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# Olam Sustainable Palm Oil Policy

June 2015





Olam is committed to sustainable Palm Oil production and sourcing. In 2011, Olam published a sustainable palm policy stating our commitment to the RSPO standard, protection of high conservation value forests and ecosystems, high carbon stock forests, peatland, and improving the livelihood of rural communities.

To reflect the expansion of our palm business in 2013 into trading, we have updated our 2011 policy to include a roadmap to sustainable and traceable third party sourcing.

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# Our Commitments

## 1 Commitment to forest conservation<sup>1</sup> and reduction of GHG emissions

- No deforestation or conversion of high conservation value forests and ecosystems
- No deforestation or conversion of high carbon stock forests, determined through a multi-stakeholder process in key origins<sup>2</sup>
- No deforestation or conversion of peatlands
- Work towards maximising greenhouse gas capture, renewable energy use and utilisation of by-products.

## 2 Commitment to develop sustainable palm plantations

- Effective implementation of the RSPO standard in our own operations
- Active participation in the RSPO council to support its global objectives
- Participation in the development of relevant RSPO National Interpretations
- Support the development of a responsible land use plan and sustainability framework where we operate
- Build local and national capacity to implement RSPO practices
- Make a positive contribution to biodiversity conservation on and off-site by adopting a landscape approach to management.

## 3 Commitment to implement sustainable supply chains for our trading operations by 2020

- Full traceability of our Palm Oil supplies (see annex 1 for time-bound targets)
- Eliminate uncontrolled and unsustainable sources of Palm Oil including sources which do not conform to our Commitment on Forest Conservation (see annex 1)

## 4 Commitment to respect rights of all workers and improving the livelihood of rural communities

- Implement full compliance by suppliers to our Supplier Code<sup>3</sup> or RSPO
- Periodic verification of our supply chain information and mitigation of outstanding sustainability risks in the supply chain.

- Engage transparently to ensure Free Prior and Informed Consent (FPIC) of local communities and stakeholders
- Enforce a strict child labour / forced labour rule as defined by ILO standards and national laws
- Provision of a healthy and safe work place for our employees, contractors and visitors
- Within our own plantations, support skills development to enable self-reliance in local communities and catalyse local enterprise
- Contribute to community development, healthcare and education programmes
- Support outgrowers to build capacity, improve yields, apply good practices and avoid deforestation.

## 5 Commitment to transparency

- Submitting the RSPO annual progress report
- Continuous engagement with national and international stakeholders in our Palm Oil supply chains
- Transparent reporting on our progress towards end-to-end sustainability goals
- Providing an annual report on progress towards sustainable supply chains on the Olam website.

<sup>1</sup> Annex 2    <sup>2</sup> Annex 2 & 3    <sup>3</sup> [www.olamgroup.com/sustainability/olam-sustainability-standard/sourcing-trading](http://www.olamgroup.com/sustainability/olam-sustainability-standard/sourcing-trading)

# Annex 1: Road Map

## Road map to achieve an end-to-end sustainable supply chain in palm by 2020

Since 2014 we have conducted supply chain mapping of our Palm Oil suppliers, which includes tracing back supplies to the mills, to gain full awareness of their supply base. Olam will take the following steps to ensure that we meet our 2020 sustainability targets:

- All Palm Oil suppliers to Olam will have signed the Olam Supplier Code by the end of 2015
- Palm Oil supplies will be traced back to the sourcing mill of production through information verified from our suppliers
- We will complete the work we started in 2014 on full traceability of our sources of Crude Palm Oil and Palm Kernel Oil (CPO and PKO) by the end of 2018. This will be based on verified targets for the following years: 2016 – 30%; 2017 – 50% and 2018 – 100%
- Traceability of Palm Oil derivative products will be completed by the end of 2020. This will be based on the following verified targets: 2017 – 30%; 2018 – 50% and 2020 – 100%
- We will progressively work with our suppliers to eliminate uncontrolled and unsustainable sources by the end of 2020, including sources that do not conform to our Commitment on Forest Conservation (see annex 1).

## Sustainable Plantations

- We remain committed to 100% RSPO-certified Palm from our own joint venture plantations in Gabon (Olam Palm Gabon by 2018 and Gabon GRAINE outgrower programme by 2020).
- To date (June 2015), we fully comply with the RSPO New Plantings Procedure (inclusive of full ESAs, HCV assessments and Free, Prior and Informed Consent activities) for all our upstream operations and are on course to meet our 100% certified target for Olam Palm Gabon.

