



Olam Sustainable Palm Oil Policy

February 2017



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 and October 2016, we have updated the policy to provide greater clarity on our commitments and expectations of third party suppliers. We have also referenced the precise terminology of “No HCS, No HCV, No Peat and No Exploitation”.

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Our Commitments: Olam-owned/managed plantations, and outgrowers under the GRAINE¹ programme

1 Commitment to forest conservation and reduction of GHG emissions (“No HCV, No HCS and No Peat”)

- No deforestation or conversion of High Conservation Value (HCV) forests and ecosystems
- No deforestation or conversion of High Carbon Stock (HCS) forests
- No use of fire in land preparation, including planting and replanting.
- No development on peatland

These commitments are further defined in our Commitment to Forest Conservation in Annex 1.

2 Commitment to RSPO certification and sustainable palm plantations

- Effectively implement the RSPO Standard
- 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 development of a responsible land use plan and sustainability frameworks
- Make a positive contribution to biodiversity conservation on and off-site by adopting a landscape approach to management
- Ensure no use of paraquat
- Work towards maximising greenhouse gas capture, renewable energy use and utilisation of by-products.

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

- 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
- Provide a healthy and safe workplace for our employees, contractors and visitors.
- 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 (primarily under the GRAINE programme) to build capacity, improve yields, apply good practices and avoid deforestation according to our Commitment to Forest Conservation (Annex 1).

4 Commitment to transparency

- Submit annual RSPO progress reports
- Transparent annual reporting of the roadmap on our commitments (see Annex 3) via olamgroup.com
- Continuous engagement with national and international stakeholders in our Palm Oil supply chains.

For the Roadmaps on our Commitments see Annex 3, which is a separate document.

¹ 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 (SI: 49R0G:Olam).

Our Commitments: 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 verify this compliance based on a prioritised risk-based approach, taking corrective actions as required per our roadmap commitments (Annex 3).

1 Commitment to ensuring our third party suppliers provide palm oil that complies with “No HCV, No HCS, No Peat and No Exploitation”

- All suppliers are expected to uphold our Commitment to Forest Conservation as a pre-requisite (“No HCV, No HCS, and No Peat”). They are also expected to ensure the protection of human rights (“No Exploitation”).
- 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. However, if suppliers continue to be non-compliant, we will cease trading with them. This applies to both their own plantations and their third party suppliers.
- 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 verifying the 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 are undertaking an independent traceability and verification process with designated auditors.
- We aim to verify the supply chain back to the mill and production area by 2020 to mitigate sustainability risks (see time-bound targets)
- We will publish the results of our mapping via Global Forest Watch and olamgroup.com

For the roadmap on our commitments see Annex 3. Supplier selection and screening is an ongoing process and suppliers could change over time according to market dynamics.

We recognise that feedback and input from stakeholders is valuable because it helps to evaluate compliance of our suppliers and increase transparency in our supply chain.

See the [Grievance Procedure](#) to report on potential non-compliances.

In summary

Implementing a truly sustainable plantation industry means creating sustainably managed landscapes and reducing deforestation in the tropics. This 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 help industry achieve a higher bar. Our learning process is also an opportunity to share our vision of how our farms, plantations and processing plants can coexist with biodiverse and carbon-rich forests and healthy ecosystems.

Annex 1:

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 Oil Policy (2011) and the Olam Plantations, Concessions and Farms (PCF) Code. Our plantations are the result of a Joint Venture with the Republic 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. We expect our third party suppliers to uphold and promote these principles in their supply chains.

No deforestation or conversion of High Conservation Value forests ("No HCV")

- No deforestation or conversion activities in high conservation value (HCV) forests¹, including primary forests, and other HCV ecosystems such as wetlands, which are required to maintain or enhance national or global conservation priorities.
- For our own plantations 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 ("No HCS")

- No conversion of High Carbon Stock (HCS) forests, as defined through a recognised national or international process in key origins². Where we source from South East Asia origins, such as Indonesia, where most forest landscapes are fragmented and degraded, we follow the High Carbon Stock Approach.

- We will continue to 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.

No deforestation or conversion of peatlands ("No Peat")

- We do not operate in, or accept the conversion, of peatlands.
- Peatlands, and especially tropical peat swamp forests, are particularly fragile ecosystems. Development of peatlands contributes disproportionately to man-made carbon emissions.

No use of fire in land preparation ("No Fire")

- We do not use fire in land preparation for planting or replanting, or accept this practice in our supply chain.
- Use of fire in land preparation creates an unacceptable risk of propagating forest fires, creates air pollution, damages health and impoverishes soils.

¹ We will follow the definitions and guidance of the global multi-stakeholder platform of expertise on HCVs, the HCV Network www.hcvnetwork.org as applicable.

