



**KCI**

## **Sustainability Policy**

Effective Date: January 1, 2018

### **Scope of Policy**

This Policy Statement shall apply to sustainable sourcing of palm-based raw materials.

### **Commitment Statement**

KCI Limited (hereinafter called "KCI") is committed to ensuring that its products are produced in a sustainable manner. This is realized through continuous balanced assessment and development of its operations while simultaneously conserving and improving the natural environment, and uplifting the socioeconomic conditions of its employees and local communities. These important aspects are incorporated not only in its daily operations but also in its decision making processes. KCI adopts the Principles & Criteria ("P&C") set out by the Roundtable on Sustainable Palm Oil ("RSPO") as the foundation of its sustainability practices, and is further guided by the following policies:-

#### **1. No Deforestation**

There will be no development of areas classified as high carbon stock ("HCS") forests defined by the interpretation of HCS issued by the industry-led working group. KCI will fully adopt the RSPO Criterion 7.8 to minimize GHG emissions from new developments. The emission of GHG will be progressively reduced on existing plantations and operations. We will adhere to RSPO or equivalent certification standards and all relevant national legislation. KCI pledges to conserve biodiversity by identifying, protecting and maintaining high conservation value areas. A strict Zero Burning policy will be practiced in relation to all new planting, re-planting or other development.

#### **2. Protection of Peat Areas**

There will be no new development on peat areas, regardless of depth. KCI is committed to applying Best Management Practices on existing peat lands. In areas that are found to be unsuitable for replanting, we will work with experts to explore options including



environmentally friendly alternative uses or peat restoration.

### **3. Drive Positive Socio-Economic Impact for People and Communities**

KCI respects, supports and upholds fundamental human rights, and does not engage in discrimination based on race, religion or gender. Reproductive rights in line with the country's laws shall also be respected. KCI will place great importance on the individual cultures, customs and languages in the countries/regions where we operate. KCI will fully comply with laws in the country where we operate.

#### **3.1 Respect and Support the Universal Declaration of Human Rights**

KCI recognizes the inherent dignity of the individual and supports the Universal Declaration of Human Rights by the United Nations.

#### **3.2 Respect and Recognize the Rights of All Employees**

KCI is committed to ensuring that the rights of all employees, including contract, temporary and migrant workers, are respected according to local, national and ratified international laws and that international best practices are adopted where legal frameworks are not yet in place. It is our priority to comply with relevant legislative objectives and moral obligations to create, build and promote a harmonious, safe and healthy work environment and culture. The following principles are core elements that will guide KCI operations.

##### **(i) No Forced or Bonded Labour**

KCI shall not knowingly employ or support the use of forced or bonded labour or human trafficking and shall take appropriate measures to prevent the use of such labour. There will also not be any restrictions on the workers' freedom of movement during their free time. KCI shall not deduct any part of an employee's wages unless provided for by law, nor withhold any property, identification cards, passports or other travel documents without their prior consent.

##### **(ii) No Child Labour**

KCI shall not knowingly employ or support the use of child labour.

##### **(iii) Occupational Safety and Health**



KCI shall strive to provide a safe and healthy workplace environment and take effective steps to protect employees from exposure to potential occupational safety and health hazards that are likely to pose an immediate risk of permanent injury, illness or death.

(iv) Employment contracts

KCI shall ensure that employees are given in writing, in a language that they understand, a description of their duties, rate of pay, working hours, leave, and any other benefits of employment.

(v) Freedom of Association and Right to Collective Bargaining

KCI shall recognize and respect the right of employees to form and join trade unions of their choice subject to the provisions of relevant national legislation.

(vi) Minimum Income Standard

KCI shall ensure all workers are paid a wage equal to or exceeding the legal minimum wage and are covered for work-related illness and injuries.

(vii) Working Hours

KCI shall ensure that working hours comply with national legislation including overtime hours (which are on a voluntary basis), and that workers have at least one rest day each week.

(viii) Record Keeping

KCI shall maintain records of working hours and wages for all workers.

(ix) Equal Employment Opportunities

KCI shall ensure equal opportunities in the work place. All decisions relating to hiring, remuneration, access to training, promotion, termination or retirement will be made based on business needs, job requirements and individual qualifications and without regard to race, religion or gender.

(x) Harassment and Violence

KCI shall not tolerate any type of harassment or violence.

(xi) Whistle-blowing

KCI shall provide a confidential means for all personnel to report illicit (i.e. unethical or illegal) activities. KCI shall refrain from disciplining, dismissing, or discriminating against any



personnel for providing information on such activities.

(xii) Business Integrity

KCI shall conduct business in an honest and ethical manner, and comply with applicable laws and regulations.

(xiii) Grievance Redress Procedure

KCI shall provide a means for all personnel to air their grievances regarding their employment conditions, responsibilities, co-worker issues, promotion opportunities and other issues related to the work environment.

### 3.3 Facilitate the Inclusion of Smallholders into the Supply Chain

KCI will strive to conduct continuous consultations with smallholders, and together with other stakeholders, provide technical assistance and support to smallholders to help them achieve compliance with this policy.

### 3.4 Respect Land Tenure Rights

KCI will respect legal land tenure rights, and recognize duties and responsibilities associated with tenure rights, such as respect for the long-term protection and sustainable use of land and national resources. This is done in compliance with the national obligations, constitutions, local laws and regulations of the countries where we are operating.

### 3.5 Respect the Rights of Indigenous and Local Communities

KCI respects, upholds and recognizes the rights of indigenous and local communities, to give or withhold their free, prior and informed consent to operations on lands to which they hold legal, communal or customary rights. KCI is committed to ensuring compliance by way of free, prior and informed consent prior to commencing any new operations. KCI will engage relevant stakeholders when undertaking such free, prior and informed consent processes to ensure that such processes are properly implemented.

### 3.6 Resolve Verifiable Complaints and Conflicts through an Open, Transparent and Consultative Process

KCI is committed to actively and constructively engage with all stakeholders, including communities, governments, suppliers and civil society. In this respect KCI has developed processes for the responsible handling of all complaints therefrom in consultation with such stakeholders.



## **TRACEABILITY**

KCI will endeavor to put in place a traceable palm oil supply chain. Our end goal is that all the palm based products produced by KCI are traceable up to our respective palm oil mills, refineries and kernel crushing plants. KCI will continue to engage with all concerned parties to further improve and enhance our traceability mechanism.

## **IMPLEMENTATION TIMELINE**

KCI will develop a time-bound action plan to implement the commitments in this Policy. KCI expects its suppliers to fully comply with the commitments herein by 31 December 2020.

## **REPORTING**

KCI will provide an yearly update on the time-bound plans and the progress of the implementation of the Policy commitments.

## **CONTINUOUS STAKEHOLDER ENGAGEMENT**

KCI acknowledges that the implementation of this Policy and its effectiveness would require the support and co-operation of its supply chain partners. We will work and engage with our partners and all relevant stakeholders to meet the objectives of the listed commitments. We value constructive inputs and suggestions to further enhance the implementation of the commitments.

## **COMPLIANCE WITH POLICY**

KCI takes the commitments in this Policy seriously and will continuously engage with its suppliers, contractors or trading partners to ensure compliance. In cases of chronic noncompliance or serious violations, KCI will take appropriate action including their removal from its supply chain.