



VVF SUSTAINABILITY POLICY – PALM VALUE CHAIN

INTRODUCTION

Palm plantation development has contributed significantly to economic development of countries. However, factors like deforestation and other unsustainable practices have given rise to negative consequences for people and the environment. VVF believes that economic growth and sustainability can co-exist and are working towards this objective.

VVF is not a grower of the palm crop, however, our biggest feedstock in the Oleochemical industry is Palm Oil and Palm Oil derivatives. We therefore work closely with the industry partners and our stakeholders to encourage sustainable environment for Palm Oil by focusing on sustainable production, legal compliances and human rights, and environmentally and socially responsible supply chain.

VVF is an active participant in the palm oil supply chain and we completely recognize the importance of our role we can play in encouraging, through our sourcing decisions for the transition to more sustainable practices.

Therefore we are fully committed to Sustainable palm oil production in a manner that is

- that protects forests and biodiversity,
- legally compliant,
- reduces greenhouse gas emissions,
- respects the rights of indigenous peoples, workers and local communities and
- is fully traceable.

POLICY SCOPE

This policy applies to all our physical palm oil and derivatives that our company, including our subsidiaries and joint ventures in which we have management control, sources, trades, processes and utilizes worldwide, via existing and new suppliers.

We expect all of our Suppliers of palm oil products and other stakeholders in our supply chain to adhere to all the commitments in this Policy.

OBJECTIVES OF THE SUSTAINABLE PALM POLICY

1) No Deforestation

As a non-grower of Palm oil we indirectly influence our stake holders to support and follow standards in our palm oil supply chain for supporting

- a) No deforestation and protection of High Carbon Stock (HCS) areas



- b) No development of peat lands regardless of depth, and
- c) Protection of peat lands through water management and fire prevention.

Our stakeholder assessment framework identifies suppliers who could be compromising on our 'No Deforestation' commitment. If we come across such suppliers, we will investigate and progressively reduce our business share with them till we get and verify firm corrective Actions from them.

2) Legal Compliance

VVF complies with all applicable National laws and regulations.

We require all our Suppliers and stakeholders to comply with all national laws and regulations as laid out in the VVF Suppliers and Vendors Code of Conduct. The areas of Legal compliance which all Suppliers and Stakeholders comply with are Product safety, Business integrity, No Money Laundering, Data protection & Intellectual property rights and Legal compliances.

If we come across any non-compliance, we will quickly undertake to investigate, and if necessary, take remedial actions and verify firm corrective Action plans from them. Remedial action may include, restraining business volumes, working with them for positive actions, supporting the suppliers in any projects etc.

3) People and Local Communities

VVF complies with all applicable National laws and regulations and Fair practices with respect to own employees, workers, contract workers working in the company. We respect and support the Universal Declaration of Human Rights.

These are laid out clearly in the 'VVF 'Code of Conduct Policy' and 'Ethical Trading Initiative Policy'.

We require all our Suppliers and stakeholders also to comply with 'Vendors and Suppliers Code of Conduct'. The Code of Conduct includes aspects with respect to Fair Labour Practices, No Child Labour, Ensuring Women Empowerment, Safe & healthy work condition among other areas. All Suppliers and Stakeholders will need to give a periodic statement of their adherence to the Vendors and Suppliers Code of Conduct.

4) Traceable Supply Chains

We will have systems to ensure traceability of all raw material to their refineries, mills and plantations. Given the complexity involved in the ensuring full traceability, the initial focus is to ensure traceability to Mills and to plantations eventually.

We actively promote and support the transformation of the palm oil supply chain through a process of supplier engagement. We will continue to engage with key suppliers to promote our policy commitments and build capacity of mills and supplier companies to ensure compliance. If there are suppliers who are unwilling to transform or prove to continuously miss the targets set in their time-bound plans, we will cease to do business with them.

We are committed to increasing our share of raw material sourcing from palm oil small holders.



Implementation & Reporting

Improving our level of engagement with stakeholders, including transparency on our performance and progress, is a key element in underpinning our policy commitments. We are committed to the following:

1) RSPO

We are using the Roundtable Sustainable Palm Oil (RSPO) Principles and Criteria as a baseline for our sustainability framework. We are certified under Mass balance with RSPO. We encourage our customers to make more of their production RSPO Mass balance certified. An Oleochemical company like us is only an intermediate processor and as such we will support delivery of RSPO based products to all our customers as per *their* need and demand. We continue to remain an active supporter of the 'Roundtable on Sustainable Palm Oil (RSPO)' and are working to strengthen the RSPO standard and its enforcement.

2) Publishing Traceability Score

We started reporting Traceability of our non RSPO raw material since 2016 and having fully traced upto the refinery level, in 2016, we have extended the traceability to Mill level in 2017. We intend to increase our traceability upto the plantation level.

3) Communication and Positive Support

In an effort to strengthen the policy on sustainable palm oil, we constantly communicate with all the stakeholders in our supply chain about the developments in this space, news on non-compliance etc. While we restrain businesses relationship volumes with suppliers and stakeholders who are non-compliant, we promote suppliers with higher business shares who show positive action on Sustainable sourcing.

As a single entity we believe we alone cannot make a change and hence we have tied up and / or certified ourselves with the following associations with respect to positively contributing to Sustainability in other areas through other initiatives in CDP – Carbon Disclosure Project, and Ecovadis.

A handwritten signature in blue ink, appearing to read 'S. Kannan', is written over a horizontal line.

S. Kannan
Sr. Vice President

Date: 15th September'18