



# Action Plan

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for Sustainable Palm Oil Production

Updated December 2023

## Introduction

Palm oil is the most commonly used vegetable oil in the world derived from the oil palm fruit growing only in tropical regions, which are home to a number of local indigenous communities and a variety of flora and fauna. The palm oil industry provides significant income and jobs for producing countries. In Indonesia and Malaysia, 4.5 million people depend on palm oil production as it's a source of their livelihood.

### Challenges Facing the Palm Oil Industry:

- ✓ rainforests loss, leading to the destruction of endangered species habitats and accelerating climate change;
- ✓ human rights violation: child labor, forced labor, discrimination, etc.

### Approach to Sustainable Palm Oil

Supply chain model "SG" confirms that all palm oil products supplied to the end consumer come exclusively from RSPO-certified sources and are not mixed in the process of production, storage and sale of palm oil, therefore, the activities of GC "EFKO" is environmentally and socially sustainable.

GC "EFKO" also supports all 17 UN Sustainable Development Goals (hereinafter – [UN SDGs](#)). Based on some of the UN SDGs related to sustainable palm oil production, the necessary activities with an implementation plan have been identified that contribute to the achievement of these goals.





## Supplier Evaluation

GC "EFKO" pays particular attention to the business reputation of suppliers of the palm oil delivered to the production sites from South East Asia.

Our suppliers play an important role in achieving our sustainability goals.

## The UN Sustainable Development Goals

The supplier assessment through questionnaires will determine the extent to which suppliers meet the requirements of the Sustainable Palm Oil Policy, the Supplier Code, the NDPE principles, and following UN SDGs:



Name of Action	Implementation	Status
✓ Updating Supplier Code requirements	December 2023	Completed
✓ Updating the supplier evaluation questionnaire	March 2024	In progress
✓ Implementation of Rules for Assessing Suppliers as Part of Compliance with the Requirements of the Supplier Code, Sustainable Production Policy and Achievement of the UN SDGs	April 2024	In progress

## Inclusion of Additional Requirements in the Supplier Code

The [Supplier Code](#) reflects key requirements for suppliers, including compliance with the principles of the [Palm Oil Sustainability Policy](#), the [NDPE](#)<sup>2</sup> and the UN SDGs.

The Supplier Code also includes compliance with ethical requirements (compliance with laws and regulations, anti-bribery and corruption, anti-money laundering, fraud, data privacy, and fair competition).

In 2023, GC "EFKO" updated the Supplier Code to include additional requirements on labour rights, as well as requirements for cross-cutting of forest clearance and for suppliers to set a deadline date after which they will be required to suspend forest clearance and peat destruction and resume plantation (with restoration) (but no later than 31 December 2015).

## Protection of Human and Labor Rights

We require our suppliers to respect human and labor rights, provide a safe and equitable workplace, decent pay and working hours, and prohibit all forms of child labour. Our suppliers have implemented sound labor policies that meet international standards.

We are committed to providing a safe work environment, empowering women and fostering cultural diversity, and we expect our suppliers to do the same to make worker safety a top priority. In order to protect child labor, our suppliers provide free education for the children of their workers so that the children are in school and not on plantations.

### Provision of Fringe Benefits by Some Suppliers:

- ✓ in addition to the minimum wage, employees receive benefits in kind;
- ✓ access to safe drinking water, electricity, mosques/religious centers;
- ✓ free medical care for workers and local population.



## Supplement to the Supplier Code

The requirements of the updated Supplier Code, in addition to those previously established, also clarify the requirements for hiring workers by requiring suppliers to make decisions based solely on job-related factors, regardless of race, color, age, sex or gender identity, religion, creed, nationality, ethnic origin, citizenship, ancestry or any other characteristic, and not to charge recruitment-related fees at any stage of the hiring process.

## Working with Smallholders

Many of our suppliers provide smallholders with high-yielding seeds, quality fertilizers, pest control products and regular training on best farming practices.

Some of our suppliers also support independent smallholders through technical and financial assistance initiatives, including by investing considerable resources to help them adopt best farming practices.

## The UN Sustainable Development Goals

The methods available to ensure the protection of human and labor rights, support for smallholders, and other ethical norms help support the following UN SDGs:



# Deforestation and Biodiversity Protection



## Deforestation Monitoring and Climate Change Control

Some suppliers of GC “EFKO” use the POME<sup>3</sup> composting method, the method of methane capture by building biogas plants, as well as methods of minimizing the water footprint and reuse, recovery and recycling of any waste.

Our suppliers also work to rehabilitate peatlands by rewetting drained lands and other measures to reduce fire risks and restore their complex ecosystems.

Our company monitors deforestation through NGO reporting ([Mighty Earth](#), [Friends of the Earth](#), [AidEnvironment](#), etc.). Some of our suppliers have established partnerships with [Satelligence](#), as well as working with [WRI](#).

In 2023, in addition to assessing supplier compliance with existing requirements, cross-cutting requirements were included in the Supplier Code to eliminate deforestation risks throughout the corporate supplier structure.



## Protecting and Promoting Biodiversity

We are committed to ensuring that our suppliers conserve rare and endangered species through prohibition of deforestation and burning, zero tolerance for hunting, injury and killing of rare and endangered species, and best agricultural practices.

## The UN Sustainable Development Goals

The methods available to combat climate change, including research into ways to improve the environment in which our suppliers operate by monitoring and continuously analyzing their activities, reducing greenhouse gas emissions, managing coastal zone and water quality, and protecting forests and peatlands help support the following UN SDGs:



## Transparency and Traceability

### No Buy List Updates

Developed in 2021, the [No Buy List](#) is a list of unreliable suppliers that helps customers of GC “EFKO” to obtain confirmation information about the reliability of the supply chain. From 2023 onwards, the list will be updated whenever changes are made.

All current suppliers of GC “EFKO” annually confirm and ensure the absence in the supply chain of companies that do not meet the aforementioned requirements and are included in the No Buy List.

### Traceability Reports

The GC “EFKO” is now actively working to ensure full traceability to the plantation, and our suppliers are working closely with the mills of third-party suppliers to achieve the same result.

To increase supply chain transparency, [transparency and traceability reports](#) are published every 6 months on the company’s website, which includes information on the amount of raw materials received from companies, dealers, small and independent landowners, the total percentage of mills associated with UML ID, transparency and traceability of raw materials for the reporting period, TDD, and a list of mills in [MyRSPO](#).

Name of Action	Implementation	Status
✓ Updating the results of reviews and suggestions (Grievance Log)	Monthly	Updating
✓ Updating No Buy List	Upon changes	Updating
✓ Updating the list of mills involved in the supply chain on the company's website, ✓ and also in MyRSPO profile	Every 6 months	Updating
✓ Updating supply chain traceability information on the company's website	Every 6 months	Updating
✓ Updating the information on the amount of raw materials received from companies, dealers, small and independent landowners	Every 6 months	Updating
✓ Updating the information on the number of mills connected to UML ID	Every 6 months	Updating
✓ Updating MyRSPO Shared Responsibility (SR) Profile Information	Annually	Provided
✓ Reporting (management review and Annual Communication of Progress (ACOP) form) on performance and development as part of the audit for RSPO certification	Annually	Provided
✓ Update on TDD on the company's website	Annually	Updating
✓ Ensuring 100% traceability to the plantation level	2025	In progress
✓ Increasing purchase volumes of RSPO certified palm oil	Annually	In progress