



SD Guthrie
Responsible Sourcing Guidelines

2025



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1. Preamble

This document outlines the Responsible Sourcing Guidelines (RSG) for the sourcing of Fresh Fruit Bunches (FFB), palm oil, palm kernel, their derivatives, and other agricultural commodity crops by SD Guthrie Berhad (Guthrie), SD Guthrie International (SDGI) and all its wholly owned subsidiaries. The RSG serves as a framework for engaging suppliers and securing their commitment to ensure that all products are sourced in a legally compliant, environmentally sustainable and socially responsible manner. It articulates the standards expected of our suppliers, as set out in SD Guthrie's [Responsible Agriculture Charter \(RAC\)](#), [Human Rights Charter \(HRC\)](#), and Vendor [Code of Business Conduct \(VCOBC\)](#) as revised from time to time

Our commitment to responsible sourcing and ending deforestation is an integral part of Guthrie's "Beyond Zero" Framework. Beyond simply mitigating negative impacts, we aim to restore nature and transform livelihoods, ensuring that our supply chain contributes to positive environmental and social outcomes. The commitments within the RSG outline the expectations of our suppliers which include legal compliance, traceability, respect and upholding of human rights, respect for local communities, and respect for the natural environment.

Guthrie believes that ending deforestation is a shared responsibility that requires strong partnerships. Through our Responsible Sourcing Guidelines, we actively engage with suppliers, collaborate on solutions, and support them in adopting deforestation-free practices. By working together to improve land-use planning, strengthen monitoring systems, and align with global sustainability goals, we can protect forests, uphold human rights, and enhance livelihoods across the industry.

2. Scope

The RSG is applicable to all suppliers to the SD Guthrie Group¹. This includes both direct and indirect suppliers, including those supplying through intermediaries or counterparties to the wider SD Guthrie Group. Suppliers are expected to cascade the requirements of the RSG throughout their supply chain—ensuring that their own suppliers, down to the plantation level, are aware and observe these guidelines.

3. Commitments

3.1 Legal Compliance

Suppliers must comply with all applicable laws and regulations in the countries where they operate. In situations where there is a conflict between local or international laws and standards or principles of Guthrie, suppliers are expected to uphold the higher standard wherever possible and within the limits of national legislation.

¹ Group refers to SD Guthrie, its subsidiaries, as well as related and/or associated entities.



Compliance with all applicable laws and regulations include, but are not limited to, the following:

- 3.1.1 Suppliers are licensed by local authorities where applicable, as per local laws and regulations.
- 3.1.2 Suppliers comply with all applicable laws and regulations that govern their operations, business, and industry.
- 3.1.3 Suppliers ensure that they only source from farms/estates that can demonstrate legal, customary, and/or user rights to the land.

3.2 Traceability

At Guthrie, we have made a commitment towards creating a deforestation-free supply chain. We believe that traceability is essential for assessing and managing deforestation risks in our supply chain. To uphold this commitment, suppliers are expected to:

- 3.2.1 Provide traceability of information² for materials along the upstream and downstream supply chain.
- 3.2.2 Permit Guthrie to publish the traceability data provided and to share this with our customers whenever requested.

3.3 Respect and Uphold Human Rights

Suppliers must respect the rights of workers by complying with labour legislation and requirements³. Suppliers shall also commit to comply with mandatory regulations and frameworks such as the International Labour Organisation (ILO) and sustainability certifications on human and land rights, as well as provide fair and favourable working conditions, including but not limited to:

- 3.3.1 Eradicating any form of exploitation, forced or bonded labour, slavery, human trafficking, withholding of wages and restriction of movement.
- 3.3.2 Providing decent and fair wages⁴, reasonable working hours with adequate rest time, voluntary overtime and access to basic needs⁵.
- 3.3.3 Providing a safe and healthy working environment including appropriate provision of protective equipment.

² Information such as parent company name, mill/estate name, sustainability certification status, address, longitude and latitude coordinates, and others as requested. For FFB suppliers, this shall include proof of land legal status and a valid business license

³ Relevant National Labour Laws or International Law in the absence of local, state or national laws. When faced with conflicts between local and international norms and/or standards, to uphold the higher standard, where possible.

⁴ Wages (excluding overtime premiums) comply with minimum legal requirements and mandatory industry standards as defined by national law or collective bargaining, whichever takes priority in local regulations.

⁵ Clean water, sanitation and hygiene facilities, healthcare (minimum)

- 3.3.4 Respecting Freedom of Association by respecting the rights of employees to form and join unions and bargain collectively.
- 3.3.5 Zero tolerance to any form of discrimination of ethnic origin, caste, national origin, religion, disability, gender, sexual orientation, gender identity, union membership, political affiliation or age.
- 3.3.6 Eliminating all forms of sexual harassment and abuse, including to ensure that violence is not used to resolve issues or conflict.
- 3.3.7 Strictly prohibiting child labour⁶.

