

Subject: Sustainability
Document Title: Standard for Responsible Sourcing of Natural Raw Materials
Originator: Global Head of Sustainability
Date: July 2014

Standard for the Responsible Sourcing of Natural Raw materials & zero deforestation

1. Background

Sourcing of natural raw materials can have significant effects on the environment and on local communities. RB is committed to responsible business conduct which includes ensuring the natural raw materials used in our products are produced in a manner that meets or goes beyond applicable laws and regulations, respects human rights, safeguards health & safety, protects the environment, does not cause deforestation and generally supports the contribution of business to achieving sustainable development.

It is RB's policy that natural raw materials used in our products and product packaging are sourced responsibly and with zero deforestation; meeting the Standards outlined below.

RB is working with external partners, such as TFT, to achieve supply chain traceability for key natural raw materials and ensure compliance with this Standard.

2. Standards

A. General Standards

Natural raw materials (including but not limited to palm oil & palm oil derivatives, wood cellulose fibres in paper & board, latex, coconut & coconut derivatives, rattan, cork, foodstuffs, leather, resin, gum and rubber) used in RB companies' products and product packaging must meet the following minimum standards:

1. Natural raw materials (and their derivatives) must be from sources that:
 - are managed in compliance with all applicable environmental, labour, health & safety laws and regulations and ILO Fundamental Conventionsⁱ;
 - do not contribute towards the deforestation or degradation of peatlands of any depth, primary forestsⁱⁱ or High Conservation Value areas as defined by the HCV Networkⁱⁱⁱ;
 - are managed in accordance with all applicable tenure and use rights, including the respect of indigenous people's and local communities' rights;
 - are not using toxic chemicals (as listed by the Stockholm (POP) Convention)^{iv};
 - do not use fire to prepare land for replanting and / or waste disposal; and
 - are managed in a manner that protects biodiversity and ecological processes.

2. Natural raw materials (and their derivatives) must be sourced from suppliers that:
 - are able to demonstrate compliance with applicable laws and regulations and RB's Global Manufacturing Standard for responsible production ('GMS') and promote this in their supply chain;
 - are able to provide information on the sources of materials they supply, including the location of origin for materials supplied (including from sub contracted operations);
 - seek constructive resolution of legitimate grievances of local communities; and
 - actively seek to utilise previously cleared and / or degraded land rather than clearing natural forests. Plantations should optimise the use of agricultural land where appropriate and not put indirect pressure on forests through overuse of agricultural land in an area.

These requirements represent minimum standards. Suppliers are expected to go beyond these standards.

In particular, RB expects suppliers to have a responsible natural raw materials sourcing policy and to implement time bound plans to ensure the following guidelines are met:

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- Ensure natural raw materials are not from sources that contribute to deforestation or degradation of High Carbon Stock forests^v;
- Ensure natural raw materials are from sources that do not use chemicals listed on the Rotterdam (PIC) Convention, WHO 1A, 1B, and PAN Dirty Dozen lists^{vi};
- Suppliers must have a policy in place to reach free, prior and informed consent (FPIC)^{vii} of the local communities impacted by new plantations. Plus have a systematic process to facilitate and demonstrate FPIC; and
- Suppliers must not actively exclude smallholder producers from their supply chain.

B. Additional material-specific standards

In addition to meeting the General Standards above, suppliers of paper & board and palm oil (including palm oil derivatives) must also meet the relevant additional standards set out below.

Paper & board: RB companies and suppliers, contractors or subcontractors designing and manufacturing products and packaging on RB's behalf, should be able to demonstrate that they adhere to the following approach:

1. Promote the efficient use of paper & board;
2. Use post-consumer recycled paper / board where possible and practical;
3. Use virgin materials from forests that are verifiably legal, responsibly managed and comply with the General Standards above. The Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC) endorsed national forest certification systems can be used as a way to verify that a forest source is responsibly managed.

Palm oil & palm oil derivatives: Suppliers of palm oil (or palm oil derivatives) to RB companies must:

1. Demonstrate continuous progress towards fully traceable, responsible palm oil as per General Standards described above;
2. Work with RB, and / or RB's partners, to achieve full traceability over their palm oil supply chain back to mills, and ultimately plantations, and ensure supply chain compliance with the General Standards above;
3. Be a member of the Roundtable for Sustainable Palm Oil (RSPO); and
4. Share with RB any palm oil grower's GHG reporting to the RSPO.

3. Implementation

RB's SVP Purchasing is responsible for distributing and monitoring this standard.

RB companies globally are responsible for applying it throughout their supply chain, including making suppliers, contractors and subcontractors aware of the policy and their responsibility to comply with it.

Suppliers, contractors and subcontractors should also promote this standard throughout their supply chain.

Queries regarding this standard should be directed to sustainability@rb.com.

4. Non compliances

We value an open and honest approach to any instances of non-compliance, and a genuine commitment to correct those non-compliances in an agreed time frame. We are committed to working with our suppliers to address any issues.

