

FAQs

General Questions related to Policy:

1) Does the Policy apply to suppliers and contractors?

Yes, the Policy applies to all our suppliers and contractors. However, some commitments of the Policy are specific to Musim Mas' operations (italics).

2) What will be Musim Mas' main challenges in implementing this new Policy?

The most ambitious targets concern our supply chain. Our ambition is to transform the industry, which means that we must acknowledge the realities on the ground. Many producers or even smallholders will never be able or even want to achieve RSPO certification. Excluding them entirely will mean that they will not progress at all. Balancing inclusiveness with rigorous, evidence-based compliance among suppliers will be a significant challenge en-route to a fully traceable, deforestation- and exploitation-free supply base.

3) Are the United Nations Sustainable Development Goals (UN SDGs) included in our sustainability journey?

We looked at using the SDGs for our sustainability policy but found that the palm industry has specific reporting frameworks best suited for showing progress. However, we plan to report against the SDGs in the 2020 report.

4) How does Musim Mas support suppliers in addressing the traceability to independent smallholders?

We have provided suppliers with guidance on how to carry out traceability assessments of their FFB suppliers. Additionally, we consistently follow up with them to ensure they reach 100% traceability to plantation (TTP) for their FFB supplies. We map smallholders' villages against a landscape map and prioritize risky areas for direct engagement. We encourage our suppliers to do the same, recognizing that some utilize other traceability approaches. We have since initiated landscape projects that are targeted at independent smallholders.

For more information on our traceability approach, please visit here:

<https://www.musimmas.com/sustainability/traceability/> .

For more information on our smallholder projects, please visit here:

<https://www.musimmas.com/sustainability/smallholders/>.

5) What is MM's approach to traceability to the plantation?

In our operations, we map all independent smallholders to their supply base. We recognize that this time- and resource-intensive approach is not feasible for all suppliers. We expect them at a minimum to supply us with the villages where their independent smallholders are located. To accelerate third-party suppliers' traceability process, we map smallholders' villages against a landscape map and prioritize risk areas. For more information on our traceability approach, please visit here: <https://www.musimmas.com/sustainability/traceability/>.

6) Is the new Policy that applies to coconut applicable for only third party or Musim Mas operations?

The new Policy applies to both the third-party and Musim Mas' operations, recognizing that we do not own coconut plantations.

7) What does the sourcing of sustainable coconut encompass?

Most of the world's coconuts are grown in small, independent farms in the Philippines and Indonesia. Additionally, unlike the context for palm oil, there is no sustainability scheme like the RSPO for coconuts. Many of the projects involving the farmers and sustainability are small in scale and regional in outlook, with a limited proportion certified as Fair Trade. While we aspire to achieve a similar standard as with palm, we will need to understand our supply chain issues better. We are actively involved in multi-stakeholder discussions on sustainable coconuts and will consider working with other like-minded partners rather than ourselves.

8) Why do you include coconut oil in your revised policy, given that it wasn't included in the first one?

While palm oil remains our core raw material, we have extended our policy to include other commodities with potential NDPE risks. Besides coconut oil, we have identified paper and packaging as additional commodities that will be our focus for the next five years. After all, a sustainability policy should be holistic and comprehensive.

Pillar 1: Improve the Lives of Smallholders, Workers, and Communities

9) Why does Musim Mas focus more on livelihoods and people above NDPE and sustainability?

It's not one above the other; rather, all pillars should be considered equal. Over the years, we learned that if we can focus our efforts on livelihoods and people, the sustainability journey will be easier to succeed. The new Policy will focus primarily on the suppliers of Musim Mas and aim to strengthen the sustainability of small and mid-sized supplier groups and the smallholders. We also recognize that NDPE and smallholders are linked if they attempt to expand onto forests or peatland or rely on child labor. Through our outreach programs tailored at small companies and smallholders, we will emphasize various sustainability aspects, including NDPE. Progress will be tracked through our Supplier NDPE Roadmap and other public platforms.

10) What is the plan to ensure that workers' rights are being respected in your suppliers' mills and plantations?

