



Policy Implementation Plan

June 2018



Introduction

Since our Sustainability Policy was published in 2014, the palm oil industry has seen much progress. We have gained a wide range of experience in implementing our policy for achieving impact.

This implementation plan, published in June 2018, reflects the latest developments in Best Practices and articulates our approach to policy implementation.

We remain fully committed to the Roundtable on Sustainable Palm Oil (RSPO) and support the RSPO Principles and Criteria (P&C) as essential to transforming the palm oil sector.

As a member of the [Palm Oil Innovation Group \(POIG\)](#), we aim to comply with POIG indicators as a grower, processor, and trader of palm oil. Ultimately, we hope to influence the adoption of responsible palm oil.

We will work with our consultants, [Aidenvironment](#), [Daemeter](#), [Proforest](#) and [Rainforest Alliance](#) to implement our policy commitments.

Our vision of 2020

Central to our corporate integrity is our commitment to environmental stewardship, human rights and partnerships with communities, as stipulated in our [Sustainability Policy \(2014\)](#).

To drive real transformation on the ground, we will look beyond our supply chain to the broader palm oil sector. We will actively engage smallholders so that they can continue to remain in our supply chain beyond 2020. Active collaboration with other stakeholders, including governments, will be fundamental to delivering the desired impact on sustainability initiatives and achieving our vision.

Our strategy aligns with our commitment to the [New York Declaration on Forests](#) and provides the basis for implementing our 2020 No Deforestation commitments.

