

## **IFFCO's Palm Oil Issues Handling Procedure**

IFFCO is committed to work together with suppliers and key stakeholders in greening the palm supply chain. While embarking this journey, we recognize that given its size, complexity and challenges in oil palm development, there may be practices occur in our upstream supplier's operations that are not in compliance with our Sustainability Policy.

IFFCO takes allegation of breach seriously and we will engage with our direct suppliers on issues raised by stakeholders against them both directly or indirectly. The Palm Issues Handling Procedure (PIHP) is in place to guide IFFCO and its Tier 1 suppliers to find resolution of issues which should also lead to improving supplier excellence.

### **1. Objectives**

The procedure facilitates IFFCO to respond, initiate engagement, and monitor issues and complaints arising within IFFCO's upstream supplier operation. It describes stages of process, actions and decisions taken and communication of progress. It is an open and transparent process, and designed to allow relevant parties understand the expectations for each stage and to diligently work towards finding resolution of issues. The procedure will allow IFFCO to: 1). Engage with direct supplier and Tier 1 supplier whose suppliers have issues raised against them, 2). Assess the degree of the issues and provide guidance on IFFCO expectation on issues handling and management, 3). Communicate on the progress, decision or resolution of the issues.

### **2. Procedure**

#### **2.1 Scope**

Issues are defined as alleged practices in suppliers' upstream operation that do not comply with IFFCO's Group Sustainability Policy, e.g. reports on deforestation, biodiversity loss, or conflict with communities. These reports maybe received from sources such as NGOs, the media, RSPO communication, or other civil society organization, as well as through the internal company network and alert from customers. The procedure is applicable to all production sites (plantation, mills and refineries) that supply IFFCO with CPO or palm derivatives.

The scope of the procedure includes logging or receiving of issues, disseminating of information to the internal issues handling team, obtaining clarification, verification and classification based on established decision-making criteria, engagement and guidance, monitoring and communicating of progress. The procedure is managed by a dedicated team comprised of the procurement department, who are the first point of contact with IFFCO's suppliers, the sustainability team, and when relevant, the implementation partners. Updates and progress reports are provided to senior management for feedback and decision making. IFFCO will also seek for the progress of issues that are handled by organization such as RSPO or mediation organization.

## 2.2 Process

When allegation against Tier 1 supplier is received or made known to IFFCO, it is registered in the IFFCO system as Issues. IFFCO's traceability data is then compared to ascertain the level of exposure of the specific supplier in IFFCO supply chain or footprint. The Issues is classified based on criteria to determine validity, priority to IFFCO, and degree of the allegation. IFFCO will seek clarification and further information from the reported Tier 1 and their suppliers on the subject of the issues, in order to determine the next step. The process is summarised in the flowchart below:



### **3. Criteria for decision making**

Issues are evaluated and assessed against a set of criteria for decision making. These criteria are used to determine the validity of the complaints, the degree of significance of the issues, the priority rating for IFFCO, and assessment of whether good and sufficient progress is demonstrated. The procedure facilitates a fair and systematic handling of complaints, and for IFFCO to take informed and necessary action in line with IFFCO's sustainability policy and exposure of the supplier and issues at hand.

### **4. Re-entry to the supply chain**

This procedure sets minimum requirement for IFFCO and its direct suspended suppliers to work towards re-entry into the supply chain. Where a company/group-level supplier has been suspended for an NDP (No Deforestation and/or No Peat development) violation in their concessions, it must demonstrate that it meets the following minimum requirements before being considered eligible for re-entry to IFFCO's supply chain:

- a. Implement an immediate moratorium on new land clearing and development through a Stop Work Order, including halt all planting activities on non-compliant cleared development areas
- b. Acknowledge the total area of non-compliant development of forest or peat areas post-31 December 2015 and commit to develop and implement a comprehensive Recovery Plan. It is encouraged that the commitment is connected to support and contribute to a multi-stakeholder landscape-level sustainability initiative
- c. Formal integration of a group-wide NDPE (No Deforestation, No Peat, No Exploitation) into the sustainability policy or sign a group-wide agreement to comply with the NDPE policy
- d. Commit to report progress which demonstrates compliance against the above requirements

### **5. Issues Submission**

Issues can be expressed and addressed to Head of Palm Sustainability at [sustainability@iffco.com](mailto:sustainability@iffco.com), and should include provisions of the following information:

- Full Name
- Name of Organization (if any)
- Job Title
- Address
- Phone No./Email Address (at least one contact point)
- Description of the issues in detail
- Evidences to support the issues

### **6. Contact**

For further information about IFFCO Palm Oil Issues Handling Procedure, progress of specific issue or information on sustainability of IFFCO, please contact: [sustainability@iffco.com](mailto:sustainability@iffco.com)