

# NDPE Policy

A Partner of Choice...





## VVF NDPE POLICY

### **Introduction**

VVF remains steadfast in its commitment to be an integral and important part of responsible sourcing of palm oil. As a leading, global player and manufacturer of Oleochemicals, we play an essential role in the industry's progress towards sustainable development. VVF is committed to helping the palm oil industry develop, while protecting forests and peatlands, and respecting the rights of workers and communities in which we operate. We will collaborate with growers, traders, processors, brands, NGOs, and other stakeholders to help us implement the NDPE policy.

### **Policy Scope**

VVF does not own plantations nor produces palm oil. However, due to our nature of business, we have a responsibility to ensure our sourcing strategy aligns with our company values. We require our industry partners and our stakeholders to commit to our supplier code of conduct of sustainable production, legal compliances, and respect of human rights as a basic requirement of doing business together. It enables us to strengthen our commitment to our sustainability goals as well. The NDPE policy applies to all VVF operations worldwide.

VVF expects supplier sourcing of raw materials to meet the following criteria:

#### **(a) 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:

- No development of High Carbon Stock (HCS) Forests
- No development of High Conservation Value (HCV) Areas
- No burning as defined by RSPO
- Progressively reduce greenhouse gas (GHG) emissions on existing plantations

(b) **No Development on Peat**

- No development on peat regardless of depth
- Best Management Practices for existing plantations on peat
- Where feasible, explore options for peat restoration

(c) **No Exploitation of People and Local Communities**

- Respect and support the Universal Declaration of Human Rights
- Respect and recognize the rights of all workers including contract, temporary and migrant workers
- Facilitate the inclusion of smallholders into the supply chain
- Respect land tenure rights
- Respect the rights of Free Prior and Informed Consent (FPIC) of indigenous and local communities
- Resolve all complaints and conflicts through an open, transparent, and consultative process.

**Our Commitments**

(A) **Roadmap to Build Traceable Supply Chains**

Core to our policy is a commitment to creating a transparent sourcing network with full traceability. We intend to keep on improving our traceability score to remain as preferred sustainable supplier.

*Specific objectives of the implementation of supply chain traceability includes:*

- a. Striving to increase the volume or number of traceable suppliers into its supply chain.
- b. Appointing independent third-party experts to conduct supplier due diligence and ensure their compliance with these policy commitments
- c. Disclosing the progress against supply chain traceability targets based on the roadmap of the NDPE implementation strategy.

**(B) People and Local Communities**

We have a detailed 'Code of Conduct Policy' which we strongly follow and align our stake holders to support it, which comprises of Fair Labour Practices, No Child Labour, Ensuring Women Empowerment, Safe & healthy work condition, Product safety, Business integrity, No Money Laundering, Data protection & Intellectual property rights and Supplier compliances.

**(C) Transparency on Implementation Progress and Stakeholder Engagement**

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

**RSPO**

We are using the Roundtable Sustainable palm Oil (RSPO) supply chain certification as a baseline for our sustainability framework. We are certified under Mass balance with RSPO. We encourage our customers to increase the proportion of RSPO-approved Mass Balance Certified production.

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.

**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 business 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.

## **Action Plans**

### **Supplier Assessment**

VVF will conduct due diligence of raw material sourcing to ensure compliance with the above stated criteria. We will begin this process by conducting key commodity supplier compliance assessments. Our intent is to raise suppliers' performance so they can comply with our standards. Any new supplier we add gets evaluated by our 'Sustainability Group'. In past we conducted supplier assessment on case-to-case basis. We have made it mandatory to show documentary evidence and this is checked by our internal team.

### **Process to investigate and resolve grievances raised**

If suppliers fail to comply with the outlined raw material sourcing criteria, we will develop supplier corrective action plans and aid in implementation. If there is a lack of cooperation or untimely implementation of corrective action plans, this may result in a reduction in supplier business or termination of the supplier relationship.

### **De-Listing Suppliers who are non-compliant**

In an effort, to strengthen the policy on sustainable palm oil we closely work and monitor with our Customers, Suppliers, Stake holders, to ensure that non-Compliant parties don't get a chance to engage in our supply chain directly and indirectly both.

In the past, VVF has actively De-listed and Dis-engaged with suppliers who were highlighted as non-compliant by reputed agencies Viz Green Peace et al. We have ensured that non-compliant companies do not cater to VVF indirectly as well. As a single entity we are conscious that VVF Group cannot alone make a change.

VVF is actively associated & certified with the following associations directly:

- RSPO - 'Roundtable on Sustainable Palm Oil (RSPO)'
- Ok Kosher
- GMP
- ISO
- CDP
- Halal
- Ecovadis

We will continue to track our progress against the Supplier NDPE Roadmap, and report these through public platforms such as the Sustainability Reports. VVF will also continue to improve our sustainability practices and will remain an industry leader in innovation by participating in the continuous improvement of standards, monitoring systems, and applied research.

To reflect ongoing best practices developing in each of our commodity supply chains, as well as our overall organization strategy, we will proactively review this policy annually and make updates as needed.



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