

January 2023

KPN Plantations Sustainability Policy



KPN Plantations

Sustainability Policy

KPN Plantations is a management entity that manages oil palm plantations and palm oil mills. It is an integrated business unit under the KPN Corp, headquartered in Jakarta, Indonesia. KPN Plantations operates in Riau, Jambi, South Sumatra, West Sumatra, West Kalimantan, East Kalimantan, West Sulawesi, and Papua. Our products include Fresh Fruit Bunches, Crude Palm Oil, Palm Kernel, Crude Palm Kernel Oil, and mill operation by-products, such as Palm Kernel Shell and Palm Kernel Expeller.

Our first Sustainability Policy was published in September 2018. To strengthen our commitment, in January 2023, we conducted an amendment to our sustainability policy for the second time to achieve sustainable palm oil production. The amendment is based on inputs and suggestions received through discussions with multiple stakeholders, including government, NGOs, private entities, etc.

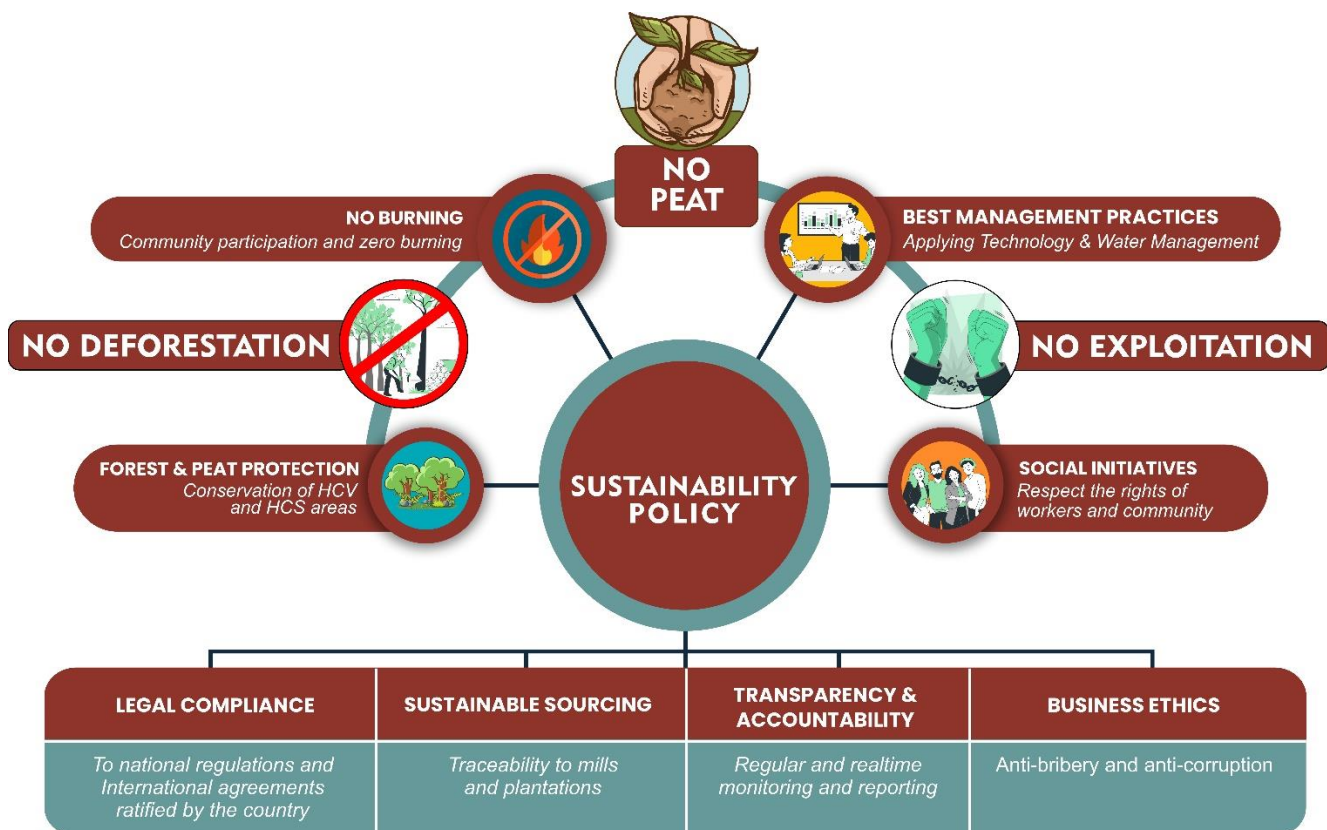
This policy serves as guidelines in determining the course of our management in manifesting sustainability commitment. This policy would be implemented through Standard Operating Procedures (SOPs) throughout our plantation and milling operations.

SCOPE

KPN Plantations Sustainability Policy applies to:

- All companies under the management of KPN Plantations that produces palm oil and its derivatives
- Contractors and third parties suppliers of Fresh Fruit Bunches (FFB)

This Sustainability Policy follows the principles of “No Deforestation, No Peat and No Exploitation” (NDPE). It includes the following components; Forest & Peat Protection, No Burning Policy, and Safeguarding Social Justice. These components predominantly support commitments for legal compliance, sustainable sourcing, transparency and accountability, meeting the business ethics for anti-bribery and corruption.



Legal Compliance

KPN Plantations is committed to complying to laws and regulations from the government of Indonesia, and International Agreements ratified by the country.