- Our upstream operations in Gabon are fully compliant with our Commitment to Forest Conservation, as expressed in our Sustainable Palm Policy, 2011. In line with our continuous improvement policy, the following steps are being taken:
  - As of January 2015 we have committed to having all our High Conservation Value (HCV) assessments carried out in compliance with the HCV Resource Network's quality control process, i.e. conducted by independent assessors and peer reviewed as required per the HCV Assessor Licensing Scheme.<sup>1</sup>
  - In January 2015, Olam invited the international High Carbon Stock Study Group to work together with us and the Government of Gabon to initiate a High Carbon Stock (HCS) process that is suitable for a forest rich nation with a nascent agricultural economy. We commit to sharing our findings and working towards a convergence of views on HCS. For further detail please see Annex 3 Implementing Sustainable Palm Policy in Gabon.
- We will support outgrowers in the Gabon GRAINE<sup>2</sup> programme to initiate RSPO certification from the outset (New Planting Procedures for all new GRAINE palm projects) and achieve full certification by 2020.

## Way Forward

Olam will continue to evaluate our implementation progress and engage in a constant review and improvement process. To implement these policies, we intend to involve multiple stakeholders. As new knowledge and technology comes forward, Olam will adjust and improve its policies in ways that are consistent with our goals of protecting valuable natural forests and peatlands, reducing GHG emissions, respecting human rights, improving livelihoods of local communities, ensuring a sustainable supply chain and being open and transparent.

<sup>1</sup> [www.hcvnetwork.org/als/public-summaries](http://www.hcvnetwork.org/als/public-summaries)

<sup>2</sup> GRAINE stands for Gabonaise des Realisations Agricoles et des Initiatives des Nationaux Engages or Gabonese Initiative for Achieving Agricultural Outcomes with Engaged Citizenry – see more at: [www.olamgroup.com/news/Olam-International-joins-Republic-Gabon-pioneering-outgrower-programme](http://www.olamgroup.com/news/Olam-International-joins-Republic-Gabon-pioneering-outgrower-programme)

## Annex 2: Olam Commitment to Forest Conservation

Olam's commitment to forest conservation stems from our practical experience of responsible land development for plantations in Gabon, governed by our Sustainable Palm Policy (2011) and the Olam Plantations, Concessions and Farms (PCF) Code. Our plantations are the result of a Joint Venture with the Government of Gabon (60:40, Olam:Republic of Gabon), which is a key pillar of the "Green Gabon" National Development Strategy.

Our commitment to forest conservation builds on the fundamental principles of responsible land development expressed in our Sustainable Palm Oil Policy:

### **No deforestation or conversion of High Conservation Value (HCV) forests:**

- We will carry out no deforestation or conversion activities in high conservation value (HCV) forests, including both primary forests, and other ecosystems such as wetlands which are required to maintain or enhance national or global conservation priorities. We will continue to carry out rigorous and credible HCV assessments, combining remote sensing, field surveys, landscape analysis and wide-ranging consultations with NGOs, experts and local communities, and (from 2015 onwards) our assessments are peer reviewed in compliance with the quality control mechanisms of the HCV Resource Network.
- We recognise that secondary or degraded forests may harbour High Conservation Values, and that new plantings should maintain or enhance these values.

### **No deforestation or conversion of High Carbon Stock (HCS) forests:**

- We will not convert High Carbon Stock (HCS) forests, as defined through a recognised national or international process. This may be in the form of a national land use planning framework and zoning, or in the form of a nationally applicable threshold established through a multi-stakeholder dialogue.
- We will engage with multi-stakeholder processes to understand and define HCS forests at a national or regional scale, and support the underpinning science of forest description, biomass estimation and carbon stock to inform such processes.

# Annex 2:

## Olam Commitment to Forest Conservation

### No deforestation or conversion of peatlands:

- Peatlands, and especially tropical peat swamp forests, are particularly fragile ecosystems, whose clearance for agriculture contributes disproportionately to man-made carbon emissions. We do not operate in or convert peatlands.

### Reduction of greenhouse gas emissions:

- We will work towards maximising greenhouse gas capture and renewable energy use as well as utilisation of by-products.

