



# Olam Sustainable Palm Oil Policy

January 2018



## Olam is committed to sustainable Palm Oil production and sourcing.

In 2011, Olam published a Sustainable Palm Oil 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.

Further to revisions in June 2015, October 2016 and February 2017, we have updated the policy to reflect our full commitment on sustainable palm development across our own developments and our sourced and traded palm oil. We have also referenced the precise terminology of "No HCS, No HCV, No Peat and No Exploitation".

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# Our Commitments:

## A. Olam-owned/managed plantations, and outgrowers under the GRAINE<sup>1</sup> programme

- ### 1 Commitment to a net-positive impact through sustainable palm plantations
- Make a net-positive contribution to local livelihoods and communities, biodiversity conservation, and climate by adopting a landscape approach to management in our own plantations.
  - Effectively implement the RSPO Standard in Olam-owned operations and to all subsidiary companies, joint ventures and areas in which we have management control.
  - Actively participate in the RSPO council to support its global objectives.
  - Participate in the development of relevant RSPO National Interpretations.
  - Build local and national capacity to implement RSPO practices.
  - Support the jurisdictional certification approach and development of a responsible land use plan and sustainability frameworks in origin.
  - Ensure no use of paraquat, and other pesticides categorised as WHO class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions.
  - Work towards maximising greenhouse gas capture, renewable energy use and utilisation of by-products.

- ### 2 Commitment to forest conservation and reduction of GHG emissions (No HCV, No HCS and No Peat)
- No deforestation of protected areas.
  - No deforestation or conversion of high conservation value (HCV) forests and ecosystems<sup>2</sup>.
  - No deforestation or conversion of high carbon stock (HCS) forests<sup>3</sup>.
  - Zero burning including no use of fire during land preparation, planting or replanting.
  - No development on peatland regardless of depth.

<sup>1</sup> GRAINE, which means 'seed' in French, stands for 'Gabonaise des Realisations Agricoles et des Initiatives des Nationaux Engages' (Gabonese Initiative for Achieving Agricultural Outcomes with Engaged Citizenry). The JV entity is called SOTRADER and is owned by the Republic of Gabon and Olam (51:49).

<sup>2</sup> We will follow the definitions and guidance of the global multi-stakeholder platform of expertise on HCVs, the HCV Network [www.hcvnetwork.org](http://www.hcvnetwork.org) as applicable

<sup>3</sup> We will follow the definitions and guidance of the global multi-stakeholder platform of expertise on HCS, the High Carbon Stock Approach (HCSA), <http://highcarbonstock.org> or those of an RSPO-endorsed HCS methodology, as applicable.

# Our Commitments:

## A. Olam-owned/managed plantations, and outgrowers under the GRAINE<sup>1</sup> programme

### 3 Commitment to respect rights of all workers and improve the livelihood of rural communities (“No exploitation”)

- Promote responsible labour practices and respect legal, communal or customary rights of local communities and indigenous people according to the principles outlined in the RSP0 and Free and Fair Labor Guidance.

#### Workers

- Enforce a strict child labour/forced labour rule as defined by ILO standards and national laws.
- Provide a healthy and safe workplace for our employees, contractors and visitors.
- Respect and uphold the rights of all workers, including contract, temporary, and migrant workers, in accordance with the Universal Declaration of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work and related international covenants.
- Respect the right to freedom of association and recognise the right to collective bargaining of our workers in accordance with Conventions 87 and 98 of the International Labour Organisation.
- Provide equal opportunities of employment without regard to the employee’s race, colour, religion, sex, age, national origin, sexual orientation, disability, citizenship status, marital status, etc.
- Enforce any other RSP0 requirement for workers’ rights, including access to a transparent grievance procedure.

#### Communities

- Engage transparently to ensure Free, Prior and Informed Consent (FPIC) of local communities and stakeholders.
- Respect legal and customary land tenure rights with reference to the UN Declaration on the Rights of Indigenous Peoples.
- Within our own plantations and outgrower schemes, support skills development to enable self-reliance in local communities and catalyse local enterprise.
- Contribute to community development, healthcare and education programmes.
- Support outgrowers and smallholders to build capacity, improve yields, apply good practices and avoid deforestation.
- Enforce any other RSP0 requirement for workers’ rights, including access to a transparent grievance procedure.

### 4 Commitment to transparency

- Submit annual RSP0 progress reports.
- Transparent progress report through a quarterly dashboard.
- Continuous engagement with national and international stakeholders in our Palm Oil supply chains.
- Maintain a transparent grievance procedure.