We expect our direct and indirect suppliers to adhere to our Policy and obtain such commitments in writing from our direct suppliers. If there is a reported violation, we will activate our internal grievance procedure and investigate the case. Depending upon the severity, we will stop business or invoke our Controlled Purchase Protocol (CPP). Additionally, we are working with labor experts and will utilize them to carry out pilot supplier assessments in regions to prioritize material labor issues for further engagement.

11) What is the incentive for smallholders to join sustainability projects?

Since 2015, we have been working with the International Finance Corporation (IFC) – a member of the World Bank Group – to work directly with independent smallholders. We have since

amassed a good deal of experience in incentivizing smallholders to work with us for an extended period.

There are many potential incentives, including greater yields, cost savings by using appropriate fertilizer or unnecessary pesticide applications, a better quality of fruit, improved seedlings, and in some cases premiums linked to RSPO membership for Independent Smallholder Associations, if cooperatives have achieved RSPO certification.

For more information, please visit here:

<https://www.musimmas.com/sustainability/smallholders/>

12) Does the Policy commit Musim Mas and our suppliers to respect legal and customary land rights?

Yes, Pillar 1, clause 2, stipulates that Musim Mas and our suppliers respect indigenous people's formal and customary rights and local communities. By formal rights, we also refer to legal rights given to an individual(s), entities, and others through applicable local, national, or ratified international laws and regulations.

13) Does the Policy commit Musim Mas and our suppliers to eliminate gender-related discrimination with regards to employment?

Yes, Pillar 1, clause 6 stipulates that Musim Mas and our suppliers commit ourselves to respect diversity and to promote gender equity. By gender equity, we also refer to the equal rights, responsibilities, and opportunities of women, men, and girls and boys.

Pillar 2: Deliver Positive Environmental Impacts

14) Does the Policy commit Musim Mas and our suppliers to best management practices for all soil types?

Yes, Pillar 2, clause 5 stipulates that Musim Mas and our suppliers manage peatlands and other fragile soils according to best practices determined by the legal obligations (where we operate) and RSPO requirements. By 'fragile soils,' we mean soils susceptible to degradation (reduction in fertility) when disturbed. This tenet also includes marginal soils (following RSPO P&C 2018), which we mean to be soils that are unlikely to produce acceptable economic returns for the proposed crop at reasonable projections of crop value and costs amelioration.

15) Does the Policy commit Musim Mas and our suppliers to minimize the use of chemicals, including pesticides and chemical fertilizers?

Yes, pillar 2, clause 7 stipulates that Musim Mas and our suppliers implement integrated pest management, including reducing pesticide usage.

According to the RSPO, IPM is the careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage pest populations' development. IPM also includes keeping pesticides and other interventions to economically justified levels and reducing or minimizing risks to human health and the environment. IPM emphasizes the growth of a healthy crop with the least possible disruption to agro-ecosystems

and encourages natural pest control mechanisms. For our operations, we commit to complying with the more rigorous requirements of RSPO and POIG.

The Policy also requires our suppliers and us to optimize the use of inorganic fertilizer and rely on organic residues where feasible (Pillar 2, clause 8).

16) Does the Policy commit Musim Mas and our suppliers to no use of paraquat?

Partially, Pillar 2, clause 7, states that the use of paraquat has been prohibited since 2011 in all Musim Mas operations. Paraquat has been banned by RSPO, except in particular situations, and has to be validated by due diligence. We encourage suppliers outside the RSPO to use alternatives to paraquat and are happy to share our experiences.

17) How does Musim Mas prevent the yearly fires from happening?

We adopt a holistic and robust approach to managing the risk in our operations and the surrounding neighborhood. Please find more information here:

<https://www.musimmas.com/now-more-than-ever-our-fire-prevention-efforts/>

Pillar 3: Maintain Responsible and Enduring Relationships with Suppliers, Customers, and Stakeholders

18) How will Musim Mas' stakeholders further down the supply chain follow and implement sustainability commitments?

We expect our suppliers and their suppliers to adhere to our Policy, and we obtain such commitments in writing from our suppliers. We also share our experiences during supplier workshops. If there is a reported violation, we will activate our internal grievance procedure, i.e., the Controlled Purchase Protocol.

