



Sustainability Policy

September 2014

Palm oil is widely used by millions of people in the world. It is a highly versatile vegetable oil with multifarious usages. Oil palm is grown mainly in the equatorial belt where abundant sunshine and regular rainfall contributes to oil palm having, by far, the highest oil yield per hectare of cultivated land. Therefore oil palm cultivation plays an important role in ensuring that the growing demand for edible oil can be met by using up the lowest area of arable land. Due to its natural advantage, oil palm cultivation is an attractive investment for large corporations but it also plays a very significant role in the social economic development of the countries in which it is cultivated and contributes to the uplifting of livelihoods of smallholders in the local communities. Hence, it is vital that oil palm cultivation is done in a sustainable manner, utilizing its natural advantage to contribute to responsible and positive development for all stakeholders, current and future.

Pursuant to the above, Apical, as a processor and trader of palm oil, is committed to ensuring sustainability in the entire supply chain, from cultivation to consumption.

Our Commitments

Apical will build a traceable and transparent palm oil supply chain committed to:

1. Protection of high conservation value (HCV) areas and high carbon stock (HCS) areas
2. Protection of new peat area regardless of depth
3. Drive positive socio-economy impact for people and communities

We will work to ensure that our suppliers comply with the above commitments, local laws and regulations. We will source our supply only through networks that are transparent and traceable. This commitment will be extended to all Apical's subsidiaries and refineries that we own and manage, regardless of stake. We will use our best endeavors, including our resources, to assist smallholders adopt best sustainable practices and to facilitate their inclusion in the supply chain. We also will work with relevant stakeholders to endorse and encourage the adoption of these commitment by our direct suppliers so as to ensure that the palm oil we purchase, process and sell, are in-line with the policy.

We will cease to do business with any suppliers who breach this policy and do not take immediate action to correct their violation. However, regardless of remedial action, we will not do business with serious repeat violators of this policy.

Where applicable, we will work to ensure our suppliers adopt the following criteria:

No Deforestation

- Adopt a credible HCS approach that is based on field trials and expert and scientific recommendations, and taking into account social considerations.
- Engage constructively with multi-stakeholder HCS Steering Group, which has been established to implement best practices and oversee the HCS approach.
- While further robust scientific study is being conducted, the methodology of High Carbon Stock concept[1] will be utilized to identify areas to be protected before any further plantation establishment can take place.
- Conserve the existing biodiversity, riparian and high conservation value areas of importance to the social and cultural values of communities which are within our plantations. This aligns with RSPO P&C 5.2 and 7.3. Independent HCV assessments will be peer reviewed by technical members from the HCV Resource Network.
- Adopt a landscape planning approach to conservation and existing conservation initiatives.
- Ensure the long-term protection of forests and other important areas by building an integrated forest management plan that integrates the recommendations of HCS, HCV, SEIA and peatland assessments within larger landscape planning.
- Identify the source of GHG emission and conduct GHG calculation of all our operations based on RSPO P&C 5.6 and 7.8 guidelines
- Monitor GHG emission and strive to progressive reduction when it is environmentally and economically feasible.
- Commitment to the strict enforcement of a "zero-burn" policy in all operations and actively engage in initiatives of fire and haze mitigation.

Peat Protection

- No development on areas of peatland which is defined as organic soils with 65% or more organic matter, regardless of the depth of peat.
- Work with expert stakeholders to ensure Best Management Practices for peat for plantation established in the past as defined by RSPO and peat experts.
- Collaborate with expert stakeholder and communities in exploring options for long-term restorations or alternative use, if existing peat areas are found unsuitable for replanting.

Socio-economy for people, smallholders and community

- Recognize universal declaration of human rights and promote equal rights. Child labor is strictly prohibited in any of our operations. Condemn any form of sexual harassment and abuse, especially to women and protect her reproductive rights.
- Respect the right of all workers to form or become the member of labour union on their free will and the right for collective bargain.
- Provide a safe and healthy working environment and practicing a fair treatment policy where the employees, values and rights are respected including contract, temporary and migrant workers. Empower gender mainstreaming and do not condone to any form of human rights violations or discrimination in our organization.
- Facilitate the inclusion of smallholders, outgrows and small fresh fruit bunch (FFB) suppliers and fully support them into our sustainable sourcing supply chain in a fair, transparent and accountable partnership.
- Respect and recognize the rights of indigenous and local communities to give or withhold their free, prior and informed consent (FPIC) to the utilization of lands to which they hold legal, communal or customary. Ensure a transparent and legal land allocation process.
- Consider and ensure that food security of local community is strengthened in order to maintain their land use choice and future food security options.
- Work in a fair and transparent manner to resolve verifiable complaints and conflicts with all parties. Develop a transparent grievance mechanism system to ensure that all grievance and conflicts are dealt and handled in an accountable manner.

Our Roadmap

- Effective immediately, Apical and its subsidiaries—including companies we control, manage and/or have an investment regardless of stake - shall comply with this policy.
- We will immediately work with our suppliers to socialize and encourage them to adopt this policy. We shall not knowingly source from suppliers who are not in compliance with this policy. We will set up a transparent grievance system where stakeholders can inform us of issues within our supply chain. We will transparently respond to these grievances and communicate a time-bound plan for handling the grievance.
- We will progressively build our supply chain for full traceability by 2016. We will appoint a third party verifier for our supply chain. All our suppliers will be verified to meet this policy by 2016.
- We will publish annual time-bound implementation plan on the beginning of April 2015.
- We will actively report to RSPO through Annual Communication of Progress.

Apical continues to be committed in the promotion of the production of sustainable palm oil in accordance to the principles and criteria of RSPO, ISCC and ISPO. We are open to explore new initiatives to promote the production of sustainable palm oil by working together with stakeholders, experts and communities. We will monitor and assess the implementation of our policies for ways to improve effectiveness. As new information and knowledge comes to light, Apical will adjust and improve policies consistent with our sustainability commitments.

[1]http://www.greenpeace.org/international/Global/international/briefings/forests/2014/HCS%20Approach_Breifer_March2014.pdf