



RESPONSIBLE PALM OIL POLICY

(incorporating No Deforestation, No Peat & No Exploitation – NDPE)

Version 1

31 December 2018



Pacific Inter-Link Responsible Palm Oil Policy

Introduction

Palm oil is a crucial commodity to the world. It is the most cost effective oilseed crop since the production of palm oil gives the highest yield per hectare while using the least area compared to other vegetable oil crops. Palm oil is seen as a solution when it comes to feeding the growing number of people on our planet. By 2050, it is estimated that the global population will increase up to 9 billion people. The production of this vegetable oil provides job opportunities, supports livelihoods and eradicate poverty for communities and workers in developing countries.

Scope

PIL believes that producing palm oil sustainably safeguards environment, economic viability and supports social elevation of communities living and working in palm oil plantations. Being a leading global player, PIL commits to play a significant role in supporting sustainable practices in the palm oil industry. PIL also compels to adopt these sustainability standards in its own business operations.

This policy is applicable with immediate effect to all PIL operations and we expect all our third party suppliers of palm oil, palm kernel oil and its derivatives to adhere to these commitments in their operations. PIL will work to ensure that our third party suppliers complies to our policy and PIL will only source our supply through transparent and traceable network.

Our Commitments

PIL is committed to ensure a transparent, traceable and responsible supply chain by adopting no deforestation, no peatland planting and no exploitation of local communities and workers in palm oil plantation. PIL's promise is further explained in the following core commitments;

1. Compliance
2. Environmental Responsibility
3. Social Responsibility
4. Engagement and Inclusivity
5. Transparent and Traceable Supply Chain



1. Compliance

1.1 Legal compliance:

PIL adheres to all national laws and existing industry best practices in our operations and sourcing of palm oil. We expect our third party suppliers to adhere to national legislation including compliance with national certification requirement, if any.

1.2 RSPO:

PIL is a proud member of the RSPO, the palm oil industry's certification and regulatory body and remains committed to engaging and maintaining a dialogue with its business associates, clients and wider stakeholders to achieve the mutual goal of responsible and sustainable palm oil development.

Wherever possible, we will engage our suppliers to implement RSPO best practices and standards within their operations.

2. Environmental Responsibility

2.1 No Deforestation:

PIL will not knowingly source palm oil from plantations established on areas of significant environmental or cultural importance from 1 July 2018. These include High Conservation Value (HCV)¹ areas and High Carbon Stock (HCS)² forests as assessed under accepted methodologies.

2.2 No Peat:

PIL will not accept any new development on peatland regardless of depth. On existing peat plantations, best management practices for peat plantations must be implemented, preferably in accordance with the RSPO BMP Manual on Peat.

2.3 Zero burning:

PIL will not accept the use of fire / burning in oil palm production.

¹ For more details, please refer to the High Conservation Value Resource Network (HCVRN): <https://www.hcvnetwork.org/>

² For more details on methodology, please refer to the High Carbon Stock Approach: <http://highcarbonstock.org/>



3. Social Responsibility

3.1 Human Rights:

PIL commits to respect and protect human rights, the rights of all workers, including contract, temporary and migrant workers, the elimination of discrimination in employment, promotion of equal rights and constantly ensures that PIL is not complicit in human rights abuse.

3.2 Indigenous and Local communities:

PIL recognises and respects the rights of indigenous and local communities to give or withhold their Free, Prior, and Informed Consent (FPIC)³ to operations on lands to which they hold legal, communal or customary rights. In line with this, we will not knowingly source from areas developed after 1 July 2018 that have not undergone a FPIC process with indigenous and local communities.

3.3 Fair Labour:

PIL will not accept the use of child labour, forced or bonded labour in its operations and its third-party suppliers. PIL believes that workers should have access to a grievance mechanism, be paid at least the legal minimum wages, have access to passports, identification cards, personal documents and belongings, be provided with fair contracts, access to freedom of association, and decent work and living conditions.

3.4 Health and Safety:

PIL ensures the rights of employees to a secure working environment and safe from sexual harassment.

³ For more details on Free, Prior and Informed Consent best practices, please refer to the RSPO FPIC Guidance.



4. Engagement and Inclusivity

4.1 Supplier engagement:

PIL will engage with our key suppliers to uphold our commitments and policies. This will include verification and monitoring of grievances, policy compliance and supplier progress towards meeting our responsible sourcing policy.

4.2 Client engagement:

PIL is committed to share the sustainability mechanisms for improvement with our clients.

4.3 Smallholders:

PIL is committed to supporting the inclusion of smallholders in its supply base. In line with this, we will support actions and programmes among associates to increase capacity for smallholders.

5. Transparent and Traceable Supply Chain

5.1 Traceability:

PIL will work towards a traceable, transparent and responsible supply chain by 2020.

PIL will work with suppliers to achieve full traceability to mill by 2019 and update periodically. We will engage with suppliers in 2019 to disclose data on traceability to plantation.

5.2 Grievances:

PIL will establish a transparent grievance mechanism including an avenue for stakeholders to report grievances and a process to resolve complaints within our supply base. We will work with relevant parties to resolve complaints and conflicts through an open, transparent and consultative process in a timely manner. Our grievance mechanism will be detailed in Grievance Procedure.

5.3 Continuous Improvement:

PIL will work towards continuous improvement to meet the standards and expectations of stakeholders in an evolving global market.



PIL will develop its own Implementation Plan and make this plan available publically. PIL recognize that policy commitment alone is no substitute for robust transparency and action, so we commit to publish bi-annual progress report towards achieving our commitments.

We will continue to analyze the policies as well as implementation process and engage in a constant review and improvement process. As new development or requirements are implemented, PIL will adjust and improve our policies in ways that are consistent with our sustainability commitments of protecting forests, peat lands, indigenous and local communities and human rights.