



SARAWAK OIL PALMS BERHAD GROUP OF COMPANIES

OIL PALMS SUSTAINABILITY POLICY

Commitments

Sarawak Oil Palms Berhad Group of Companies (“SOPB”) believes all agricultural value chains should be environmentally sustainable and economically beneficial to local communities. We believe sustainable palm oil must be produced in a manner that excludes the conversion of areas of high conservation value (HCV), minimizes greenhouse gas (GHG) emissions, applies responsible agronomic practices, and protects the rights of workers and local communities.

SOPB is an integrated palm oil participant in the palm oil value chain. We recognize the important role we can play in working towards a transition to more sustainable practices.

SOPB is committed to adopt the Malaysian Sustainable Palm Oil (MSPO) as the primary sustainability standard together with the following principles:

The General Sustainability Principles

- To comply with applicable national and/or local laws and regulations conforming to MSPO certification principles and criteria.
- To respect compliance of relevant international laws and regulations for further enhancement of improvement.
- To continue to support the National and/or State agriculture policy on land use in the country that we are operating in.
- To integrate sustainability consideration into all business decisions.
- To be accountable and transparent to key stakeholders.
- To encourage employees, suppliers, customers, contractors, trading partners and other relevant stakeholders to adopt responsible social and environmental practices.

Environmental Management

- Ensure **No Deforestation of High Conservation Value (“HCV”) areas.**
- **Identify and protect HCV areas.**
- New development areas will undergo **integrated HCV and High Carbon Stock Approach (“HCSA”) assessments** to determine the planting areas, after taking into considerations of the National and State Agriculture and Land Use Policy with priority given to low carbon stock areas (e.g. grasslands and scrub areas) which have no demonstrable HCV, and where Free, Prior and Informed Consent (“FPIC”) has been obtained from rights-holders.
- **No New Development on Peat Areas** regardless of depth.
- For existing plantations on peat, we are guided by appropriate management using Industry’s Best Management Practices. This includes RSPO manual on Best Management Practices for Existing Oil Palm Cultivation on Peat and ‘MPOB Guidelines for the Development of a Standard Operating Procedure for Oil Palm Cultivation on Peat’. Where areas identified as unsuitable for oil palm replanting, based on drainability assessments or other reasons, plans will be developed for the appropriate management of such areas, including rehabilitation.
- Implementation of programs to progressively **reduce GHG emission**, recycle palm biomass and generate renewable energy by methane capture.
- Practice **No Burning** on all new planting and replanting of oil palm.

Marketplace and Supply Chain

- Build a traceable, transparent and sustainable palm oil supply chain for all palm products produced by SOPB.
- Source and produce palm products of high quality in a safe and sustainable manner throughout the chain of operations.
- Collaborate with suppliers and customers to identify and manage sustainability risks.
- Educate and assist smallholders to pursue sustainable practices and include them in the Group’s supply chain.
- SOPB expected its external suppliers and contractors to fully comply this commitment by January 2020, where MSPO is mandated.

Workplace and Human Rights

- Respect and support the Universal Declaration of Human Rights and treat all employees fairly.
- Respect and recognise the rights of all workers including contract, temporary and migrant workers, the freedom of association and the right to bargain collectively.

- Eliminate all forms of illegal, forced, bonded, compulsory or child labor and, in particular, follow responsible recruitment practices.

Local Community Development and Social Impact

- Respect and contribute to the quality of life and wellbeing of the communities in which the Group operates.
- Respect and recognizes the rights of indigenous and local communities to give their Free, Prior and Informed Consent (FPIC) in the utilisation of the lands which they hold legal, communal or customary rights, in particular, indigenous land owners should have the right to pursue better life and to determine the use of their land.
- Engage effectively with the communities in an open and transparent manner through effective communication channels and grievance mechanism to resolve verifiable complaints and conflicts.
- Support the inclusion of smallholders and outgrowers into the supply chain in a fair, transparent and accountable manner.
- Undertake Corporate Social Responsibility (CSR) programmes that have positive social impacts on the people and local communities.

Reporting

SOPB will provide yearly update on the time-bound plans and the progress of the implementation of this Policy commitment.

Continuous Stakeholders' Engagement

SOPB acknowledges that the implementation of this Policy and its effectiveness would require the support and co-operation of its supply chain partners. We will encourage and support our palm products supply chain partners to join MSPO and become MSPO certified.

We value constructive inputs and suggestions to further enhance the implementation of these commitments.



TAN SRI DATUK LING CHIONG HO
GROUP EXECUTIVE CHAIRMAN

Dated: 2nd January 2019