For the Roadmaps on our Commitments see Annex 1

<sup>1</sup> GRAINE, which means ‘seed’ in French, stands for ‘Gabonaise des Realisations Agricoles et des Initiatives des Nationaux Engages’ (Gabonese Initiative for Achieving Agricultural Outcomes with Engaged Citizenry). The JV entity is called SOTRADER and is owned by the Republic of Gabon and Olam [51:49].

## B. Third party suppliers

We recognise that the palm oil industry is complex – Indonesia alone has about 2 million smallholders representing 40% of total palm production. We believe that you have to be in the supply chain to change and improve practices while ensuring that livelihoods of such smallholders are not adversely affected. Our approach is to communicate our requirements to our suppliers, accept suppliers that are willing to comply, and progressively ensure this compliance based on a prioritised risk-based approach, taking corrective actions as required per our roadmap commitments (Annex 1).

### 1 Commitment to ensuring our third party suppliers provide palm oil that complies with “No HCV, No HCS, No Peat and No Exploitation”<sup>4</sup>

- All suppliers are expected to uphold our Sustainable Palm Oil Policy as a pre-requisite (“No HCV, No HCS, No Peat and No Exploitation”).<sup>4</sup>
- Our suppliers must also implement full compliance to the Olam Supplier Code (OSC), to RSPO, or to a Code that is equivalent to the OSC and approved by Olam.
- If any supplier is found to be non-compliant, they will be investigated and corrective actions sought. Corrective action for non-compliance after cut off date (Feb 2017) may include compensation/ conservation/ restoration of peatland or forest by working with expert stakeholders and communities where feasible. However, if corrective actions are not implemented within 12 months, we will cease trading with them. This applies to both their own plantations and their third party supplies.
- We have zero tolerance for forest burning, and we expect suppliers to take immediate action if burning is found in their supply chain.

### 2 Commitment to traceable and sustainable supply chains of our third party suppliers

- To ensure that our third party suppliers uphold our commitment to “No HCV, No HCS, No Peat and No Exploitation”, we aim to establish traceability back to the mill and work with our direct suppliers to establish traceability to plantations and production area by 2020 (see time-bound targets).
- We will continuously evaluate our suppliers’ compliance against the Olam Sustainable Palm Oil policy, RSPO commitment and adhere to the OSC.
- We will publish the results of our mapping via Global Forest Watch and [olamgroup.com](http://olamgroup.com)

#### In summary

For the roadmap on our commitments see Annex 1. Supplier selection and screening is an ongoing process and suppliers could change over time according to market dynamics. We value feedback and input from stakeholders which helps to evaluate compliance of our suppliers and increase transparency in our supply chain. See the [Grievance Procedure](#) to report on potential non-compliances.

<sup>4</sup> As per Section A and footnotes 2 and 3.

# Commitments roadmaps and progress

Annex 1 to the Olam Sustainable Palm Oil Policy

January 2018

# A: Commitment roadmap for Olam-owned/managed plantations, plus schemed smallholders under the GRAINE programme

## 1 100% RSP0-certified Palm Oil plantations by 2021 for Olam Palm Gabon

- Since February 2011, when we first started development, we have fully complied with the RSP0 New Plantings Procedure (inclusive of full ESIA, HCV assessments and Free, Prior and Informed Consent activities), covering all our upstream activities.
- Our first two Palm Oil plantations and mills are fully certified on schedule: Awala Palm Oil Mill and a palm kernel crushing mill in August 2016, renewed in 2017; and Mouila Lot 1 Bilala Mill in December 2017.
- Mouila Lot 2 plantation and mill by 2021 based on planting and construction timeline.
- Makouke, Mouila Lot 3 plantation and mill by 2019 based on planting and construction timeline.

## 2 Olam Palm Gabon plantations are fully compliant with our Sustainable Palm Oil Policy:

- As verified through the RSP0 New Plantings Procedure and our certification, we have not deforested or converted High Conservation Value areas, nor any areas on Peat, nor used burning in land clearance, and we have respected the rights of local people as expressed through the FPIC process and through Social Contracts. We have upheld and actively promoted a comprehensive and ongoing consultative and science-based process for defining HCS in Gabon<sup>5</sup>. All our ESIA and HCV assessment summaries are available on our website<sup>6</sup>.
- Since January 2015, all our High Conservation Value (HCV) assessments have been 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 (ALS) – Olam was the first company globally to file its reports with HCV ALS. We have since had 3 fully ALS-verified assessments of oil palm plantations in the Mouila Landscape.

