Sustainable Palm Oil Sourcing Policy

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1/ Key Policy Points

- COFCO International commits to support the sustainable and responsible production and sourcing of palm oil.
- All our palm oil suppliers and sub-tier suppliers are expected to comply with our Supplier Code of Conduct, as well as specific requirements set out in this Policy.
- We will develop procedures to assess supplier performance against this Policy.
- We will report our implementation progress of this Policy.
- We provide grievance channels for stakeholders to report non-compliance with this Policy.

2/ Purpose

While COFCO International does not operate any oil palm plantations or mills, we are an active participant in the palm oil value chain. Recognizing the significant environmental and social consequences of unsustainable palm oil production, we commit to support the sustainable and responsible production and sourcing of palm oil. We also endorse the Roundtable on Sustainable Palm Oil (RSPO) and its mission to build a sustainable palm supply chain with transparency and traceability.

COFCO International's Supplier Code of Conduct stipulates sustainability principles applicable to all our commodity and non-commodity suppliers to ensure responsible supply chains. This Sustainable Palm Oil Sourcing Policy complements the Supplier Code with specific requirements on our suppliers of physical palm oil, palm kernel oil and derivatives, as well as their sub-tier suppliers.

3/ Scope

This Policy applies to all suppliers from whom we source physical palm oil, palm kernel oil and derivatives or with whom we have a trading relationship, as well as their sub-tier suppliers.

4/ Policy Statements

Legal compliance
Suppliers comply with all applicable laws and regulations, and conduct business with a high degree of integrity.

No conversion of High Conservation Value (HCV) areas and High Carbon Stock (HCS) forests
Suppliers commit to the conservation of biodiversity and the respect of HCV areas and HCS forests, as well as protected areas.

- High Conservation Value areas
Areas as defined in High Conservation Value Resource Network Common Guidance for Identification of HCVs\(^1\). These areas have critical value for biological diversity, ecosystem services, and cultural and community needs.

- High Carbon Stock forests
HCS forests as defined by the global multi-stakeholder platform of expertise on HCS, the High Carbon Stock Approach\(^2\).

No burning
Suppliers prohibit the use of fire for land preparation, replanting or other developments.

No new development on peat land, regardless of depth
Peat is defined as soil containing over 65% organic matter. For existing plantations on peat, best management practices as defined by the RSPO should be followed and, where appropriate, peat restoration should be considered and attempted.

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\(^1\) Full guidance at: https://hcvnetwork.org

\(^2\) More details at: http://highcarbonstock.org/the-high-carbon-stock-approach/
No exploitation of people and local communities
- Suppliers respect and support internationally recognized human rights as expressed in the International Bill of Human Rights and the eight International Labour Organization Core Conventions.
- Suppliers respect the human and labour rights of all workers, including contract, temporary and migrant workers, while complying with local, national and ratified international laws.
- Suppliers do not tolerate any form of child labour, forced labour, bonded labour or human trafficking. There shall be no restrictions on workers’ freedom of movement during their free time.
- Suppliers ensure that no fees or costs are charged to workers and jobseekers for recruitment, and no unlawful withholding of wages, passports, identification cards or other personal belongings without their consent.
- Suppliers don’t tolerate any form of discrimination, harassment or violence in hiring and employment practices with regards to race, religion, sex, age, physical ability, political opinion, social or ethnic origin or sexual orientation.
- Suppliers ensure a safe and healthy work environment to protect workers from potential occupational health and safety hazards. In cases where accommodation is provided, a safe and healthy living environment and decent housing facilities must be ensured, with appropriate sanitary conditions in full compliance with applicable laws and regulations.
- Suppliers ensure workers’ right to freely associate, organize and bargain collectively in accordance with applicable laws and regulations.
- Suppliers provide workers’ pay, including minimum salary, overtime payment, work hours and conditions in compliance with applicable laws and regulations, with coverage for work-related illness or injuries.
- Suppliers respect the legal and customary land rights of local and indigenous communities, based on the principle of Free, Prior and Informed consent (FPIC).
- Suppliers resolve complaints and conflicts through an open, consultative and transparent process that is mutually agreed upon by relevant parties.
- Suppliers support the inclusion of smallholders in the sustainable palm supply chains.

Supply chain transparency
Supplier shall promote supply chain transparency and provide traceability of palm oil and derivatives to site of production, as a minimum to the mill level.

5/ Implementation
We will seek ongoing engagement and collaboration with our suppliers and other stakeholders on the implementation of this Policy.

We will develop procedures to evaluate supplier compliance with this Policy. We reserve the right to request corrective actions by suppliers in case of confirmed non-compliances and disengage from suppliers in case of failure or unwillingness to implement such actions. We will report policy implementation progress in our annual sustainability reports, among other channels.

6/ Reporting non-compliance
We encourage stakeholders to report potential non-compliances via our grievance channels, including COFCO International Integrity Hotline and specific supply chain grievance channels.