19) How do you ensure that your operations are frequently assessed for risk?

As a member of the Palm Oil Innovation Group (POIG), our procedures and processes for our entire operations are subjected to an annual verification against the POIG [standard](#). POIG is seen as the leading standard for responsible palm oil. The verification is carried out by an independent third-party, and can be found on the POIG website.

20) How do you prioritize high-risk mills or parent groups for engagement in your roadmap?

All our suppliers are assessed for deforestation and social issues risk, to identify high-risk mills. New suppliers are subject to our due diligence procedures before being allowed in our supply chain.

Existing mills are also assessed, and we implement three approaches to risk management. Firstly, we work with the parent groups and the mills to develop sustainability roadmaps towards compliance with our Policy. Those who are at a higher risk are identified and prioritized through the roadmaps. These roadmaps are reviewed annually. For more information on how we work with supplier groups, please see [here](#).

Secondly, we actively monitor the supplier groups (their concessions and mills) for deforestation and peatland development with help from our technical consultant, Earthqualizer, and spatial data that we have compiled in-house.

Finally, supplier groups with a known grievance are included in our public grievance list, and we work closely with the supplier to ensure that the grievance will be resolved. The action plan at the group level will address violations but also high-risk mills.

21) How do we ensure that suppliers who were previously certified maintain the standards?

We monitor each mill's certification status periodically, and if we detect changes, we raise the issue with the supplier group.

Pillar 4: Drive Innovation in Sustainable Practices

22) What are the systems we use to monitor and report on NDPE compliance at mill level? How are traceability and monitoring of concessions included in such systems? How will Musim Mas verify deforestation and exploitation-free supply chains?

Firstly, we strive to engage and demonstrate progress in our sustainability journey with a time-bound Supplier NDPE Roadmap, which can be viewed [here](#). We will work with the parent groups and the mills to develop sustainability roadmaps towards compliance with our Policy. For more information on how we work with supplier groups, please see [here](#).

We also expect all supplying mills to map out their supply base and provide data on traceability to plantation (TTP). We are developing plausibility checks to verify the data provided by our suppliers. In high-risk villages, we will deploy our traceability team to map smallholder or outgrower plots.

Secondly, we actively monitor the supplier groups and the accompanying concessions and mills for deforestation and peatland development with help from our technical consultant, Earthqualizer, and satellite data that we have compiled in-house.

Methodologies and toolkits introduced by established multi-stakeholder platforms such as High Conservation Value Resource Network (HCVRN) and High Carbon Stock Approach (HCSA) can also be used to verify NDPE commitments. We educate and encourage our supplier groups to adopt these endorsed approaches in our effort to realise a deforestation-free supply chain.

Finally, all supplier groups with a public grievance are listed in our public grievance list, and we will work closely with the supplier to ensure that the grievance will be resolved promptly. As a trial pilot, we are exploring verification of supplying mills considered as having being classified as deforestation-free by independent third-party auditors.

23) What is the difference between RSPO and NDPE oil? Why is there a need for both systems?

RSPO-certified oil refers to the production from the mills and accompanying plantations that are certified by RSPO. The new 2018 version of the RSPO standard covers many elements of NDPE, hence POIG verification is considered to be NDPE compliant.

However, strictly speaking, there is no NDPE-certification currently. There is an initiative by the industry to report on progress on delivering on NDPE commitments. See question 23 for more information.

24) Which organization certifies NDPE oil? Are there any certifications for NDPE? (Note: It seems that many external stakeholders are still confused between RSPO and NDPE)

There is no certification scheme for NDPE oil. Still, the industry is working towards a consensus on how to report on the myriad activities to ensure NDPE compliance of the supply base.

The NDPE-IRF is a reporting tool designed to systematically understand and track progress in delivering NDPE commitments in their palm oil supply chains. It was initiated through the Palm Oil Collaboration Group, which was convened by PepsiCo and Cargill.

We are active in the Implementation Reporting Framework (IRF) working group that targets NDPE reporting.

(With reference from Proforest here: <https://ndpe-irf.net/>)