



MAIN OFFICE

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SUSTAINABLE PALM OIL POLICY

Introduction

Intercontinental Specialty Fats Sdn. Bhd. (ISF) is one of the leading palm specialty oils & fats manufacturers with refining and downstream processing facilities with factories located in Peninsular Malaysia.

We specialise in producing quality grade palm specialty oils & fats to cater to the needs of our global customers. Besides having the edge of being close to the raw material supplies, we are concerned about the potential long-term environment and social impacts caused by our palm oil production.

Based on our experience in the oil palm industry and in responsible sourcing, ISF have decided to improve on our sustainable palm oil policy established in 2014, to incorporate these lessons learned. We have taken steps to ensure that our raw materials are sourced responsibly in line with our No Deforestation, No Peat, and No Exploitation (NDPE) commitments. We are committed to supporting industry-accepted sustainable palm oil certification schemes including the Roundtable on Sustainable Palm Oil (RSPO), and committed to communicating transparently to our stakeholders and upholding high ethical standards and corporate governance by our suppliers, partners, and all our stakeholders.

We require all our palm product suppliers to comply with ISF Sustainable Palm Oil Policy effective immediately. We understand the journey to sustainability can take time and the support required by our suppliers will vary. Suppliers who fail the requirements without any reasonable clarification may face discontinuation of business relationship subject to our Supplier Code of Conduct.

Scope

This policy applies to all ISF-owned facilities and operations and our third-party suppliers.

Commitments

ISF is committed to build a traceable and sustainable palm oil supply chain and is actively working with our suppliers to ensure all palm products are sourced responsibly.

We are committed to responsible sourcing in line with our No Deforestation, No Peat and No Exploitation commitments as follows:

- No clearing of high carbon stock (HCS) forest and high conservation value (HCV)



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areas for new plantings¹.

- No new development on peatland regardless of depth and promote the use of best management practices for existing oil palm plantations on peat soils.
- No use of fire in land preparation including planting and replanting and no burning of waste.
- Identify and reduce Greenhouse Gas Emissions in existing operations.
- No exploitation of rights of indigenous peoples and local communities and respect the principles of Free, Prior, and Informed Consent (FPIC) to operate on lands on which they hold legal, communal or customary rights².
- Comply with all relevant laws in relation to discrimination on the basis of sexual orientation, gender, religion, race, disability, age, political affiliation, marital status or national origin.
- Allow employees the freedom to join a trade union or engage in other forms of collective bargaining if they so choose, to the extent permitted by law.
- Eliminate all forms of illegal, forced, bonded and child labour.
- Adhere to responsible recruitment practices³ for all labour including migrant, contract and temporary workers.
- Prevent and prohibit corruption including extortion and bribery.
- Comply with all applicable and relevant national laws & legislation of country operated.

Traceability

We have achieved 100% fully traceable to the palm oil mills by 2016 for our palm product supplies. We will continue to work towards establishing traceability to plantation for our supply chain.

Smallholders Inclusiveness

ISF is aware of the important role smallholders have in sustainable palm oil production. ISF also understands the challenges that smallholders face in terms of meeting sustainability requirements, and the need to develop more appropriate mechanisms and

¹ In line with HCS Approach

² In line with UN Declaration of Human Rights.

³ In line with ILO Conventions 29, 87, 98, and 105.



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strategies to support smallholders' inclusion into our sustainable supply chains. In the journey of sustainability, ISF will work with its suppliers to develop appropriate solutions for supporting smallholders

Certification Schemes

ISF supports the Roundtable on Sustainable Palm Oil (RSPO) as a certification scheme that is widely-accepted as an assurance system for sustainable palm oil. We actively encourage our customers to source RSPO-certified palm oil through our fully segregated capability that ensures full traceability to origin. All our facilities are RSPO Supply Chain Certified. ISF also supports the introduction of country-specific and mandated certification systems that are gaining wider acceptance, including the Malaysian Sustainable Palm Oil (MSPO) certification. However, suppliers still need to demonstrate compliance towards elements of this Policy that go beyond RSPO certification.

Use of Chemicals

ISF has prohibited the use of paraquat and all WHO Class 1A and 1B chemicals by its suppliers in the production of palm products since 2013 in line with its food safety requirements and sustainability commitments.

Transparency

ISF is committed to communicating transparently and continually with all its stakeholders on its progress towards a fully-sustainable supply chain for palm products. In line with this, ISF has published this Policy publicly on its website and will communicate action plans for policy implementation to its stakeholders. We will also report periodically on our progress and seek to establish methods for efficient communication on our supply chain and related commitments via our website.

Grievance Management

ISF takes complaints and grievances against its own operations and those of its suppliers seriously. ISF has established a complaint handling and grievance management mechanism which is accessible to stakeholders, and allows ISF to resolve grievances in a fair, timely and transparent manner, with relevant stakeholder input where appropriate. As members of RSPO, we will follow the RSPO grievance process for relevant grievances. We will communicate transparently on outstanding grievances in line with our grievance management procedures.



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Ethics and Code of Conduct

ISF is committed to upholding ethical conduct in how it does business with its customers, suppliers, government, civil society, and other stakeholders. All our suppliers are required to sign on to our Code of Conduct which incorporates elements of this Policy including:

- Full compliance with applicable laws and regulations in their country of operation
- Maintain high environmental, social, and corporate governance standards
- Respect for human rights in line with the Universal Declaration on Human Rights
- No use of forced, illegal, bonded labour and ethical treatment of migrant workers
- No child labour
- Anti-corruption and bribery

Our full Code of Conduct will be made available publicly on our website.

We will ensure that all palm products that ISF sources, processes, and trades are in line with these commitments through implementation of suppliers' Code of Conduct, and supplier engagement, and third-party verification. ISF continues to communicate and engage with its suppliers on the progress and work together to resolve any challenges.

Toru Morino
Chief Executive Officer
Date: 21st December 2017