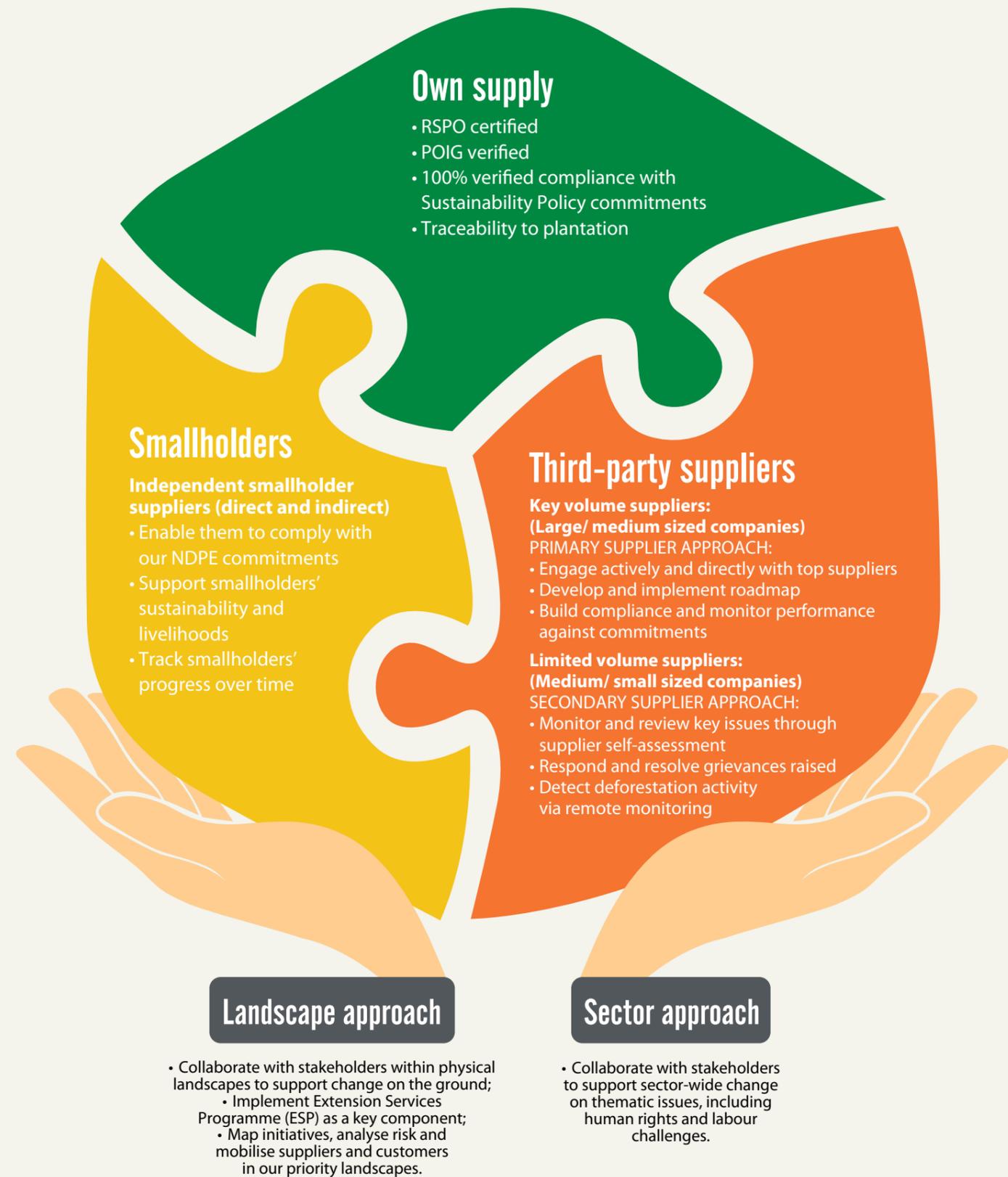
Scope

The following provisions are applicable to:

- Musim Mas global operations, including subsidiaries and/or joint ventures and companies over which we exert management control; and
- All third-party suppliers. A supplier group is a group of palm oil-related companies with common ownership.

Policy Implementation Approach

Our strategy for achieving impact



Implementation approach



Our strategy for implementing our policy commitments applies to our directly-owned and managed operations and their third-party suppliers, as well as broader landscape-level and sector-wide interventions. We will support concrete achievements by 2020 to deliver impact:

- **Policy compliance in our internal operations:** implement in Musim Mas mills and plantations;
- **Supplier engagement:** Engage our third-party suppliers with tailored solutions and direct technical assistance for key suppliers, to drive momentum, build capacity and provide support for change;
- **Intervention in the wider palm oil sector:** landscape-level and sector-wide initiatives.

Below are further details outlining our approach to policy implementation:

1. Policy compliance in our own operations

As a demonstration of our commitment towards our Sustainability Policy, we will adhere to:

- **The principles of the Roundtable on Sustainable Palm Oil (RSPO)¹**
 - Maintain 100% RSPO certification of our mills and plantations;
 - Strive to achieve RSPO certification within three years, for newly acquired operations;
 - Adhere to the RSPO New Planting Procedures (NPP) for any new development;
 - Support the process and outcome of the RSPO Complaints System.
- **The Palm Oil Innovation Group (POIG)² charter**
 - Achieve 100% verification against POIG indicators for our own mills and plantations;
 - Strive to comply with the POIG charter for traders and processors.
- **100% traceability to plantations**
 - Ensure policy compliance at mill-level.

2. Policy implementation with third-party suppliers

We believe that active engagement with our suppliers by providing them with appropriate support, is essential for driving change and enhancing supplier performance towards 100% policy compliance.

We have defined two levels of supplier engagement:



• Primary supplier approach

We will adopt a proactive approach to engaging our key volume suppliers, to build compliance with our policy commitments and monitor progress.

We will encourage and assist our suppliers in achieving RSPO certification, wherever possible. However, we understand that certification may not always be the short-term solution for suppliers who are often at very different stages in their journey towards sustainable performance.

The basis for our engagement is a supplier roadmap with implementation milestones. It provides a time-bound plan for demonstrating and monitoring compliance with our policy commitments. The time-bound plan provides the foundation for the assurance of our policy implementation by 2020.

In support of the roadmap, we will be delivering capacity building and training to the suppliers. Also, the following mechanisms have been developed to aggregate information and measure overall supplier progress and performance against policy provisions:

- **Group-level supplier profiles**, which detail company operations and potential sustainability risks, provide the entry point for the roadmap;
- **Independent third-party site verifications** to build understanding and compliance of our third-party FFB and oil suppliers to the policy. This is done on a sampling basis;
- **Mill-level self-assessment tool**, which identifies potential areas of risk(s) at the mill-level act as a supplement to the other measures. This tool enhances supplier buy-in to the process, and will be rolled out across all suppliers.
- **Remote monitoring** of suppliers' concessions for evidence of deforestation activity.

