



Sawit
Sumbermas
Sarana

Karya Nyata Untuk Negeri

Sustainability Policy



Toward a Sustainable Future

PT Sawit Sumbermas Sarana Tbk. (SSMS) is a palm oil company based in Pangkalan Bun, Central Kalimantan, Indonesia. We envision ourselves as a world-class plantation company with a mission to realize the full potential of palm oil.

We believe in the tremendous potential of palm oil and are optimistic about the crop's place in the future. With the highest crop productivity and land-use efficiency compared to other crops, palm oil can be a crucial, and more environmentally-friendly, answer to address future surge of edible oil needs. At the same time, the palm oil industry has the potential to contribute significantly to fueling development in countries such as Indonesia, especially their rural communities.

Our core business is the cultivation and processing of oil palm Fresh Fruit Bunches (FFB) to produce Crude Palm Oil (CPO), Palm Kernel (PK) and Palm Kernel Oil (PKO), sold on domestic and international markets. We operate an integrated business across 19 palm oil estates, six palm oil mills, and one palm kernel mill, all in the province of Central Kalimantan.

Through the efforts and integrity of our workforce, commitments to sustainability and responsible governance, we have grown and steadily professionalized since commencing operations in 2005, including listing on the Indonesia Stock Exchange in 2013, certification of our first palm oil mill under the Roundtable on Sustainable Palm Oil (RSPO) standard in 2013 and under the Indonesian Sustainable Palm Oil in 2013, and the launch of an innovative, multi-stakeholder orangutan conservation program where we operate in 2015.

This policy reflects our commitment to continuous improvement based on RSPO principles and criteria (P&C), as well as marks an important milestone in our journey to realize the full potential of palm oil by driving local economic growth through implementation of best management practices, social and environmental leadership, and ensuring a safe, secure, productive and supportive work place for our employees and surrounding communities.





Scope of this Policy

This sustainability policy and associated commitments applies to all our current and future direct holdings, subsidiary companies, joint ventures, and/or companies over which we exert management control and any third-party suppliers from which we source palm oil materials. For third-party suppliers, we will work with all relevant stakeholders to help them apply the policy and associated commitments within a reasonable timeline. Implementation, enforcement, monitoring and reporting procedures will be developed to ensure compliance for all aspects of the policy and commitments.

Commitments

The specific time-bound commitments below will be vigorously pursued for plantations and mills owned by SSMS. We will also engage with our third-party suppliers to develop timelines and plans to meet these policy commitments.

1 Existing Operations

For all existing SSMS operations, we shall:

- Pursue time-bound plans to achieve 100% RSPO certification by 2019 for our own holdings, and by 2020 for associated farmers
- Achieve 100% ISPO certification by 2020 for our own holdings
- Implement RSPO Best Management Practices for existing peat area
- Develop a labor rights policy and install an internal monitoring mechanism to capture as well as resolve labor issues within own operations
- Implement RSPO's Remediation and Compensation Procedure (RaCP) for all plantings without HCV assessments since November 2005, including current and future acquisitions

2 Future Development & New Plantings

For all future new developments, we shall:

- Identify and protect High Carbon Stock (HCS) forest using the HCS Approach Toolkit methodology
- Complete High Conservation Value (HCV) assessments using the High Conservation Value Network Assessor Licensing Scheme (ALS)-licensed assessors
- Undertake no development on peat regardless of depth
- Respect the land tenure rights of indigenous and local communities, including the right to give or withhold their Free, Prior and Informed Consent (FPIC) to operations on land where they hold legal, communal or customary rights in accordance with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the Social Requirements for Conserving High Carbon Stock Forests



3 Environmental Management

For all existing and future developments, we shall:

- Commit to manage and protect forest and peat conservation areas within our concessions, taking into account consideration of connectivity within the wider landscape in the long term
- Identify and protect HCV and HCS forests
- Use Best Management Practices as defined in the RSPO P&C and other RSPO Manuals
- Implement programs to reduce Greenhouse Gas (GHG) emissions, recycle/reuse palm biomass, and where possible generate renewable energy using methane capture and/or palm biomass
- Enforce no-burning policies as well as continuously monitor and manage fire risk
- Work to eliminate use of paraquat by 2018 and commit to no use of pesticides categorized as WHO Class 1A or 1B



4 Human and Worker Rights

For all operations, we shall:

- Respect and uphold the rights of all workers, including contract, temporary, and migrant workers in accordance with the Universal Declaration of Human Rights, the International Labor Organization's core conventions, United Nations Guiding Principles on Business and Human Rights, and the Free and Fair Labor in Palm Oil Production.
- Uphold the right to freedom of association and collective bargaining
- Provide fair and equal employment for all employees regardless of race, nationality, religion, or gender
- Provide a safe and healthy working environment, free of sexual harassment
- Provide adequate safety equipment and training to implement health and safety policies
- Provide training and development to employees



5 Community Development

For all operations, we shall:

- Positively contribute to community well-being and positive socio-economic impacts
- Engage with communities in an open and transparent process through consultations and effective grievance procedures to resolve conflicts fairly
- Actively engage smallholders and develop training as well as assistance programs to support farmer compliance with our sustainability policy and commitments

6 Traceability

For all operations, we shall:

- Work towards a fully traceable palm oil supply chain, achieving full traceability to supply base
- Commit to active supplier engagement and assist in building their capacity to ensure compliance with our policy and commitments
- Where deemed necessary, implement plantation-level verification assessments of our third-party suppliers to identify level of compliance and support implementation of our policy

7 Stakeholder Engagement

For all operations, we shall:

- Resolve complaints and conflicts through an open, transparent and effective process
- Work with key stakeholders and independent verification bodies to implement sustainability policies and promote industry transformation
- Launch a sustainability dashboard to communicate traceability information, progress toward policy compliance, on resolving complaints, and supplier engagement and verification
- Publish annual progress reports on implementation of sustainability commitments through our website and creation of a sustainability dashboard

Pangkalan Bun,
13 September 2017

Signed
Board of Directors