

## **NO DEFORESTATION, NO DEVELOPMENT ON PEAT & NO EXPLOITATION POLICY**

### **PURPOSE:**

Palma Serasih Group (PSG) believes in holistic and sustainable business practices which cover employment, environment, social and economic aspects into the Company's operational strategy, so that the Company can grow up together and provide value added for our stakeholders.

PSG's commitments to producing palm oil in an ethical, environmentally sustainable and socially responsible manner are embodied in our responsible production requirements that aim to deliver palm oil that is produced in accordance with "No Deforestation, No Peat and No Exploitation" (NDPE) practices.

PSG's NDPE Policy serves as the main guidance document for the Group's sustainability practices.

### **SCOPE:**

This Policy is applicable throughout PSG's oil palm plantations and mills.

### **OUR COMMITMENT:**

To achieve our long-term vision for a sustainable palm oil industry, PSG's adheres to following core commitments:

1. No Deforestation:
  - a. No conversion of High Conservation Value (HCV) areas<sup>1</sup>.
  - b. No conversion of High Carbon Stock (HCS) forests<sup>2</sup>.
  - c. No use of fire in the preparation of new plantings and re-plantings ("zero burning").
  - d. Reduce greenhouse gas (GHG) emissions associated with existing plantations.
2. No Development on Peat:
  - a. No new development on peat<sup>3</sup>.

---

<sup>1</sup> As defined by the HCV Resource Network

<sup>2</sup> As defined by the HCS Approach

<sup>3</sup> Defined as soil with an organic layer of more than 50 cm containing more than 65% of organic matter (Agriculture Ministerial Regulation No. 14/Permentan/PL.110/2/2009; Regulation of the Government of the Republic of Indonesia No. 57/2016)



**Palma Serasih Group**

Permata Kuningan Building, 11<sup>th</sup> Floor  
Jl. Kuningan Mulia Kav. 9C  
Jakarta Selatan 12980 · Indonesia  
Phone : +6221 2854 6080  
Fax. : +6221 2854 6081

3. No exploitation of people or communities:

- a. Respect and protect all human rights<sup>4</sup>.
- b. Respect the formal and customary rights of indigenous peoples<sup>5</sup> and local communities.
- c. No child labour<sup>6</sup> and forced labour<sup>7</sup>.
- d. No discrimination<sup>8</sup>.
- e. No sexual harassment<sup>9</sup>.

To achieve our long-term vision for a sustainable palm oil industry, PSG is committed to:

1. No Deforestation

a. No conversion of High Conservation Value (HCV) areas and High Carbon Stocks (HCS) forests

- i. Identify HCV areas and HCS forests prior to the land clearance in the new planting areas.
- ii. Ensure that HCV assessments are performed by independent, credible and qualified HCV assessors in accordance with the applicable procedures and guidelines provided by HCV Resource Network (HCVRN).
- iii. Ensure that HCS forest assessments are performed by independent, credible and qualified HCS forest assessors in accordance with the applicable procedures and guidelines provided by HCS Approach.
- iv. Protect, monitor and manage the identified HCV areas and their key attributes.
- v. Protect, monitor and manage the identified HCS forests.
- vi. Regularly communicate with our employees, contractors, and local communities living around our operations regarding our NDPE Policy commitments and the existence of HCV areas and HCS forests in our concessions.

b. Zero burning

- i. Strictly prohibit the use of fire in the preparation of new plantings and re-plantings according to the prevailing laws and regulations.

<sup>4</sup> As outlined in the Universal Declaration of Human Rights, the UN Sustainable Development Goals, the UN Guiding Principles on Business and Human Rights, the International Labour Organisation Fundamental Principles and Rights at Work, and prevailing law and regulation.

<sup>5</sup> As outlined in the UN Declaration on the Rights of Indigenous Peoples. Indonesia is a signatory to this UN Declaration (UNDRIP). The Government of the Republic of Indonesia stated that the concept of indigenous peoples cannot be implemented in Indonesia as all Indonesians (except those of Chinese, Arab and Indian descent) are indigenous, have ancestors from the archipelago, and thus entitled to the same rights

<sup>6</sup> Refers to the exploitation of children through any form of work that deprives children of their childhood, interferes with their ability to attend regular school, and is mentally, physically, socially and morally harmful (ILO). A person is categorized as a child when he/she has an age of less than 18 years (Laws of the Republic of Indonesia No. 13/2003). The minimum age of 18 years is specified for work which "is likely to jeopardize the health, safety or morals of young persons" (ILO Minimum Age Convention, 1973 (No. 138))

<sup>7</sup> As defined in the ILO Forced Labour Convention, 1930 (No. 29)

