

Sustainable Procurement Policy

A Partner of Choice...





VVF SUSTAINABILITY SOURCING POLICY – PALM VALUE CHAIN

Introduction

It has been well recognized that the Palm plantation development has contributed significantly to economic development while on the other hand factors like deforestation and other unsustainable practices have given rise to the negative consequences for people and the environment; although we believe that the economic growth and sustainability can co-exist and are working towards this objective.

VVF is committed to be an integral and important part of environmentally and socially responsible supply chain.

As we are not a grower of crop still we 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.

VVF (India) Ltd is not a producer of palm oil and does not own any palm plantations. Virtually all of our palm derivatives are sourced from the companies who are directly or indirectly engaged in Palm Oil sourcing / milling; hence we work closely with customers and industry stakeholders to help develop a more sustainable supply chain for palm oil, palm kernel oil and their derivatives.

Overview

Palm oil is the most widely used vegetable oil in the world and accounts for around 40% of world veg oil consumption, with the increasing population and demand thereon it is well positioned to remain as a crucial part of the food production process.

We firmly believe that all agricultural supply chains should be environmentally sustainable. Sustainable palm oil must be produced in a manner that is legally compliant and traceable, that protects forests and biodiversity, reduces greenhouse gas emissions and respects the rights of indigenous peoples, workers and local communities.

Policy Scope

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.

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 (third-party) suppliers of palm oil products to adhere to all of the commitments in this Policy.

Sustainable Sourcing

(a) Traceable Supply Chains

Traceability is defined as traceable to a defined list of mills and plantations. VVF's goal is to ensure that maximum volumes of palm (kernel) oil and palm oil fractions will be 100% traceable to mills.

We are striving to increase traceability to plantation level over time; 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.

(b) **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

- (1) No deforestation and protection of High Carbon Stock (HCS) areas
- (2) No development of peat lands regardless of depth, and protection of peat lands through water management and fire prevention.

(c) **Legal Compliance**

Legal Compliance with all applicable national and local laws within our company as well as with our stake holders by allying them to agree on our 'CODE of Conduct Policy'

(d) **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 Vendor compliances.

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:

(a) **RSPO**

We are using the Roundtable Sustainable Palm Oil (RSPO) Principles and Criteria as a baseline for our sustainability framework which we have bolstered with additional environmental and social measures. 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. We are registered under Mass balancing with RSPO and are buying our RSPO certified raw material as per tailor-made demand, by this we are able to back trace our feed stocks along the supply chain for traceability which are e-traceable on the portal.

(b) Publishing Traceability Score

We took this initiative in 2017 to trace our sourced raw materials which are non-RSPO. Initially this was done till refinery level which we have now improved upon to do it till Mill level and are now targeting to make it traceable till Planation level.

(c) Blacklisting of Vendors who are non-compliant

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

As a single entity cannot alone make a change and hence we have tied & certified ourselves with the following associations directly:

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

Action Plans

Palm Oil Sustainable policy

As guided, we have made our 'Palm Oil Sustainable policy' which covers all the major concern like compliance of laws, people and local communities, Palm Oil Small Holders and Deforestation.

Vendor Assessment

We have presently not opted for any third-party assessments and are doing it independently. We have formed cross-functional group consisting members from Procurement, Supply chain and Marketing to focus on sustainability and adherence to policy. On a periodic basis the said group is monitoring our supply chain and are taking corrective actions.

Any new vendor we add is getting evaluated by our 'Sustainability Group'. In past we were doing vendor assessment on case-to-case basis by interview/getting details. From this year we have started asking for documentary evidence and same is getting checked by our internal team.



K. Ramesh

Ramesh Krishnamurthy
Global Business Unit Head - Oleochemicals

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