

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, ensuring food safety and nutrition, addressing climate change, 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 companies (IFFCO Singapore Pte Ltd, IFFCO (S.E.A) Sdn Bhd, Emirates Refining Company Ltd, IFFCO Egypt S.A.E, Delmon Products Limited Yanbu Br, IFFCO Pakistan (Pvt) Ltd and P T. Synergy Oil Nusantara). IFFCO will work closely with suppliers, and engage all relevant stakeholders whenever necessary, to help them apply and comply with this policy within a reasonable timeline 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 to reflect the change in ownership and to strengthen IFFCO's commitment to work more proactively with stakeholders to ultimately achieve our goal towards a fully traceable and sustainable palm oil supply chain by end of 2021.

IFFCO companies in Singapore, Malaysia, Middle East, Pakistan, and Indonesia are members of the Roundtable on Sustainable Palm Oil (RSPO) and IFFCO is committed to pursuing increased volume of RSPO-certified raw materials 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

and ultimately achieve full traceability of palm-based products to mills by mid-2019 and traceability to plantation level by end of 2021.

IFFCO recognizes the importance of partnership with stakeholders to deliver its goals within the targeted timeline. This includes initiating program to improve the smallholder participation in the sustainable palm oil supply chain, enhancing their productivity and thus reducing the risk of expansion, which often threatens HCV areas and HCS forest. IFFCO will promote and communicate on best practices by its suppliers and collectively work towards the further transformation of the palm oil industry.

Palm Oil Sustainability Goals

IFFCO's goal is to work with key stakeholders to deliver a fully traceable and sustainable palm oil by end of 2021. 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. The sustainability goals also apply to practices within our operations where applicable.

We work to deliver palm oil products that are produced in accordance with these commitments:

Governance

- Comply with all local, national, international laws
- Ensure traceability of 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
- 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
- Reduction of greenhouse gas (GHG) emissions in the supply base and minimizing carbon footprint in operations
- Implement water management for reducing impacts on water quality and water consumption
- Identify and mitigate environment effects with aiming to minimize environment and impacts
- Minimize use of pesticides, herbicides and paraquat, and prohibit use of WHO Class IA and IB chemicals
- Implement responsible waste management practices including waste reduction, management and recycling

Social Responsibility

- Uphold and promote United Nations Universal Declaration on Human Rights
- Respect the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent (FPIC)
- 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
- 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 equipment and training to ensure that workers are protected from exposure to occupational health and safety hazards
- Ensure that all workers are paid a wage equal or exceeding the minimum wage and overtime compensation in accordance with the local and national labour regulations, taking into account 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

Smallholders

- Support the inclusion of smallholders into the supply chain and provide technical assistance and support to help them achieve compliance with required standards and policies
- Identify and initiate program to improve the smallholder participation in the sustainable palm oil supply chain