We recognise that in some regions or countries, particularly where there are complex and informal supply chains, reliably confirming compliance may be a difficult, complex and lengthy process. We

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recognise that working with suppliers while they address non-compliance by their own suppliers or internally may be a better long-term solution than immediately de-listing them.

However, if mutually acceptable solutions cannot be reached we will ultimately be required to suspend our business relationship until a satisfactory solution can be found.

Where a company has been identified, by national / local government and /or a Non-Government Organisation, as responsible for significant and sustained violation(s) of applicable laws or this Standard, we will verify the non-compliance and if upheld, will cease trade until the non-compliance(s) have been appropriately addressed.

5. Reporting

RB will report at least annually on progress against the policy on responsible sourcing of natural raw materials and this standard, via the company's Sustainability Report (www.rb.com).

RB's policy on the responsible sourcing of natural raw materials is available on www.rb.com.

ⁱ <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>

ⁱⁱ Primary forest is a forest ecosystem with the principal characteristics and key elements of native ecosystems such as complexity, structure, and diversity and an abundance of mature trees, relatively undisturbed by human activity. Human impacts in such forest areas have normally been limited to low levels of hunting, fishing and harvesting of forest products. Such ecosystems are also referred to as "mature," "old-growth," or "virgin" forests.

ⁱⁱⁱ "High Conservation Value Areas" refers to the areas necessary to maintain or enhance one or more High Conservation Values (HCV), where a HCV is a biological, ecological, social or cultural value of outstanding significance or critical importance. Specific definition of the six HCV categories follow:

HCV1 Species Diversity: Concentrations of biological diversity including endemic species, and rare, threatened or endangered species, that are significant at global, regional or national levels.

HCV2 Landscape-level ecosystems and mosaics: Large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.

HCV3 Ecosystems and Habitats: Rare, threatened, or endangered ecosystems, habitats or refugia.

HCV4. Critical Ecosystem Services: Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.

HCV5. Community Needs: Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc.), identified through engagement with these communities or indigenous peoples.

HCV6. Cultural Values: Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

More detail is available through the High Conservation Value Resource Network. Many non-forest area also have High Conservation Value, including high social and cultural values.

^{iv} The Stockholm Convention on Persistent Organic Pollutants lists 22 organophosphates such as DDT which signatory countries agree to cease making and using other than in specific exceptional cases. POPs can be very widely distributed by wind, they are slow to biodegrade and tend to build up in animal tissue.

^v High carbon stock (HCS) forests include primary forests, high, medium and low-density forests and regenerating forests. We will continue to adopt best practices for identifying HCS as they are developed for different contexts. Please read The High Carbon Stock Forest Study Report for more information (http://www.goldenagri.com.sg/pdfs/misc/High_Carbon_Stock_Forest_Study_Report.pdf).

^{vi} PIC - Rotterdam Convention's PIC list identifies 43 chemicals that are banned in two or more signatory countries on grounds of health and/or environmental damage. A signatory country that exports these chemicals must agree to notify signatory countries into which the chemical is to be imported, and the import country has an opportunity to bar the import. Thus developing countries are able to exclude harmful chemicals without recourse to unaffordable programmes to test of pesticides etc.

PAN (Pesticide Action Network): PAN is an international NGO network for alternative pest control methods and reduced use of toxic pesticides. PAN maintains a database of chemicals and their status on various lists. The PAN "Dirty Dozen" chemicals, are those which they consider to be have the worst impact, and include many that are banned in developed countries, but are widely still in common usage in developing countries. The Dirty Dozen list as grown to include a total of 18 chemicals.

^{vii} Free is the absence of coercion and outside pressure, including monetary inducements (unless they are mutually agreed to as part of a settlement process), and "divide and conquer" tactics. It includes the absence of any threats or implied retaliation if the results of the decision are to say "no".

Prior is having sufficient time to allow for information-gathering and full discussion, including translations into traditional languages, before a project starts. It must take place without time pressure or constraints that in any way may compromise traditional decision-making structures and processes of the people in question. A plan or project must not begin before this process is fully completed and an agreement is reached.

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Informed is having all the relevant information available reflecting all views and positions. This includes the input of traditional elders, spiritual leaders, subsistence practitioners and traditional knowledge holders, with adequate time and resources to consider impartial and balanced information about potential risks and benefits.

Consent is the demonstration of clear and compelling agreement, in keeping with the decision-making structures of the people in question, including traditional consensus procedures. The existence of consent is usually demonstrated by a signed agreement which may include an Indigenous Land Use Agreement, Memorandum of Understanding or Plain English Statement, and a signed Consent Form by the parties.

For palm oil, the RSPO document "FPIC and the RSPO: A Guide for Companies" should be followed when negotiating land use rights with communities. The document can be downloaded here:
[http://www.rspo.org/files/resource_centre/FPIC%20and%20the%20RSPO%20a%20guide%20for%20companies%20Oct%2008%20\(2\).pdf](http://www.rspo.org/files/resource_centre/FPIC%20and%20the%20RSPO%20a%20guide%20for%20companies%20Oct%2008%20(2).pdf)