• Secondary supplier approach

For the other third-party suppliers, we will maintain an engagement approach that aims to address any evidence of non-compliance with

¹ <https://www.rspo.org/>

² <http://poig.org/>. POIG commits to building on the RSPO rules, and in creating and promoting innovations in the palm oil industry.

policy commitments and includes the following elements:

- Risk assessment: assess geospatial landscapes for potential risk(s) to policy compliance;
- Awareness training: raise suppliers' knowledge on sustainability-related risks and best practices;
- Remote monitoring: monitor suppliers' concessions via satellite imagery for any evidence of deforestation activity;
- Grievance management: manage supplier grievance cases through our grievance mechanism;
- Active media monitoring: monitor sustainability issues related to our suppliers.

3. Managing breaches to our policy

We shall not knowingly source from suppliers who refuse to comply with our policy commitments or are found to be in breach of our Sustainability Policy. Should any incidents be uncovered during our engagement and verification processes or be brought directly to our attention, we will take the following steps:

- **Engage**

We believe that close cooperation and constructive dialogue with suppliers are necessary to integrate sustainable development principles with current business practices. We will work with suppliers to activate our Controlled Purchase plan, to resolve grievances in a timely manner and will provide support to our suppliers through training and capacity building.

- **Activate Controlled Purchase plan**

Once a breach has been raised and verified, we will activate the Controlled Purchase plan, a mechanism which provides incentives and/or consequences to suppliers based on the progress made by the supplier or lack thereof, against the agreed steps towards resolving the breach.

- **Issue a stop-work order**

We believe that engagement and transformation of the supply base is always the preferred option. Nonetheless, we will also not accept suppliers who:

1. consistently refuse to make efforts to engage;
2. do not regularly meet agreed milestones for progress;
3. are suspended or terminated or withdrawn from RSPO; and/or
4. have major legal or sustainability issues (verified by an independent third-party).

In such cases, we will immediately issue a stop-work order, and will only re-engage suppliers who take immediate remedial action to correct breaches to the policy.

4. Interventions in the wider palm oil sector

It is essential to contribute to the transformation of the wider palm oil sector, to complement our policy implementation.

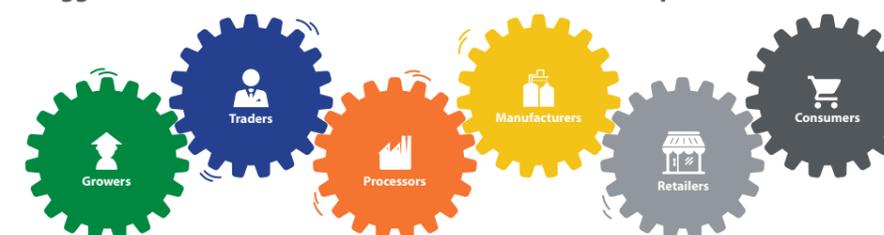
We approach this strategy in two ways:

- **Landscape initiatives:** Collaborate with other stakeholders within physical landscapes to support change on the ground.
 - Mobilise projects and programmes with suppliers in our priority landscapes;
 - Implement our Extension Services Programme (ESP) in our priority landscapes. We want to work with smallholders to provide alternatives to deforestation driven by basic needs, through focusing on eliminating sustainability risks and improving livelihoods.



- **Sector approaches**

Trigger collective and simultaneous action to achieve impact



Support change with other actors along the palm oil supply chain to transform the whole sector.

- Collaborate with stakeholders on thematic issues including human rights and labour challenges;
- Support existing sustainability initiatives including [RSPO](#), [POIG](#) and the [New York Declaration on Forests](#).

5. Engaging in dialogue with the Indonesian government

Public-private sector dialogues are crucial to creating a conducive and enabling environment for industry transformation. We will draw on our experience and knowledge to support the government with additional perspectives from the private sector. 



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Our business is involved with every part of the palm oil supply chain: From managing plantations and mills to refining crude palm oil and manufacturing palm-based products, supported by an extensive fleet of ship tankers and barges that enhances our logistical capabilities. We employ 37,000 employees in 13 countries across Asia Pacific, Europe, and the Americas, committed to meeting global demand for Palm oil and its derivative products in an environmentally, socially and economically viable manner.

This publication is produced by Musim Mas. Comments and suggestions are welcomed. Please contact the corporate communications team at sustainability@musimmas.com or visit our website at www.musimmas.com.