- Our net-positive contribution to biodiversity includes the active protection by OPG of around 72,000 ha of HCV areas, of which 85% is previously-logged forest, the remainder savannah, where we have implemented strong conservation measures to eliminate illegal logging, hunting of protected species, and illegal commercial hunting. We are working to reassess the impact of these measures on protected species from the pre-development baseline.
- Although all our HCV areas are under active protection, the certified HCV area at Awala plantation accounts for almost 7% of all HCV areas protected globally according to RSP0's June 2017 report. This percentage is likely to increase with the certification of Mouila to be reviewed once the December 2017 figures are available from RSP0.
- Our net-positive contribution to people and communities includes the employment on fair contracts of around 8,000 people, of which more than 80% are Gabonese, providing improvements to our workers' livelihoods in areas where there are very few alternative jobs. We have also delivered new schools and classrooms, dispensaries, wells, public lighting, an ambulance service, and many other social benefits as part of our Social Contracts.
- Our net-positive contribution to the global climate is linked to our protection and restoration of previously logged forests, and planting into low-carbon savannahs. As assessed by an independent team of international scientists<sup>7</sup> Olam's Mouila plantations should fix >1.3M tC (4.8 M tCO<sub>2</sub> eq) from the atmosphere over 25 years: it is the only new palm development globally that has been demonstrated to be significantly climate-positive. Our data and their findings contributed to the development of a national carbon strategy, under the leadership of the Gabonese Government's Climate Council, and to the convergence of the HCS Study Group and HCS Approach.

<sup>5</sup> The HCSA High Forest Cover Landscapes Working Group continues to engage with relevant stakeholders, including RSP0, to formulate their approach to HCS in high forest cover landscapes such as Gabon, including alternative livelihoods. See HCSA Toolkit version 2.0 May 2017. A National Multi-stakeholder Platform, chaired by the Focal Point for the TFA 2020 African Palm Oil Initiative, was formed in December 2017 to do further work on this and related topics.

<sup>6</sup> See <http://olamgroup.com/products-services/food-staples-packaged-foods/palm/faq-and-reports/>

<sup>7</sup> High Carbon Stock Study Group: Independent Technical Report 2015. See <https://www.tfa2020.org/wp-content/uploads/2017/09/HCS-Technical-report-with-Gabon-Case-Study.pdf>

## A: Commitment roadmap for Olam-owned/managed plantations, plus schemed smallholders under the GRAINE programme

### 3 100% RSP0-certified palm for GRAINE outgrower programme by 2020 under the Olam: Republic of Gabon JV "Sotrader"

- Sotrader joined the RSP0 in July 2015 – ESIA, HCV and FPIC procedures were completed in 2015-16 (including full assessment of "Ndende" region approved by the HCV Assessor Licensing Scheme) – RSP0 New Plantings Procedure for Ndende was completed in 2016.
- 7,500 ha have been planted in 2017.
- The Ndende plantings are wholly in a savannah area where the only forests are riparian forests along rivers and streams. These are comprehensively protected under our land use plan and there has been no deforestation for development in this plantation.
- All other requirements of RSP0 are being respected as this development goes forward.



## B: Commitment roadmap for third party suppliers

Our first commitment states that we expect all of our suppliers to uphold our Sustainable Palm Oil Policy, or be an RSPO member, as soon as they become a supplier. Olam does not source directly from mills and we will actively promote and support the transformation of the palm oil supply chain through engagement with our direct suppliers.

We understand, however, that the palm oil sector is complex. Our second commitment is therefore to ensure compliance of our third party suppliers with our policy and we have put in place 3 key phases.

- i) Engagement of all suppliers through commitment to upholding the Olam Sustainable Palm Oil Policy and Olam Supplier Code or RSPO, or an equivalent Code approved by Olam.
- ii) Independent identification of mill origin, and risk assessment.
- iii) Action plan on identified risks, including site verification by trained auditors where necessary.

Olam is committed to fully trace:

- Our CPO and PKO to sourcing mills by end of 2018 (2016 – 30%; 2017 – 50%; 2018 – 100%)
- Palm oil derivatives by end of 2020 (2017 – 30%; 2018 – 50%; 2020 - 100%)
- Establish traceability to plantation by the end of 2020.

Current or potential suppliers are continuously evaluated against the Olam Supplier Code and Sustainable Palm Oil policy.

Updated mill traceability information will be published on Olam's website.

Refer to the [Olam Palm Quarterly Dashboard](#) for latest progress.

### 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.