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Florin AG – Responsible Sourcing Policy

Florin AG recognises that the production of raw materials around the world for their products both impacts and relies on People and Nature. Florin AG believes that this impact can be a positive one and this is why we have developed our Responsible Sourcing Policy that we will implement with our raw material supply chain partners. Our Responsible Sourcing Policy is based on eight Responsible Sourcing Principles that highlight what we expect from all those supplying raw materials to Florin AG. Our goal is that all the raw materials that we buy, produce, trade or process shall:

1. Comply with **legal requirements**;
2. Be **fully traceable** back to source;
3. Ensure **no-deforestation** of High Conservation Value (HCV) or High Carbon Stock (HCS) areas;
4. Ensure **no-development** on peat lands;
5. Ensure **no-exploitation** of people, including indigenous peoples, local communities, and workers;
6. Follow **good agricultural practices**;
7. Support the inclusion of **smallholders**; and,
8. **Maximise efficiency** towards reducing CO² emissions, efficient energy consumption, reducing water use/production of waste water and reducing waste/increase recycling.

We will prefer suppliers who are implementing these principles across their operations, not just for those products that we purchase. Through implementing this policy we will, where necessary, collaborate and seek the support of stakeholders such as our suppliers, customers, governments, non-governmental organizations and other relevant organizations.

Detailing our Sourcing Guidelines:

On legal compliance:

- All applicable national laws, regulations, international agreements and conventions are adhered to.

On Traceability:

- Systems are in place to trace our agricultural raw materials back to source¹.
- Routine quality checks are carried out to ensure no mixing of raw material origin during processing or transportation - unless documented to show the origins of the raw material - consumer safety and continuously improve product quality.

On No-deforestation:

- HCS forests are protected, and the High Carbon Stock (HCS)² approach is used to determine eligible areas for planting, where necessary.
- HCV³ areas are identified and adequately protected.
- Suppliers with mechanisms to progressively reduce Greenhouse Gas (GHG) emissions are preferred.

On No peat land development:

- Peat lands⁴ are protected from agricultural development, regardless of depth.
- Best management practices are implemented e.g. those used for existing Palm Oil plantations on peat lands.
- Peatland restoration with experts and local communities is undertaken where reasonable.

On No exploitation:

- Illegal, abusive, forced or child labour as per ILO conventions is prohibited.
- The rights to Freedom of Association and Freedom from Discrimination are protected as per ILO conventions.
- FPIC is carried out with indigenous and local communities for their customary lands prior to agricultural development.
- Mechanism for complaints, grievances and conflict resolution are in place.
- Occupational health and safety equipment is provided based on specific tasks and used by all workers.
- Wages and working conditions are improving beyond legal minimum requirements.

¹ Source is identified as either farm or catchment area, for instance a group of smallholders.

² http://www.greenpeace.org/international/Global/international/briefings/forests/2014/HCS%20Approach_Breifer_Mar_ch2014.pdf

³ <http://www.hcvnetwork.org/>

⁴ We define peat as soil with organic matter greater than 65%.

On Good agricultural practices:

- Soil is effectively managed to enhance fertility and prevent erosion.
- Fertilizer use is based on crop requirements and the application of agrochemicals is reduced to a minimum. Hazardous chemicals including those listed on the Stockholm and Rotterdam Conventions are not used.
- Efficient water use and water pollution risk is minimised.
- Soil pollution risks are identified and minimised.
- A no-burn policy is in place for all land clearance.

On Smallholders:

- Smallholders are included wherever feasible.
- Smallholders are remunerated based on free and fair negotiation for the price of their crop.
- The sustainability performance of smallholders is adapted to the context.
- Smallholders have access to training.

On maximising efficiency in supplier's facilities:

- CO2 emissions shall be monitored and measures implemented to support continual improvement.
- Energy consumption shall be monitored and measures implemented for improved efficiency.
- Water use shall be monitored and measures implemented to reduce use and production of waste water.
- Waste production (wood fibre, plastics, metals etc...) shall be monitored and measures implemented to reduce waste and increase recycling.

When certification is requested by our customers we will strive to provide this as an additional guarantee. As a RSPO-member, Florin AG remains committed to RSPO for the purchase of palm and palm kernel oil.

Florin AG will continue to analyse the implementation process and engage in a regular review and improvement process. To implement these policies, we intend to involve stakeholders wherever relevant and required. As new information and best practice is improved, Florin AG will adjust and improve policies in ways that are consistent with our goals of protecting forests, biodiversity, peat lands, local communities and human rights in our supply chains.

Florin AG - Best partner for sustainable oils, fats and margarines.

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