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Policy on Sustainable Palm Oil Sourcing

Background/Mission statement

Pasternak, Baum & Co., Inc. (Pasternak) is committed to maintaining the highest standards of ethical conduct and responsible sourcing in our business dealings. We strive for sustainability within our supply chain ensuring our operations positively impact customers, communities, and the environment.

As a broker or principal in the palm oil industry, we do not own any land, plantations, or storage tanks. We specialize in buying and selling palm oil products, derivatives, and/or futures without storing physical material. Our main suppliers are in Central and South America. Our supply base includes voluntary certification schemes such as RSPO and ISCC for certified palm oil production and its derivatives. We are also committed to complying with current and upcoming voluntary standards and regulations in the palm oil sector.

Pasternak, Baum & Co., Inc., continues to commit to the Sustainable Development Goals achievable through its objectives People, Planet and Prosperity with Peace and Partnerships. (5P)

Scope

This policy reflects Pasternak's business conduct and applies to all Pasternak's supply chain participants, from direct suppliers, plantations, palm oil mills, refineries, and commercial trading partners.

Commitments

Pasternak is committed to the sustainable sourcing of Palm Oil, Palm Kernel Oil, and their derivatives throughout the supply chain. We



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believe in socially, environmentally, and economically responsible practices from origin, i.e., plantations up the chain to the end user.

This policy outlines our specific commitment to the sourcing of sustainable palm oil and outlines to our suppliers the importance of complying with it to meet the demands set forth by world consumers.

Pasternak believes in leading by example. As an RSPO (Roundtable on Sustainable Palm Oil) member since 2012, we operate as a Traders License Holder. As an ISCC member, we hold certifications under the ISCC EU and PLUS standards.

We engage and encourage our suppliers to adopt these commitments for a better, more prosperous, and just planet. We believe in continuous improvement and using international standards to achieve sustainability and reduce risks in the supply chain.

Pasternak is an active partner with companies who share these principles as we do on the following practices and long-term objectives aligned with national and international practices:

No Deforestation

- Prior to new developments, the High Conservation Values (HCV) and High Carbon Stocks (HCS) approaches were implemented to determine expansion areas. This includes Deforestation and Conversion Free (DCF).
- Aligned with market trends and requirements, the cutoff date for deforestation and conversion-free (DCF) is January 1st, 2020, onwards.
- HCV and HCS areas are identified, maintained, and enhanced.
- To include Special Risk Assessments and implementation of action plans to mitigate any potential risks as needed.
- No fire/burning used for land clearing. If used, it shall be in exceptional circumstances. Encourage best management practices to conserve water, soil, and associated biodiversity.

- Green House Gases (GHG) emissions to be identified and reduced.
- Avoid the use of international¹ and nationally banned pesticides and agrochemicals² while exploring alternative pest management strategies to reduce the use of pesticides.
- No use of fire for preparation of new plantings.
- Promote the use of best management practices in all aspects of palm oil production.
- Encourage the supply chain to conduct compensation and remediation processes where applicable considering the cutoff date.

No Development on Peat Land

- Peat lands are identified and protected from development of new plantings, prohibiting any developments regardless of depth³.
- In current peatland developments, responsible management of existing plantations is imperative, following the RSPO Manual on Best Management Practices⁴.

No Exploitation

- The Universal Declaration of Human Rights to be endorsed and supported. The United Nations Guiding Principles for Business and Human Rights⁵, The International Bill on Human Rights. Ensuring the remediation of Human Rights grievances in the supply chain.

¹ <http://chm.pops.int/TheConvention/ThePOPs/ListingofPOPs/tabid/2509>
<http://www.pic.int/TheConvention/Chemicals/AnnexIIIChemicals/tabid/1132/language/en-US/Default.aspx>

² <https://www.who.int/publications/i/item/9789240005662>

³ peat land (as defined by RSPO P&C 2018) = A soil with cumulative organic layer(s) comprising more than half of the upper 80 cm or 100 cm of the soil surface containing 35% or more of organic matter (35% or more Loss on Ignition) or 18% or more organic carbon. Note for management of existing plantations in Malaysia and Indonesia, a narrower definition has been used, based on national regulations: namely soil with an organic layer of more than 50% in the top 100 cm containing more than 65% organic matter.

⁴ More information in www.rspo.com

⁵ https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

- All human rights, especially those of the most vulnerable groups (including, but not limited to Indigenous populations) are to be respected. Including no discrimination based on caste, ethnicity, national origin, religion, disability, gender, marital status, political affiliation, sexual orientation, or union membership. Promoting gender equality.
- Land tenure and land use rights are respected, especially those of Indigenous peoples and local communities⁶.
- Local communities have the right to give or uphold their Free, Prior, and Informed Consent (FPIC) to developments affecting their rights and lands.
- The use of forced and child labor, discrimination, and harassment of workers is forbidden. No forced or compulsory labor and or any type of modern-day slavery, or human trafficking. This includes the retention of documents, such as IDs, passports, etc.
- Ensure the rights, security, and anonymity of Human Rights Defenders.

Labor rights

- Uphold fair, transparent, and ethical recruitment practices, regardless of direct or indirect hiring relations.
- Labor rights, including but not limited to contract, temporary, and migrant workers are respected. Living wages shall be determined and respected as dictated by local and national law of the pertinent country while avoiding any abusive practices or undue disciplinary procedures.
- The freedom of association and the right to form labor unions to be respected.
- Legal and decent working hours must comply with law and collective agreements.
- Healthy and safe workplaces to be ensured for all workers, regardless of the type of contract. Includes the provision of adequate protective equipment, especially when handling chemicals.

Smallholder inclusion

- The inclusion of smallholders into sustainable palm oil supply chains is encouraged and supported. This is not limited to

⁶ https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf



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living conditions and fair wages as dictated by local and national directives.

Governance

- Commit to upholding business ethics and legal compliance integrity across all operations, including environmental, social, and corporate governance (ESG) as well as anti-bribery, corruption and money laundering.
- Pasternak supports best management practices to conserve water, soil, and associated biodiversity as well as the use of environmental and social impact assessments to prevent, mitigate and remediate negative impacts. Objectives to be realized through transparent and traceable supply chain.

Operational

Pasternak will:

- Communicate these commitments to its suppliers and annually report the progress and performance of the supply chain.
- Promote the adoption of international standards and regulations like RSPO, ISCC, NDPE IRF, HRDD, EUDR and others by our suppliers.
- Collaborate with each supply chain participant in improving their performance and compliance with the palm oil industry sustainability commitments.
- Look for opportunities for partnerships to achieve these sustainability commitments.
- Pasternak will record and resolve complaints and conflicts against these commitments in its supply chain through a transparent and open process.
- Engage outside contractors to map and measure the progress of our supply chain.

These commitments are effective immediately.

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