



## **Apical Group Palm Oil Sourcing Policy**

### **1. Introduction**

Apical Group ('Apical') is steadfast in our commitment to build a transparent, traceable and sustainable palm oil supply chain. This revised Apical Palm Oil Sourcing Policy ('Sourcing Policy') published in June 2024, complements our [Apical Group Sustainability Policy](#) and [Apical Group Human Rights Policy](#).

It is essential that our stakeholders are assured that that our palm oil produced and traded has been responsibly sourced from traceable, legal and No Deforestation, No Peat and No Exploitation (NDPE) compliant supply chains that protect and conserve the environment as well as respect the human rights of workers, indigenous peoples and local communities in which we and our suppliers operate in.

This Sourcing Policy is aimed at ensuring that Apical responsibly procures palm oil from its suppliers of raw materials by engaging with stakeholders, making appropriate choices, and upholding Apical's ethical, legal and business principles.

### **2. Scope**

This Sourcing Policy applies to our direct and indirect suppliers in Apical's palm oil supply chain.

Apical's suppliers are expected to communicate and implement the requirements of this Sourcing policy throughout their supply chain.

### **3. Legality and Ethics in Business Dealings**

Apical's suppliers are expected to conduct its operations with integrity, adhering to all relevant anti - competition laws and regulations, and promoting fair business practices.

Apical's suppliers are required to abide by [Apical Group Anti-Bribery and Anti-Corruption Policy](#). This also includes a commitment to abide by ethical business conduct through our Code of Procurement Ethics (COPE).

### **4. Environmental Protection**

Apical's suppliers are expected to adopt environmentally responsible practices that reduce negative impacts and safeguard the environment in which they operate in. This includes:

- a) NDPE compliance;
- b) Compliance with all relevant local environmental laws, conservation of high conservation value (HCV) areas and high carbon stock (HCS) forests; and
- c) Ensure a "zero-burn" policy is enforced.



## **5. Human Rights**

With respect to workers' rights and indigenous people and local community rights, Apical mandates that all our suppliers adhere to relevant national laws and regulations on human rights and as well as internationally recognised human rights as committed to in [Apical Group Human Rights Policy](#).

## **6. Supply Chain Traceability & Transparency**

In order to enhance accountability and minimise risks, Apical commits to source palm oil through a transparent network with Traceability to Mills (TTM) and Traceability to Plantations (TTP) which they originate from. Suppliers are required to maintain a transparent record of their supply chain and furnish the TTM and TTP data to Apical on a regular basis via online (Suppliers Self-Assessment) or manual templates.

Apical suppliers are expected to be vigilant of their supply chains to prevent any sourcing of Fresh Fruit Bunch ('FFB') from sources such as National Conservation Parks, Wildlife Reserves, Conservation Forests and Protected Forests or areas which are illegally planted with oil palm.

As such, we require our suppliers to comply with our Apical Group's Sustainability Policy, Human Rights Policy and Sourcing Policy as part of the terms and conditions in our trading contracts with them.

## **7. New Suppliers**

New Apical palm oil suppliers will be required to undergo a supplier screening process and to furnish any necessary information/documents as required for the supplier evaluation as part of Apical's due diligence process.

This includes legality information of suppliers' operations, Global Positioning System (GPS) coordinates, sustainability certification, compliance to sustainability standards, and other necessary information on a need basis.

## **8. Remedial Action**

Apical suppliers are required to provide remedial action for any environmental and/or human rights adverse impact discovered in the course of the grievance.

Apical suppliers are required to be committed to address and resolve any grievances/allegations that are raised against them. This may involve the sharing of the investigation outcome, documentary evidence, spatial and non-spatial information, and implementation and time bound action plan, if necessary, as required by Apical.

In situations of supplier non-compliance to this Sourcing Policy, the following measures shall be adhered to:



- a) Apical reserves the right to request for remediation, implementation plans and preventive actions including independent third party verification (in consultation with suppliers) for the resolution of the supplier non-compliance; and
- b) In situations where repeated breaches are committed without proper justification and suppliers are not able to demonstrate compliance or remedial plans, Apical reserves the right to suspend or terminate sourcing from non-compliant suppliers or supplier groups.

## **9. Declaration of Commitment**

We the undersigned agree and confirm to comply with the Apical Group Sourcing Policy:

Company name :

Representative name :

Designation :

Signature and Stamp :

Date :