**Sustainable Palm Oil Policy**

The aim of the Sichuan (Guangzhou) Flower’s Song Fine Chemical Limited (Flower’s Song) Sustainable Palm Oil Policy (Policy) is to drive change in the palm oil supply chain. Flower’s Song is committed to helping the palm oil industry develop while protecting forests and peatlands and respecting the rights of workers and communities. The Policy applies to the trading of Flower’s Song palm oil derivatives, and it applies to all Flower’s Song operations, as well as suppliers who provide palm derivatives.

1. **No deforestation**

● No conversion of High Conservation Value (HCV) areas

Flower’s Song is committed to the process of identifying and protecting High Conservation Value (HCV) areas within our palm oil derivatives supply chain, identifying whether HCV areas exist or potentially exist in the supply chain or determining whether HCV areas exist or potentially exist in areas to be developed, within the scope of this policy. HCVs are biologically, ecologically, socially or culturally significant, nationally, regionally or globally, and are carried out by HCV auditors in partnership with local stakeholders. All natural habitats have inherent conservation value, including the presence of rare or held species, the provision of ecosystem services, places of worship or resources harvested by local people, and can be classified into six categories of High Conservation Value Areas (HCV).

1) Species diversity

Concentrations of biodiversity, including special species and rare threatened or endangered species of global, regional or national importance.

2) Landscape level ecosystems

Large landscape level ecosystems of global, regional or national importance, mosaic ecosystems and primary forest landscapes, and containing surviving populations of the vast majority of natural species in naturally distributed and abundant natural patterns.

3) Ecosystems and Habitats

Rare, threatened or endangered ecosystems, habitats or protected areas.

4) Ecosystem services: Essential ecosystem services in critical situations, including protection of areas of concentrated water resources and control of leaching of fragile soils and slopes.

5) Community needs

Sites and resources that meet the basic needs of local communities or indigenous people (for livelihoods, health, nutrition, water, etc.), identified through engagement with these communities or indigenous people.

6) Cultural values

Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance or ecological, economic or religious importance to the traditional culture of local communities or indigenous peoples, as determined through contact with these local communities or indigenous people.

● Non-converting High Carbon Stock (HCS) forests

The HCS stratification method uses satellite data analysis and ground measurements to classify the vegetation in an area into six different classes. These six classes are: high density forest, medium density forest, low density forest, young growth forest, shrubs and felled land/open clearings. The first four classes are considered to be potentially high carbon stock (HCS) forests.

1. High-density forest: High-grade secondary forest in near-primitive condition.
2. Medium-density forests: Secondary forests that are more disturbed than high-density forests.
3. Low density forests: Secondary forests that are similar to secondary forests but are highly disturbed and gradually recovering with old-growth forests.
4. Young forests: Most young regenerating forests that have been regenerating for more than 10 years, but occasionally some old forests occur.
5. Shrubs: Woody and herbaceous plants of dominant species regenerating on the ground cover in areas that have been deforested within the last 10 years.
6. Deforestation sites/open clearings: land that has been recently cleared, mostly of grasses and crops with few non-crop plants.

● Woodland that has not been reforested prior to new planting and replanting

**2. Peatland free development**

Flower‘s Song is committed to protecting peatlands defined as those with greater than 65% organic matter in the soil, regardless of the extent, and we remain committed to the standards set out in the RSPO manual for recent management practices for peatlands in existing plantations.

● No new peatland development.

● Apply best peatland management practices in existing plantations.

● Explore peatland restoration options where feasible.

**3. No exploitation of local communities and people**

● Respect and support the Universal Declaration of Human Rights.

Flower‘s Song upholds the inherent dignity of the individual and supports the United Nations "Universal Declaration of Human Rights".

● Respects and recognize the rights of all workers, including contract, temporary and migrant workers.

Flower’s Song is committed to ensuring that the rights of all workers, including contract, temporary and migrant workers, are respected in accordance with local, national and ratified international law. We also ensure that international best practice is applied where legal frameworks are not yet in place. Our priority is to create, build and promote a harmonious, safe and healthy working environment and cultural climate by complying with relevant legislative and ethical constraints. The following principles are core requirements that guide Flower's Song operates:

1) No exploitation and forced labor

Flower’s Song and its suppliers shall not employ or support forced or exploitative labor or human trafficking. Appropriate measures shall also be taken to prevent exploitation or forced labor in connection with the supplier's operations. Workers will also not be subject to any restrictions on their freedom of movement during their free time. No property, identity cards, passports and other travel documents shall be seized without the prior consent of the employee.