Protection of Forest Ecosystems

KPN Plantations is committed to protecting the remaining forest within its land bank with the following strategies:

- Zero land conversion will be applied adhering to the recommendations based on the evaluation obtained through HCV and HCS assessment methods by HCV Resource Network (HCVRN) using the integrated HCS Approach (HCSA) in case of land bank expansion.
- Proactively manage HCV-HCS areas, including its natural vegetation, waterbodies, and groundwater.
- Restoration of riparian buffer zones for habitat rehabilitation, preventing soil erosion, and reducing plantation areas' surface runoff.
- Identifying, monitoring, and managing the conservation of protected species and Rare Threatened Endangered (RTE) species in our land bank and broader landscape in collaboration with other stakeholders

We are committed to carrying out our recovery program beyond our land bank in a long-term view (25 years minimum). This program, which started in 2019, includes the following activities;

- Supporting community-based forest management under the social forestry program by the Government in Indonesia.
- Protection and conservation of peatland hydrological units in collaboration with other stakeholders (adjacent companies, communities, and Civil Social Organizations - CSOs).
- Restoration of ecosystem in social forestry, protected forest, and wildlife conservation areas.
- Capacity building to local and community-based businesses based on sustainable agroforestry and developing non-timber products.

Peatland Protection

KPN Plantations is committed to protecting peatland ecosystems based on the Best Management Practices for oil palm plantations on peat:

- No new plantation development on peatland, regardless of the depth.
- Restoring and protecting remaining natural vegetation on peatland within the concession area.
- Restoring peatland hydrological units to decelerate peat subsidence and prevent fire hazards, in collaboration with other stakeholders.
- Elevating the groundwater table to 40 cm below the peat surface, complying with the Ministry of Environment and Forestry's compliance points.

No Burning

- KPN Plantations applies zero burning policy in its concession area. This commitment is regulated in several Standard Operating Procedures (SOPs) for land acquisition, including fire management, and fire hotspot monitoring in our concession locations and surrounding areas.
- We do not acquire land that was burnt after July 1st, 2018.
- We actively involve communities in programs aimed at preventing fire and haze.

Best Management Practices

KPN Plantations is committed to applying the best sustainable management practices in all company operations:

- Conduct environmental and social assessments in all concession areas before all new development.
- Increased palm oil extraction and production rates in our plantations through research and development.
- No use of agrochemicals that contain Paraquat.
- No application of extremely and highly hazardous pesticides.
- Applying and expanding the integrated pest management system, including natural biological controls.
- Optimizing nutrition recycling by soil improvement and waste reduction in plantations and mills, using empty fruit bunches as mulch and treated palm oil effluent to fertilize mineral soil.

- Treatment of domestic waste and wastewater from company operations per government quality standards.
- Supporting climate action by progressively reducing greenhouse gas emissions (GHG) in all our operational units, in line with targets set by the Indonesian government.

Social Justice

KPN Plantations is committed to protecting social justice for all our internal and external stakeholders which the company's operation may impact. Our commitment ensures:

Respect for the rights of workers:

- No exploitation of workers, women, children, suppliers, farmers, indigenous communities, and other communities.
- Prohibition of child labor, discrimination, sexual harassment, and other forms of harassment.
- Provision of salary, benefits, and incentives to reach an amount equal to or exceeding the legal minimum compensation for workers.
- Respect the right of our employees to form and/or to be the member of a labor union.
- Provision of job opportunities and equal treatment to all parties.
- Provision of safe and secure workplace.
- Provision of facilities and infrastructure in support of education, health, clean water, sports and faith activities, and other facilities to meet the basic needs of workers and their families.

Respect for the rights of local communities:

- Obtained Free, Prior and Informed Consent (FPIC) and written approval for land acquisition, plantation management, restoration and conservation programs, from mandated representatives.
- Commit to using a deliberation and consensus approach in resolving disputes as part of our grievance mechanism.
- Guarantee security and identity confidentiality for environmental activists, human rights defenders, complainants, and community representatives in delivering information.
- Provide health and safety facilities and infrastructure for community members in our plantation operations.
- Empower smallholders by providing training, education, and farming tools to escalate the production of their plantations.

Sustainable Sourcing

KPN Plantations commitment:

- To maintain and improve our traceability system for all mills and plantations of our FFB sources, including third-party suppliers, to ensure all our palm oil is produced in line with this policy.
- Not to purchase FFB from suppliers whose land was burnt after July 1st, 2018.
- To stop purchasing from non-compliant suppliers until compliance with re-entry requirements

that include:

1. Stop Work Order
 2. Adopting NDPE policy
 3. Develop a time-bound plan for policy implementation
 4. Regular reporting to KPN Plantations
- To engage with suppliers to achieve compliance with the company's sustainability policy.

Business Ethics

KPN Plantations supports business practices that follow laws and regulations in Indonesia, including zero tolerance for corruption, nepotism, bribery, violence, and other law violations.

Transparency, Accountability and Monitoring

KPN Plantations is committed to intensify public disclosure. We commit to:

- Provide up-to-date concession maps upon request, appropriate to the needs of stakeholders.
- Certify all our plantations and mills under Indonesian Sustainable Palm Oil (ISPO) after they have completed the pre-requisite requirements.
- Publish bi-annual Sustainability Reports in English and Bahasa Indonesia, following proper reporting standards, such as the Global Reporting Initiative (GRI) standard.
- Handling complaints and grievances using transparent mechanisms that are accessible and functional to stakeholders and partners.
- Develop and operate a management and monitoring system to execute Sustainability policies.
- Updating our time-bound plan for the Sustainability of our journey. This plan is a living document that will be evaluated and updated regularly.
- Engage with our stakeholders to obtain any form of input through dialogue, research, and other ways to increase the quality of our sustainability policy and its implementations.