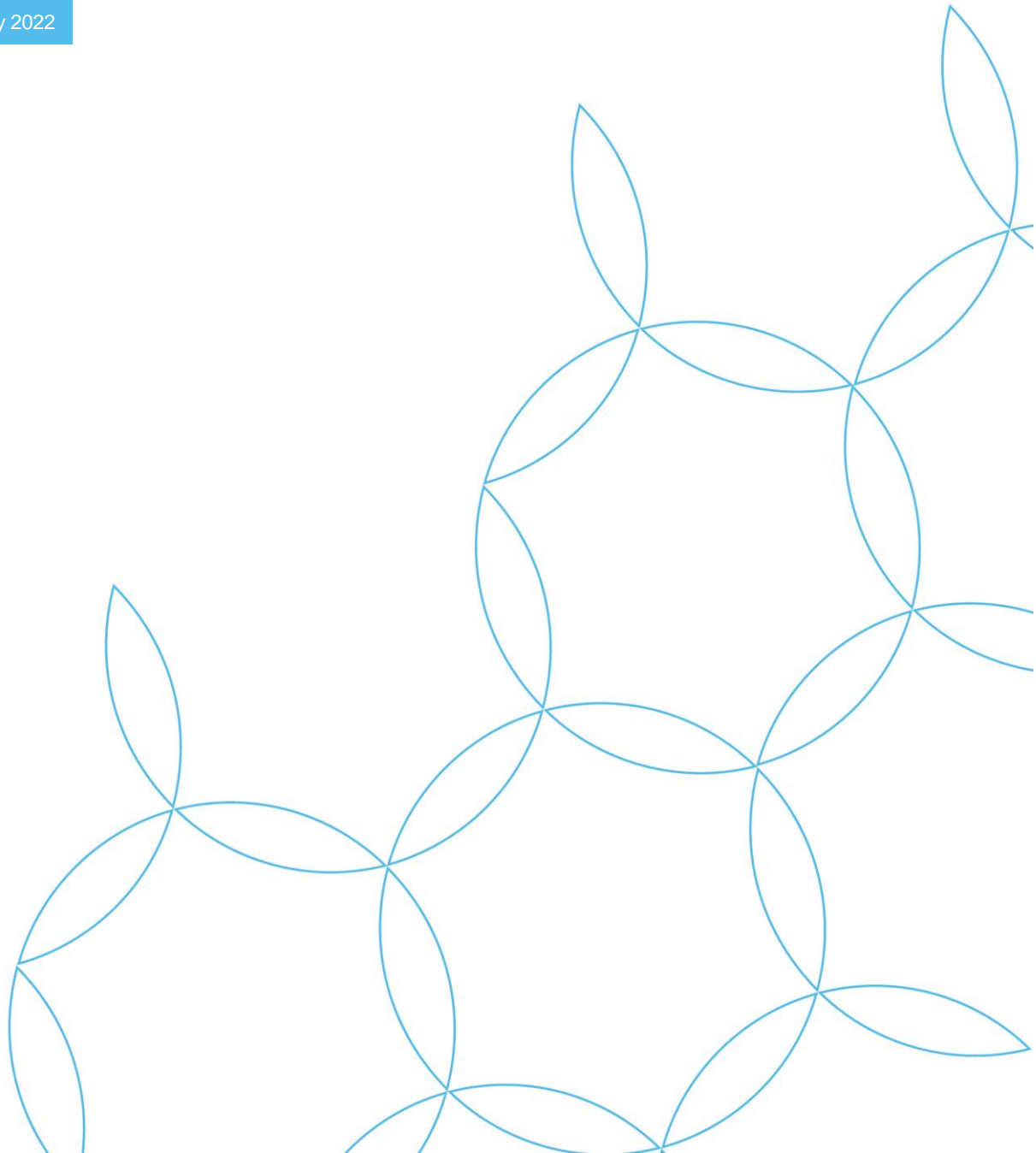




中粮国际  
COFCO INTL

# Sustainable Palm Oil Sourcing Policy

Version 02 | January 2022



## Contents

<b>1/ Key Policy Points</b> .....	<b>3</b>
<b>2/ Purpose</b> .....	<b>3</b>
<b>3/ Scope</b> .....	<b>3</b>
<b>4/ Policy Statements</b> .....	<b>3</b>
Legal compliance .....	3
No conversion of High Conservation Value (HCV) areas and High Carbon Stock (HCS) forests.....	3
No burning.....	3
No new development on peat land, regardless of depth .....	4
No exploitation of people and local communities.....	4
Supply chain transparency.....	4
<b>5/ Implementation</b> .....	<b>4</b>
<b>6/ Reporting non-compliance</b> .....	<b>5</b>