2) No Child Labor

Flower’s Song and its suppliers shall not employ or support the use of child labor. Remedial action should be taken if any incidents of child labor are identified and appropriate follow-up action should be taken to protect the rights and interests of children.

3) Occupational Safety and Health

Flower’s Song and its suppliers shall endeavor to provide a safe and healthy workplace and take effective measures to protect employees from potential occupational safety and health hazards that may cause permanent injury, illness and death.

4) Employment contracts

Flower’s Song and its suppliers shall encourage the conclusion of employment contracts with employees in writing, in a language that employees can understand, in accordance with the law.

5) Freedom of association and the right to collective bargaining

Flower’s Song and its suppliers shall, subject to relevant national laws and regulations, recognize and respect the right of employees to form trade unions and to participate in trade unions of their choice.

6) Minimum income standards

Flower’s Song and its suppliers shall support the payment of wages to all workers equal to or exceeding the legal minimum wage; there shall be prior protection for employees against work-related illnesses and work-related injuries.

7) Working hours

Flower’s Song and its suppliers support the observance of working hours, including overtime (on a voluntary basis), as defined by national law.

8) Equal employment opportunities

Flower’s Song and its suppliers support equal employment opportunities in the workplace. All decisions regarding employment, remuneration, access to training, promotion, dismissal or retirement will be made on the basis of business necessity, job requirements and individual qualifications, without regard to race, religion or gender etc.

9) Harassment and violence

Flower’s Song and its suppliers will not tolerate any form of harassment or violence.

10) Whistleblowing and Disclosure

Flower’s Song and its suppliers shall provide confidential methods and channels for all employees to report improper (e. g. unethical or illegal) activities to the company. No employee shall be punished, dismissed or discriminated against for providing such information.

11) Grievance procedures

Flower’s Song and its suppliers should provide avenues that enable all employees to express grievances about conditions of employment, duties, issues of collaboration with colleagues, opportunities for promotion and other work-related issues.

● Promote the inclusion of smallholder farmers in the supply chain.

Flower’s Song encourages its suppliers to engage in ongoing consultation with smallholders and other stakeholders to provide technical assistance and support to smallholders and to help them comply with this policy.

● Respect for land ownership

Flower’s Song respects legal land ownership and recognize the obligations and responsibilities associated with land ownership, such as respecting the long-term conservation and sustainable use of land and national resources. In doing so, we assume our responsibilities in the countries in which we operate and comply with national constitutions and local laws and regulations.

● Respects the rights of indigenous peoples and local communities to free, prior and informed consent (FPIC).

Flower’s Song respects, supports and recognize the legal, communal or customary rights of indigenous and local communities to give and withhold and give free, prior and informed consent to operations on their lands, and Flower’s Song is committed to ensuring compliance with FPIC before commencing any new operations, and Flower’s Song and its suppliers will facilitate stakeholder engagement in the FPIC process to ensure that the FPIC process is full implementation.

● Resolve all complaints and conflicts through an open, transparent and consultative approach.

Flower’s Song is committed to actively and constructively engaging all stakeholders, including communities, governments, suppliers and civil society, to consult with these stakeholders and to develop procedures for the responsible handling of complaints.

**4. Traceability to known sources**

Flower’s Song is committed to obtaining a clear supply chain and achieving full traceability of the supply chain.

**5. Supplier requirements**

Flower’s Song is responsible for the implementation of this policy throughout the palm oil derivatives supply chain, including the responsibility of making suppliers aware of the policy and their compliance with it. Flower’s Song requires suppliers to verify that the palm oil derivatives they supply to Flower’s Song meet the criteria of this policy.

Flower’s Song is committed to addressing allegations of non-compliance and Flower’s Song will use a drive for improvement to change those suppliers who do not comply with the policy and, where possible, help suppliers to resolve problems they encounter in implementing the policy. If a supplier refuses to change their non-compliance with the policy, Flora will adhere to the policy and take steps to resolve the issue. Suppliers who fail to meet the Flower’s Song Sustainable Palm Oil Sourcing Policy will be subject to penalties, including non-renewal or termination of contract.

**6. This policy has been developed with reference to the following sources:**

● RSPO Principles and Standards 2018

● Palm Oil Innovation Group Charter

● High Carbon Stock Approach Toolkit

● Accountability Framework Initiative Recommendations

● UN Guiding Principles on Business and Human Rights

● International Labor Organization (ILO) Principles

● International Labor Organization Declaration on Fundamental Principles and Rights

● ILO Violence and Harassment Convention No. 190

● Convention on the Rights of the Child

**Sichuan (Guangzhou) Flower Language Fine Chemical Co. Ltd.**

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