### No development without the Free, Prior, and Informed Consent (FPIC) of local people:

We respect the traditional and legal land access and use rights of Indigenous Peoples or other local communities affected by our operations. Our FPIC Process is the first step in an ongoing relationship based on Informed Consultation and Participation (ICP) with local communities.

### Ensuring maximum productivity and efficiency from developed land both in own operations and in supporting Gabon smallholders through the GRAINE project<sup>i</sup>:

Our operational procedures and work instructions are designed to enable managers to maintain maximum productivity whilst respecting the environment. Key elements of good practice include:

- Spatial design to avoid unproductive, highly erodible or sensitive soils
- A Water Management Plan designed to maintain the quality and supply of water from natural wetlands and rivers, and minimise or eliminate water pollution and sedimentation
- Careful management of soil fertility, including fertiliser applications tailored to major soil groups and aspects
- Use of ground cover crops to minimise soil erosion, improve soil carbon and naturally fix nitrogen
- Integrated pest management to control pests and diseases with minimal use of agrochemicals
- Use of carefully selected and improved, drought and pest resistant varieties of high-yielding Palm.

<sup>i</sup> GRAINE stands for Gabonaise des Realisations Agricoles et des Initiatives des Nationaux Engages or Gabonese Initiative for Achieving Agricultural Outcomes with Engaged Citizenry – see more at: [www.olamgroup.com/news/Olam-International-joins-Republic-Gabon-pioneering-outgrower-programme](http://www.olamgroup.com/news/Olam-International-joins-Republic-Gabon-pioneering-outgrower-programme)

# Annex 3:

## Implementing Olam Sustainable Palm Oil Policy in Gabon

### Agricultural development in Gabon

Olam's Palm Oil production operations are today largely in Gabon. Gabon's natural riches are well protected through an effective National Parks network (11% of land area), and within the extensive forestry concessions that are subject to sustainable forestry laws.

However, Gabon's economic dependence on fossil fuel exports, comprising about 50% of GDP, has led to under-investment in agriculture, and despite having a population of just 1.6 million people, 60% of the food consumed in Gabon is imported. Gabon is now looking to agriculture to diversify its economy, reduce its food imports, increase food security, reduce rural poverty and create job opportunities – especially for the 26% of the population who are unemployed.

In 2010, Olam entered into a joint venture with the Government of Gabon to develop sustainable palm plantations. (Initially at 70:30, Olam:Republic of Gabon and subsequently reduced to 60:40). Olam Palm Gabon is now managing a total area of 110,864 ha, setting aside more than 50% of the land to protect HCV areas, riparian buffers and wetlands. As of May 2015, we have planted nearly 21,000 ha of high-yielding palm varieties, provided jobs for over 4,000 people in rural areas, and built schools, dispensaries, housing and access roads for local villagers. We believe that in Gabon, a well-managed and well planned plantation sector as part of a diversified economy, is a critical foundation for national development, and will also contribute effectively to long term biodiversity and forest conservation.

### Implementing Olam's vision: sustainable land management in practice

Our commitment to sustainable land management is demonstrated by actions taken right from the start of the Olam Palm Gabon investment:

- Completion of full HCV assessments for all new palm plantations prior to any development activity, and publishing findings via our website
- First company to meet the RSPO's New Plantings requirements in Africa in 2011 for the Awala Plantation
- First company globally to meet the new HCV assessment requirements of the HCV Resource Network for our Mouila Lot 3 Plantation in 2015, using assessors licensed through the HCV Assessor Licensing Scheme, and going through independent peer review
- Protection of rare species, important ecosystems and local communities' lands and forests – historically about 50% of our palm concession areas have been designated as conservation areas. Demonstrating our real commitment to forest conservation, most of these areas are secondary forests which have been logged over or otherwise disturbed at some point in the past, and subjected to strong hunting pressures, but retaining significant natural values
- Commitment to upholding the designations of the Ramsar4 Convention – through our due diligence, we returned extensive lands to the Government of Gabon, based on the presence of extensive tracts of primary forest and important wetlands
- Commitment to supporting the development of National Land Use Plans by contributing to better models of agronomic suitability
- Commitment to Greenhouse Gas reduction and protection of High Carbon Stock Forests.