<sup>8</sup> It includes race, ethnicity, national origin, gender, religion, socio-economic status, language, local customs, contract status or migration

<sup>9</sup> Defined as unwelcome conduct of a sexual nature, which makes a person feel offended, humiliated and/or intimidated (ILO)



Palma Serasih Group

Permata Kuningan Building, 11<sup>th</sup> Floor  
Jl. Kuningan Mulia Kav. 9C  
Jakarta Selatan 12980 · Indonesia

Phone : +6221 2854 6080

Fax. : +6221 2854 6081

- ii. Set-up a team of firefighters that are equipped with firefighter vehicles and supporting tools and equipment, as well as required trainings.
  - iii. Set-up wildfires early warning system and early detection.
  - iv. Conduct fire risk monitoring, fire prevention and firefighting in and near our operations.
- c. Mitigation of greenhouse gas (GHG) emissions
  - i. Identify and measure all sources of GHG emissions in accordance with relevant standards for GHG calculation, using recognized methodology and appropriate tools.
  - ii. Reduce GHG emissions from plantation and mill operations.
  - iii. Monitor GHG emissions from plantation and mill operations.
- 2. No Development on Peat
  - a. Committed not to develop on peat for any new development.
- 3. No exploitation of people and communities
  - a. Recognizing and upholding the rights of the indigenous people and local communities
    - i. Respect the formal and customary rights of indigenous people's<sup>10</sup> and local communities.
    - ii. Respect the prerogative rights of indigenous people's and local communities to give or withhold Free, Prior and Informed Consent (FPIC) for the utilization of lands to which they hold proven legal, communal or customary rights.
    - iii. Where appropriate, undergo a social impact assessment and implement an FPIC process prior to start of activities in all new developments, in a manner that is locally relevant to the affected communities, to prevent and mitigate the potential adverse effects of our operations.
    - iv. Engage the communities in an open and transparent manner through consultation, supported by a grievance procedure in which existing and future complaints are resolved to the satisfaction of all stakeholders.
    - v. Handle responsibly complaints or offense identified using generally accepted grievance procedures or conflict resolution.
  - b. Recognizing and upholding the rights of workers
    - i. Respect and uphold the rights of all workers and protect human rights defenders from against threats and retaliation in accordance with prevailing law and regulation.
    - ii. Respect the right to freedom of association and recognize the right to collective bargaining.
    - iii. Ensure all workers are paid a decent living wage equal to or exceeding the legal minimum wage and normative compensation is paid in accordance to the legal requirements.
    - iv. Ensure the conditions of work fully comply with the legal requirements.

<sup>10</sup> For the translation and meaning of indigenous people in the context of Indonesia, this Policy refers to the official and legal translation with equal meaning of "Masyarakat Hukum Adat", as stipulated in the UUD 45 Constitution and prevailing laws and regulations

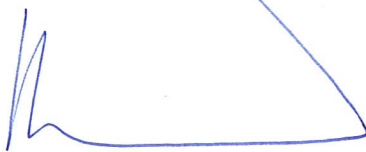


- v. Prohibit all forms of illegal, abusive, forced, bonded, compulsory or child labor.
- vi. Provide fair and equal employment opportunities for all employees, regardless of race, ethnicity, national origin, gender, religion, socio-economic status, language, local customs, contract status or migration.
- vii. Promote women empowerment in accordance with prevailing law and regulation.
- viii. Promote a safe and healthy working environment that is free from sexual harassment and other hazards.
- ix. Apply Occupational Health and Safety (OHS) standards for the entire workforce in accordance with prevailing law and regulation that are continuously monitored, reviewed and improved.
- x. Provide adequate equipment and training on the implementation of OHS standards.
- xi. Provide training and development to employees to ensure achievement of their full potential.
- xii. Provide adequate housing facilities and access to basic infrastructure for workers and staff (e.g. clean water, sanitation, electricity).
- xiii. Promote and facilitate the education of the children of our workforce.

The implementation of this Policy will be continuously monitored, reviewed and improved. In cases where non-compliance with this Policy, including exploitative practices, are identified in our operations, we will determine remedial actions to ensure appropriate, timely and transparent responses. This Policy is applicable with immediate effect throughout PSG's oil palm plantations and mills.

Enacted in : Jakarta

Date : 1<sup>st</sup> November 2021



**Budiono Tanbun**  
President Director

**Palma Serasih Group**

Permata Kuningan Building, 11<sup>th</sup> Floor  
Jl. Kuningan Mulia Kav. 9C  
Jakarta Selatan 12980 - Indonesia  
Phone : +6221 2854 6080  
Fax. : +6221 2854 6081