducing inequality and engaging stakeholders towards achieving these goals.

This policy reflects our commitment to support the move towards full sustainability in the palm oil industry, and marks an important milestone in our journey to invest in realizing the full potential of palm oil to sustainable development and ultimately, a sustainable future.

## **Scope of the Policy**

IFFCO manages the mid and downstream business of palm oil production. This sustainability policy frames the commitment surrounding the sourcing and processing of palm oil that applies to IFFCO Group processing facilities and their supply chain. The IFFCO Group processing facilities within the scope of this policy are Emirates Refining Company Ltd, IFFCO Egypt S.A.E, Delmon Products Saudi Limited Company, IFFCO Pakistan (Pvt) Ltd, PT. Synergy Oil Nusantara and IFFCO Italia Srl, with procurement of palm materials handled by IFFCO Singapore Pte Ltd and IFFCO (S.E.A) Sdn Bhd. IFFCO will work closely with our suppliers, and engage all relevant stakeholders whenever necessary, to help them apply and comply with this policy and benefit from its implementation. The policy applies to our suppliers as of January 2019, following the adoption of this Group Policy.

## **Commitments**

This Policy complements previous Sustainability Plan on Palm Oil Sourcing and Processing issued in 2017. It is further updated in December 2020 and July 2022 to reflect change in scope and goals and to adopt a set of strengthened and more best practices in sustainable palm oil production, including regenerative agriculture, in order to deliver positive social, environmental and economic impacts across the value chain.

IFFCO companies in Middle East, Africa, Pakistan, Indonesia, Italy and Singapore are members of the Roundtable on Sustainable Palm Oil (RSPO) and IFFCO is committed to pursuing increased volume of RSPO-certified raw materials that it purchased, processed and traded.

Traceability serves as fundamental first-stage information to list and map out our entire supply chain as well as any associated environmental and social risks and opportunity. IFFCO will work closely with the suppliers to improve transparency and traceability of its supply base. Our goal is to maintain full traceability of palm-based products to supplying mills that IFFCO facilities have achieved since 2019, and to work towards full traceability to plantation for palm oil that we directly source from palm oil mills by end-2023 and for indirectly source by end-2027.

Along with the adoption of sustainability certification standards such as RSPO, ISPO (Indonesian Sustainable Palm Oil), MSPO (Malaysia Sustainable Palm Oil) and ISCC (International Sustainability and Carbon Certification), IFFCO adopts the No Deforestation, No Peat and No Exploitation (NDPE) principles for all palm oil in its supply chain. IFFCO follows the NDPE Implementation Reporting Framework (IRF) to demonstrate progress, identify gaps within our supply chain and implement required action plans. We aim to collaborate with our suppliers to achieve 100% NDPE Delivering supply chain by 2030.

## **Indicators for Palm Oil Sustainability**

We require our suppliers to adopt our sustainability commitments or equivalent. We are committed to deliver palm oil products that are in accordance with these indicators, that applied to our suppliers as well as to our own processing facilities, where applicable:

### **Governance**

- Comply with all local, national, and international laws and regulations
- Ensure traceability of the palm oil materials

### **Environmental Stewardship**

- Ensure no development of palm oil in High Conservation Value (HCV) areas and High Carbon Stock (HCS) forests
- Protection of set aside HCV and HCS areas, including presence of biodiversity is monitored and protected, wildlife corridors and connectivity are enhanced whenever necessary taking into account the broader landscape and prohibit the hunting of endangered species
- Conduct social and environmental impact assessment and establish its associated management and monitoring plans
- Avoid use of fires in preparation of land or in development of oil palm plantations
- Ensure no new development on peat regardless of depth
- Follow Best Management Practices for existing plantation on peat

- Follow Best Management Practices for agricultural production including but not limited to the use of fertilizer, maintain, and if possible improve, soil health, use of Integrated Pest Management (IPM) techniques, optimize use of renewable energy, and implement waste-nutrient recycling strategy
- Reduce Greenhouse Gas (GHG) emissions in the supply chain and in IFFCO processing facilities, establish method and roadmap towards GHG emissions reduction, measure and monitor its reduction progress
- Implement water management to improve water use intensity and ensure compliance on wastewater quality, treatment of Palm Oil Mill Effluent and Palm Oil Refinery Effluent
- Identify and minimize negative environmental impacts
- Minimize use of pesticides, herbicides and paraquat, if applicable work towards phasing out of use of paraquat, and prohibit use of chemicals under WHO Class 1A and 1B, Stockholm and Rotterdam Convention
- Implement responsible waste management practices including waste reduction, reuse and recycling

## **Social Responsibility**

- Respect and uphold the rights of all workers, in accordance with the Universal Declaration of Human Rights, the International Labor Organization (ILO)'s core conventions, United Nations Guiding Principles on Business and Human Rights
- Respect the formal and customary rights (including land rights) of indigenous and local communities, including their right to give or withhold their Free, Prior and Informed Consent (FPIC) to developments on land over which they hold legal, communal or customary rights
- Assess social impacts from company's operations with aiming to prevent and mitigate negative impacts and enhance positive impacts in form of coherent Corporate Social Responsibility (CSR) Programs or other
- Respect and recognize the rights of all workers including contract, temporary and migrant workers
- Uphold the right of all workers to form and join trade unions of their choice as long as it is within and in conjunction with the local laws
- Provide fair and equal employment opportunities and benefits to all employees, regardless of race, religion or gender
- Commitment to respecting diversity and gender equality
- Recruitment practices are transparent and fair and ensure zero recruitment fee. Direct recruitment is encouraged and recruitment process is well documented.
- Prohibit any retention of identity documents unless required by law or agreed by workers for safety purpose
- Implement policies to prevent and remediate harassment and abuse, including sexual harassment and abuse
- Prohibit child labour and take appropriate measures to prevent child labour

- Prohibit forced labour, bonded labour and human trafficking are not used or promoted, and appropriate measures are taken to prevent the use of such labour
- Promote safe and healthy working environment and provide workers with adequate personal protective equipment and training to ensure that workers are protected from exposure to occupational health and safety hazards
- Ensure that all workers are paid a decent living wage equal or exceeding the local minimum wage and overtime compensation in accordance with the local and national labour regulations, considering reasonable production targets and working hours and prohibit unlawful wage deduction
- Enable all workers access to judicial remedy and to credible grievance mechanisms without fear of recrimination or dismissal including no attack to human rights defender

## **Smallholders**

- Support the inclusion of smallholder farmers into sustainable palm oil supply chains
- Identify and initiate program to improve the smallholder participation in the sustainable palm oil supply chain