



Sustainability Policy





Introduction

Vegetable oils are essential commodities. Major types of vegetable oils are palm, soybean, rapeseed and sunflower. Palm has by far the highest yield of these. It produces more than 30% of the world total vegetable oil supply on less than 5% of the total area planted with vegetable oil crops. Palm oil production has increased from less than 200,000 tonnes 50 years ago to upwards of 58 million tonnes* today. It provides for the needs of over 4 billion people.

Musim Mas is amongst the major operators in the palm oil business and aims to be a leading player in the development and operation of sustainable practices in the business. Musim Mas believes that the best strategy to ensure continued success is to conduct its business in a socially responsible, environmentally appropriate and economically viable manner throughout its global operations including those of all its suppliers. It treads a path which ensures that development is carried out responsibly and with a positive impact on the rights and welfare of indigenous peoples, local communities and workers.

Musim Mas is fully committed to the Roundtable on Sustainable Palm Oil (RSPO) principles. We will continue to advance in all other possible aspects of sustainability including those not yet fully covered by RSPO.

The following policy statement is applicable immediately within all Musim Mas global operations and to all third party suppliers, with whom the Group has either a purchase agreement or a trading relationship.

*source: <http://www.globalpalmoilproduction.com/>



Our Commitments

Musim Mas declares that as a grower, miller, refiner, processor and supply chain manager, we will ensure that all of our own and our suppliers' operations:

We commit to bring benefits to the community, promote positive environmental impacts and fully comply with local and international laws.

1. Bring benefits to the community by:

- Respecting human rights including the rights of indigenous and local communities, families and other land tenure holders to give or withhold Free, Prior and Informed Consent (FPIC) for development and conservation of land and natural resources.
- Respecting the rights of all contract, temporary and migrant workers of all genders.
- Respecting and ensuring the inclusion of smallholders in the supply chain.

2. Promote positive environmental impacts:

- No deforestation of High Conservation Value (HCV) area and High Carbon Stock (HCS) forest.
- No development of peatland regardless of depth.
- Minimising the carbon footprint of our operations.

3. Fully comply with local, national and international laws

- Maintaining 100% RSPO certification of all our own plantations and mills.
- Encouraging and assisting our suppliers to achieve RSPO certification.

The cornerstones of this policy include:

1. Rights of local communities to develop or conserve

- Local communities, and in particular, indigenous land owners have the right to determine the use of their land. Neither development nor conservation can be forced upon them. We fully recognise their right to pursue a better life and FPIC will be conducted thoroughly in advance of any development or conservation.
- All new development will follow the RSPO New Planting Procedure.

2. Promoting positive environmental impacts

- All development must promote positive environmental impacts.
- Musim Mas commits to protecting forests and peatlands, as defined by High Carbon Stock Approach.

3. Establishment of traceable supply chains

- We view the establishment of traceable supply chains as an important step towards fully sustainable palm oil production. Through continuous positive engagement we will ensure that all our suppliers attain a level of sustainability comparable to ours, especially with respect to avoiding deforestation, to no peat development and to community rights. We will take extra care to ensure that smallholder produce is included in our supply chain.





Detailed Definition and Implementation of the Musim Mas Sustainability Policy

Musim Mas will ensure that all the palm oil that it produces, trades and processes complies with the following principles:

There will be no burning, development in HCV and HCS forest. GHG emissions will be progressively reduced in existing operations.

Protection of High Conservation Value area and High Carbon Stock Forest

- There will be no development in HCV area.
- Management of HCV area will be in accordance with the policies and procedures endorsed by the High Conservation Value Resource Network (HCVRN).
- There will be no development in potential HCS forest as defined by the methodology developed by the High Carbon Stock (HCS) Approach.
- There will be no burning in new plantings, replantings or other developments.
- We will identify all sources of Greenhouse Gas (GHG) emissions and conduct GHG calculations for all operations based on RSPO P&C 5.6 and 7.8 guidelines.
- GHG emissions will be progressively reduced in existing operations.
- We will plan and construct methane capture facilities in all existing and future mills.

Protection of Peatland

- There will be no new planting on peatland, regardless of depth. Peat soil is defined as an acidic organic soil with more than 65% of organic matter, more than 50cm in depth, and covering an area of at least one hectare.
- We will apply Best Management Practices in existing plantations on peat.
- Existing plantings on peat assessed by experts to be unsuitable for replanting will be rehabilitated to original vegetation and conserved.

Compliance with Local Laws and Regulations

- We and all our suppliers, together with their mills and plantations, must comply with applicable national and/or local laws and regulations, especially those related, but not limited, to labour, health and safety, natural environment and local communities.
- We will conduct our business in a fair and ethical manner, and discourage all forms of corruption and bribery. No gifts, entertainment or transactions which create a conflict of interest can be offered to employees or to those working on behalf of Musim Mas.
- We will engage relevant stakeholders and government to provide a legal framework which promotes the principles outlined in the policy.



