



## SIPEF RESPONSIBLE PLANTATIONS POLICY

### Update 22/11/2017

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SIPEF is a plantation company that was established in 1919. The adoption and constant improvement of practices that have long-term positive impacts has been a central part of our identity for close to one hundred years.

Plantations form an integral part of the natural and social environments in which they operate. Their establishment and operations have social and environmental impacts, both positive and negative. Not all of these impacts are predictable.

- One significantly negative, and very visible, potential impact is deforestation<sup>1</sup>.
- Another, less visible, but also significant negative impact is the emission of methane by palm oil mill effluent.
- A significant positive impact of plantation development is the very large social and economic contribution to rural communities.

We believe that through cooperation with our customers, social and environmental NGOs, producers, researchers and other willing stakeholders, we can together develop and promote the adoption of responsible and sustainable standards and practices for our industry.

In the oil palm sector, the Roundtable for Sustainable Palm Oil (RSPO) is the most relevant example of stakeholders gathering to establish a global, demanding standard.

For our other crops, the Sustainable Agriculture Standard (from the Sustainable Agriculture Network) is our reference. Compliance with the SAS is demonstrated by obtaining Rainforest Alliance certification.

**SIPEF is committed to establishing and managing plantations responsibly.**

**All commodities offered by SIPEF are traceable to their place of production.**

### Responsible social practices

- Fair labour practices are the norm in all our operations. Local labour regulations are strictly followed, and further supported by specific company policies on minimum working age, forced or trafficked labour, discrimination, gender, and on the importance of a safe work place.
- SIPEF believes in being a "good neighbour". Environmental impacts from our operations are controlled to avoid any negative impact for the people around us. Communities neighbouring our operations, or affected by them, are consulted periodically, and as much as possible provided with opportunities to benefit from our activities. SIPEF provides employment, builds and maintains schools, roads, health centres, bridges, places of worship. Smallholder oil palm projects are developed with and for local communities, beyond legal requirements.
- Grievances, both internal and external are considered seriously, and are handled through transparent and unbiased mechanisms. The grievance mechanisms allow for appeals to higher management.

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<sup>1</sup> Deforestation is the permanent loss of ecological values and services by the conversion of forests and forested areas.

## Responsible plantation and processing management

- Best Management Practices are adopted and implemented to ensure optimal use of the land converted into plantations. Existing oil palm blocks established on peat are managed to meet or exceed the RSPO "Best Management Practices for existing peat plantations".
- Specific attention is given to the use of pesticides. Integrated Pest Management (IPM) plans are developed for all operations and reviewed annually. All active ingredients in use are also reviewed annually for safety and efficacy. Pesticides in WHO classes Ia and Ib are used only when no effective alternatives are available. Their use is authorised in writing by local senior management on a case by case basis. The active ingredient "paraquat" has been phased out of all our operations in 2016. All workers, permanent or not, involved with pesticides, are trained and equipped adequately and their health is monitored.
- High Conservation Value (HCV) areas are identified with the help of recognized professionals<sup>2</sup>, clearly delineated, actively protected and monitored. The presence of HCV areas in our operations is made known to neighbouring communities. Social HCV areas remain accessible to communities.
- Methane capture. Liquid effluent from palm oil mills emits a significant amount of methane, a known Green House Gas (GHG). To reduce emissions of methane, SIPEF is committed to installing methane-capture mechanisms in all its new palm oil mills. All existing mills will be upgraded as and when it is technically and financially possible.
- The "carbon" performance of our oil palm operations is monitored, using RSPO or ISCC-endorsed methodologies and reporting tools.

## Responsible development of new operations

- SIPEF is committed to no deforestation. We believe in a landscape approach to new oil palm developments, guided by the methodology endorsed by the RSPO. We also recognise that High Carbon Stock (HCS) assessments are an important tool to achieve our commitment. We are following the toolkit of the HCS Approach (HCSA). All new projects are developed after integrated HCV-HCSA assessments<sup>3</sup>. For ongoing projects, and acquired going concerns, work is carried out on a precautionary basis, while HCS assessments are conducted<sup>4</sup>.
- SIPEF believes that a thorough Free, Prior and Informed Consent (FPIC) process is critical to the long-term success of any new operation, both for the communities and for the company.
- SIPEF is committed to the RSPO New Plantings Procedure (NPP). All our oil palm developments comply with the RSPO NPP.
- SIPEF will not develop peat areas into new estates (since November 2014).
- All new SIPEF operations (plantations and processing facilities) will be designed to minimise their net GHG-emissions.
- Development of non-oil palm operations follow a mechanism similar to oil palm developments: implementation of FPIC, HCV assessment by third-party specialists, Social Impact Assessment (even if not required by local regulations), as well as a strict agronomical suitability review.

## Responsible sourcing: full traceability

- Traceability is a key component of sustainability. We encourage full transparency of commodity supply chains. Our customers have the right to know the origin of our products. SIPEF will disclose the origin of any shipment to its customers, and to concerned stakeholders.
- All commodities sold by SIPEF are fully traceable to their place of production, either an estate managed by SIPEF or an associated smallholder plot.

This policy applies to all operations managed by SIPEF, or in which SIPEF has a controlling stake (even if SIPEF is not managing the operation).

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<sup>2</sup> Team leaders hold an Assessor Licensing Scheme (ALS) issued by the HCV Resource Network.

<sup>3</sup> The HCSA is working on how to address "High Forest Cover Landscape" (HFCL) areas, such as PNG. While this is in progress, projects with communities in PNG are on hold. We will review our position on the appropriate tools for PNG once the HCSA has confirmed its position on HFCL.

<sup>4</sup> Work is to be allowed only on areas clearly identified as agricultural land (based on land cover).

This policy also applies to scheme and associated smallholders delivering to SIPEF. Independent smallholders are encouraged to join the commitments of this policy. SIPEF provides them with objective information about costs and benefits, and with technical support to reach compliance.

SIPEF will review this policy as necessary, and it will be included as a point of discussion for the SIPEF Board once a year, usually during the last Board meeting of the year.

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