## 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 regularly assess supplier performance against this Policy.
- We will report our implementation progress of this Policy in our annual sustainability reports, among other channels.
- We provide grievance channels for stakeholders to report non-compliance with this Policy and ensure non-compliances are solved in a transparent, consultive and effective manner.
- We will work with suppliers and other stakeholders to improve transparency in the palm oil supply chain and reduce environmental and social risks.

## 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. Recognising 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 will periodically evaluate its participation in other similar initiatives.

COFCO International's [Supplier Code of Conduct](#) stipulates sustainability principles applicable to all our commodity and non-commodity suppliers to ensure responsible and sustainable supply chains, with specific principles applicable to agricultural commodity suppliers. This Sustainable Palm Oil Sourcing Policy complements the Supplier Code with specific requirements for 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 on those products, 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<sup>1</sup>. 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<sup>2</sup>.

### No burning

Suppliers prohibit the use of fire for land preparation, replanting or other developments.

---

<sup>1</sup> Full guidance at: <https://hcvnetwork.org>

<sup>2</sup> More details at: <http://highcarbonstock.org/the-high-carbon-stock-approach/>

### 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 (as updated from time to time) should be followed and, where appropriate, peat restoration should be considered and attempted.

### No exploitation of people and local communities

- Suppliers respect and support internationally recognised human rights as expressed in the International Bill of Human Rights and the eight International Labour Organization Core Conventions, in line with the United Nations Guiding Principles on Business and Human Rights.
- 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 takes place.
- Suppliers don't tolerate any form of discrimination, harassment, or violence in hiring and employment practices with regards to race, religion, sex, gender, 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, with access to safe and clean drinking water and sanitation. 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, organise and bargain collectively in accordance with applicable laws and regulations.
- Suppliers provide pay and conditions for workers and contract workers that meet at least legal or industry minimum standards, 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), and ensure lawful and fair land acquisition practices with full and fair compensation for individuals, families and communities that may be impacted.
- Suppliers resolve complaints and conflicts through an open, consultative, and transparent process that is mutually agreed upon by relevant parties, ensuring the protection of complainants.
- Suppliers support the inclusion of smallholders in the sustainable palm supply chains, facilitating their compliance with this Policy's requirements, and contributing to an improvement in their livelihoods.
- Suppliers ensure that pesticides are used in a way that does not endanger the health of workers, families, communities, or the environment, not using paraquat, pesticides that are categorised as World Health Organisation Class 1A or 1B, nor pesticides that are listed by the Stockholm or Rotterdam Conventions.

### Supply chain transparency

Suppliers shall promote supply chain transparency and provide traceability of palm oil and derivatives to site of production, as a minimum to the mill level, while demonstrating clear efforts to improve traceability to plantation level over time, with a particular focus on regions with significant environmental and social risks.

## 5/ Implementation

We will seek ongoing engagement and collaboration with our suppliers and other stakeholders on the implementation of this Policy. To ensure effective enforcement of the commitments laid out in it, we will work in collaboration with our suppliers and other stakeholders to execute our timebound [Sustainable Palm Oil Sourcing Policy Implementation Plan](#), and we will publicly report on implementation progress in our annual sustainability reports, among other channels.

We will regularly evaluate supplier compliance with this Policy, reserving the right to demand 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 continuously work with suppliers to address any improvement opportunities identified in the regular evaluation process.

## 6/ Reporting non-compliance

We encourage stakeholders to report potential non-compliances via our grievance channels, including COFCO International's [Integrity Hotline](#) and specific supply chain grievance channels.

As per COFCO International's [Palm Oil Grievance Procedure](#), upon validating each non-compliance, we will engage with direct suppliers to assess each grievance appropriately and will implement and monitor any necessary remedial action, in consultation with stakeholders, so as to ensure effective and constructive solutions.