Workplace Human Rights

These commitments apply to all direct and indirect employees as well as those used by contractors and subcontractors in all Musim Mas and its suppliers' operations

- All our employees will be treated with dignity and respect. Child, slave or forced labour will not be tolerated¹. Workers must be allowed to maintain control over their identity documents.
- We will compensate all workers with wage and overtime rates aligned to the local/ national standards and legal requirements.
- We will respect the right of all workers to collectively bargain and/or to join trade unions².
- We shall maintain a transparent and reliable record of working hours and wages for all workers.
- We shall ensure the implementation of policies to prevent and remediate all harassment and abuse, and unlawful or unethical discrimination³.
- We shall ensure that workers have access to a transparent and accountable grievance mechanisms, without fear of reprisal or dismissal.
- We will ensure a safe and healthy working environment for all employees.

¹ In accordance with International Labour Organisation (ILO) Conventions 138 & 182, 29 & 105 or national law

² In accordance with International Labour Organisation (ILO) Conventions 87 & 98 or national law

³ In accordance with International Labour Organisation (ILO) Conventions 111 & 100 or national law

Local Community Rights and Social Issues

These commitments apply to all Communities and Individuals impacted by our operations

- We will respect the rights of indigenous peoples and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to the utilisation of land to which they hold legal, communal or customary rights.
- We will work with all parties to resolve verifiable complaints and conflicts through a transparent and accountable grievances mechanism, in addition to the system advocated by Roundtable on Sustainable Palm Oil (RSPO).
- We will provide support for the inclusion of smallholders and outgrowers into our sustainable supply chain in a fair, transparent and accountable manner.
- We will ensure all operations comply with the UN Declaration on Human Rights, UN Declaration on the Rights of Indigenous Peoples, Food and Agriculture Organisation's Voluntary Guidelines on the Responsible Governance of Tenure and the United Nations Guiding Principles on Business and Human Rights or applicable national laws.
- We will undertake Corporate Social Responsibility (CSR) Programmes that have positive social impacts on local communities.
- We will adopt a community investment policy that has a quantifiable impact on the lives of local communities.
- We will ensure that food security is maintained or strengthened. This will include not undermining local control and diversity of food production systems.



Traceable and Transparent Supply Chains

- We will build a fully traceable and transparent supply chain which include smallholders. We will appoint an independent third party verifier to assess compliance of our own and third party FFB and oil to this policy.
- We will ensure that the produce of smallholders will always be included in the supply chain.
- We will work with suppliers by direct engagement to encourage them to comply with our policy requirements as well as to the RSPO P&C.
- We will maintain a transparent and accountable grievance system where stakeholders can inform us of issues within our supply chain. We will respond to these grievances in a timely and transparent manner.
- We will review our business dealings with suppliers who are found to breach our sustainability policy. We recognise that suppliers may need time to implement the guidelines laid down by the policy. We believe that close cooperation and constructive dialogues with suppliers are necessary to integrate sustainable development principles with current business practices. We will work with suppliers through training, capacity building programmes and continuous positive support.
- We shall not knowingly source from suppliers who refuse to comply with this policy and will cease to do business with any suppliers who are not compliant with this policy . We will immediately cease sourcing from companies who do not take immediate remedial action to correct violations including developing HCV area, HCS forest or peatland, burning, egregiously abusing human or community rights and who are not demonstrating real progress toward remedial action. We will not do business with serious repeat violators.



General Implementation Issues

- We will continue to maintain 100% RSPO certification of all own plantations and mills.
- In cases of a new acquisitions with palm oil mills, we will strive to achieve RSPO certification within three years of the acquisition.
- For new developments, we will follow RSPO New Planting Procedures (NPP). In addition, there will be no development in potential HCS forest as defined by the methodology developed by the HCS Approach.
- We recognise that this policy will need to be constantly upgraded to take account of changing expectations and circumstances as well as improvements in operational procedures. Any changes must be consistent with our goals to promote positive environmental impacts and positive social outcomes.



150 Beach Road
Level 24, Gateway West
Singapore 189720
Tel: +65 6576 6500
www.musimmas.com

Our business is involved with every part of the palm oil supply chain: From managing plantations and mills to refining crude palm oil and manufacturing palm-based products, supported by an extensive fleet of ship tankers and barges that enhances our logistical capabilities. We employ 37,000 employees in 13 countries across Asia Pacific, Europe, and the Americas, committed to meeting global demand for Palm oil and its derivative products in an environmentally, socially and economically viable manner.

This publication is produced by Musim Mas. Comments and suggestions are welcomed. Please contact the corporate communications team at sustainability@musimmas.com or visit our website at www.musimmas.com.