# Annex 3:

## Implementing Olam Sustainable Palm Oil Policy in Gabon

### Gabon's public commitment to reduce Greenhouse Gas Emissions

Under its 2015 Climate Action Plan for the UNFCCC, Gabon committed to reducing its Greenhouse Gas emissions by 50% in 2025 relative to its year 2000 baseline – the first African country to do so (April 2015). Achieving this reduction will depend on the rational use of Gabon's forest and agricultural land resources based on:

- The adoption of a new Forestry Code to prevent forest degradation
- The creation of 13 National Parks and other restrictions on land clearance
- The adoption of a National Land Use Plan that allocates land for different uses and explicitly excludes "intact forests, high conservation value forests and forests which are particularly rich in carbon".

According to the developing framework, some areas of logged-out, degraded or secondary forests, where the fauna has been depleted or eliminated by strong hunting pressures and with lower than average carbon stocks, may be suitable for agricultural conversion. These areas need to be very carefully considered for their agricultural suitability within their respective landscapes, and any decision on agricultural conversion also needs to comply with the developing Land Use Plan and national target of 50% reductions in GHG emissions.

### Defining and protecting High Carbon Stock Forests

We welcome ongoing efforts by the international conservation community to define and protect High Carbon Stock (HCS) forests. Since 2012 we have worked with independent scientists to measure the carbon stocks of our leases as part of our Environmental Impact Assessments and follow-up work, and we have supplied the data to the Government of Gabon to inform land use planning.

In Gabon we only operate in savannah, scrub, woody pioneer vegetation or logged-over forest areas where carbon stocks are significantly lower than mature forest, and only where a third party assessment with full public and expert consultation has not revealed the presence of High Conservation Values. Using the RSPO GHG calculator, the net carbon balance for plantations in 2014 (Awala and Mouila Lot 1) was approximately -196,209 tCO<sub>2</sub>eq (i.e. net fixation), equivalent to 0.3% of the amount fixed annually in Gabon's forests. Considering all our palm plantations together, our current assessment is that the Olam Palm Project will be at least climate neutral, if not significantly carbon negative (i.e. net fixation or removal of CO<sub>2</sub> from the atmosphere) over the first 25 to 30 years of the project. Our calculations allow for a negative carbon balance (net fixation) in our extensive plantations in fire prone savannahs, and from the additional regrowth of previously logged HCV forests which we are now actively managing and protecting.

However, until now there has been no international consensus on the definition of HCS forests. There are several key HCS initiatives in development, which we expect will mature during the run-up to COP 21.



# Annex 3:

## Implementing Olam Sustainable Palm Oil Policy in Gabon

### Defining and protecting High Carbon Stock Forests (continued)

Firstly, it is necessary for Gabon to set out how it will deliver on its UNFCCC commitment to conserve HCS forests. Secondly, two major international multi-stakeholder groups comprising NGOs and businesses are collating the evidence necessary to define HCS for palm plantations:

- The HCS Approach Steering Group has published an “HCS Toolkit” (April 2015) which goes a long way to defining ‘viable forest areas’ and is “designed for use in fragmented forest landscapes and mosaics”. Such a landscape is not typical of Gabon. We believe that HCS, HCV and FPIC are interlinked and complementary concepts and that a context-suitable HCS process is needed for much more highly forested nations such as Gabon.
- In January 2015, we therefore invited the international High Carbon Stock Study Group to work with us and with the Government of Gabon to guide an HCS process suitable for forest-rich nations. We aim to share our findings more widely and work towards a convergence of views on HCS. The High Carbon Stock Study Group has appointed two independent chairs, Jonathan Porritt, a senior international environmentalist, and John Raison, formerly the chief ecosystem scientist of the Australian federal government agency for scientific research, CSIRO. The work intends to clearly “define what constitutes HCS and establish HCS thresholds that take into account not only environmental concerns but also socio-economic and political factors in developing and emerging economies.” The HCS Study is looking specifically at carbon stores above and below ground.

We will also actively participate in the ongoing processes leading to COP21 in Paris and use the opportunity presented to review the efficacy of our policies for reducing the climate change impacts of our plantations.

### In Summary

The challenges of implementing a truly sustainable plantation industry, creating sustainably managed landscapes and reducing deforestation in the tropics requires the engagement, not just of economic partners, but of all levels of society including national and international stakeholders.

Sustainability is a progressive goal; we support and welcome initiatives and international standards that aim to help industry achieve a higher bar. Our learning process is also an opportunity to share our vision of how our own profitable farms, plantations and processing plants can coexist with diverse, carbon and species-rich forests and healthy ecosystems.