3.4 Respect Local Communities

Guthrie respects the legal, customary, and user rights of local communities and Indigenous Peoples, including their rights to land-use and self-determination. Suppliers are expected to foster a conflict-free operating environment by respecting these rights and ensuring Free, Prior and Informed Consent (FPIC) processes are carried out before any new development. While not all land may be free from conflict, there must be a demonstrated process to address and resolve conflicts.

3.5 Respect for the Natural Environment

Suppliers are expected to respect the natural environment and align their operations with Guthrie's No-Deforestation, No New Development on Peat and No Exploitation (NDPE) commitment. This includes:

- 3.5.1 Complying with all relevant applicable laws and regulations relating to the protection of the environment.
- 3.5.2 Ensuring that there is no clearance or conversion of natural ecosystems⁷.
- 3.5.3 Commitment to the conservation of biodiversity and the protection of HCV areas and HCS forests, as well as protected areas.
 - **High Conservation Value Areas**
 - Areas as defined in High Conservation Value Resource Network Common Guidance for Identification of HCVs⁸
 - **High Carbon Stock Forests**

⁶ Not all work done by children should be classified as child labour. The ILO refers "Child labour" to work that is mentally, physically, socially or morally dangerous and harmful to children; and interferes with their schooling. Work by children is acceptable on family farms, under adult supervision and when not interfering with education programmes. National minimum working age must be observed, children must not be exposed to hazardous working conditions and are not permitted to perform dangerous, hazardous or heavy work.

⁷ Accountability Framework's definition of deforestation (including "gross deforestation"); conversion (including "gross conversion") and natural ecosystems.

⁸ Full guidance at <https://hcvnetwork.org/>

- HCS forests as defined by the global multi-stakeholder platform of expertise on HCS, the High Carbon Stock Approach⁹.
- 3.5.4 Commitment to no new development of peatland, regardless of depth or location.
- 3.5.5 Commitment to the implementation of best management practices to conserve peatland and prevent soil erosion. This includes no new planting and extensive¹⁰ replanting on steep terrain.
- 3.5.6 Prohibition on the use of fire in land preparation including during replanting, new planting or any other development.
- 3.5.7 Commitment to no hunting of all species.
- 3.5.8 Commitment to protecting natural resources through optimisation of water extraction, robust water management initiatives and implementation of water quality improvement plans.

4. Grievance Management

Suppliers are expected to establish effective grievance mechanisms that allow both internal and external stakeholders to raise concerns anonymously and without fear of retaliation. This includes:

- 4.1 Ensuring that their workers have access to grievance or complaint channels to report on working conditions, recruitment, safety and other issues that might affect them, without fear of repercussions.
- 4.2 Implementing a grievance mechanism that enables all stakeholders to report suspected wrongdoings or violations confidentially.
- 4.3 Putting in place internal policies and mechanisms to protect complainants and Human Right Defenders (HRDs)¹¹, and respond promptly to any reported threats or acts of retaliation against them.

5. Implementation & Monitoring

Suppliers acknowledge that Guthrie may verify the implementation of this Guideline through various means. This includes:

- 5.1 Guthrie reserves the right to assess supplier alignment with the RSG through self-declaration and online assessments. In high-risk cases, Guthrie may initiate independent verification, including third-party audits, following consultation and agreement with suppliers.

⁹ More information at <http://highcarbonstock.org/the-high-carbon-stock-approach/>

¹⁰ As defined in the respective National Interpretations of the RSPO P&C 2024

¹¹ HRDs refer to individuals, groups and associations who promote and protect universally recognized human rights and contribute to the effective elimination of all forms of violations of human rights and fundamental freedoms of individuals and peoples. This definition includes Environmental Human Right Defenders.

5.2 In the event of non-compliance with the RSG or violation of NDPE standards, GUTHRIE will notify the supplier of the breach and request for the following actions to be taken:

5.2.1 Stop work immediately on the affected land.

5.2.2 Develop a plan for remediating the damaged forest.

5.2.3 Develop a programme to improve their ongoing operational practices to meet NDPE standards.

5.3 If the supplier is unwilling to make these commitments we reserve the right to remove them from the supply chain until the prescribed conditions are met.

6. Re-entry requirements

We believe that in the event a supplier is removed, we need to provide the opportunity for the supplier to be reinstated. Constructive engagement has proved to be critical to systematically resolving issues and building the capacity of suppliers to improve their practices. Guthrie aims to expand the sphere of oil palm companies operating to NDPE standards. Therefore, if a non-compliant supplier commits to meeting our conditions, we will re-engage and support the supplier's progress.

The steps towards re-entry into our supply chain are as follows:

6.1 Stop work immediately on the affected land.

6.2 Develop a plan for remediating the damaged forest.

6.3 Develop a programme to improve their ongoing operational practices to meet NDPE standards.

7. Review

This guidance will be reviewed periodically to ensure they remain up-to-date and compliant with evolving requirements.