² 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> as applicable. As of February 2017, the HCSA toolkit applies to fragmented forest landscapes and mosaics typical of S.E Asia. Elsewhere we may either choose to apply the HCSA toolkit or a nationally adapted HCS framework (for example, referencing national HCS or zero-deforestation plans developed under TFA2020 Marrakesh declaration), compliant with our Global Forest Policy, which is under consultation and will be tested in 2017. All new developments of OPG since 2015 have been exclusively in low carbon stock lands (savannah areas) prioritised through a national land use plan, and have had HCS assessments based on international best practice.

Annex 2: Implementing the Olam Sustainable Palm Oil Policy in Gabon – 1

Olam's Palm Oil production operations are today largely in Gabon. The country'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, 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 that are unemployed.

In 2010, Olam entered into a joint venture with the Republic of Gabon to develop sustainable palm plantations (60:40, Olam:Republic of Gabon). Olam Palm Gabon is now managing a total area of 111,419 hectares, setting aside more than 50% of the land to protect HCV areas, riparian buffers and wetlands. As of December 2016, we have planted 47,455 hectares of high yielding palm varieties, provided jobs for over 6,000 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.

Annex 2: Implementing the Olam Sustainable Palm Oil Policy in Gabon – 2

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 land parcels prior to any development activity, and publishing findings via our website.
- First company to meet the RSP0's New Plantings requirements in Africa in 2011 for the Awala plantation
- First new development in Africa to achieve RSP0 certification (for the palm oil mill and kernel production, Awala)
- 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.
- Implementation of partnerships with law enforcement and NGOs to reduce and eliminate illegal hunting, especially protected species, within and around our concessions.
- Commitment to upholding the designations of the Ramsar 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.
- Contributing to models by identifying land suitable for agriculture
- Commitment to Greenhouse Gas reduction and protection of High Carbon Stock Forests

Gabon's public commitment to reduce Greenhouse Gas (GHG) 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".

Gabon has yet to set out in detail how it will deliver in its UNFCCC commitment to conserve HCS forests. 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.

Annex 2: Implementing the Olam Sustainable Palm Oil Policy in Gabon – 3

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. However, until recently there has been no international consensus on the definition of HCS forests.

Since 2015, 2 major international multi-stakeholder groups comprising NGOs and businesses have been collating the evidence necessary to define HCS for palm plantations, the HCSA Steering Group and the HCS+ Study Group. As of January 2017 these have 'converged' to unify the various methods proposed by NGOs, industry and scientists, under the leadership of the HCS Approach Steering Group. The 'converged' group are expected to publish a revised, unitary guidance (HCSA Toolkit) for HCS assessments. We welcome the emergence of a single industry standard to address HCS in fragmented forest landscapes, and our policy clearly states that suppliers operating in such landscapes should adopt the HCSA method to implement their no-deforestation commitments.

Definitions for highly-forested nations

The HCS Approach Steering Group published a first version "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.

The HCS Study Group worked with us in 2015 and with the Government of Gabon to guide an HCS process suitable for forest-rich nations. The independent study, carried out by leading international scientists and highly respected conservationists, was published in December 2015 ([HCS study](#)). This study estimated that our main Mouila plantations will fix 1.3 million tonnes of Carbon (4.8 million t CO₂ e.q.) over 25 years. Considering all our palm plantations together, our current assessment is that both Olam Palm Gabon and Sotrader's GRAINE plantations in Gabon will be very significantly carbon positive (i.e. net fixation or removal of CO₂ from the atmosphere) over the first 25 to 30 years of the project. These calculations allow for a positive 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.

We will work proactively to encourage HCSA to reach workable definitions and practical solutions that meet our policy objectives and the Climate Plan of the Government of Gabon, and the conservation and development needs of high forest cover nations.

Annex 2:

Implementing the Olam Sustainable Palm Oil Policy in Gabon – 4

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 (IPM) 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.

Commitments roadmaps and progress

Annex 3 to the Olam Sustainable Palm Oil Policy

February 2017

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

1 100% Palm Oil plantations by 2021 for Olam Palm Gabon

- Since February 2011, when we first started development, we fully complied with the RSP0 New Plantings Procedure (inclusive of full ESAs, HCV assessments and Free, Prior and Informed Consent activities), covering all our upstream activities.
- Our first certification milestone was achieved in August 2016 for Awala Palm Oil Mill and a palm kernel crushing mill according to our time-bound plan
- Mouila Lot 1 plantation and mill are on track for certification in 2017
- Mouila Lot 2 plantation and mill by 2021 based on planting and construction timeline
- Mouila Lot 3 plantation and mill by 2019 based on planting and construction timeline

plantations and regenerating forests in our HCV areas. Olam's Mouila plantations should fix >1.3M tC (4.8 M tCO₂ eq) from the atmosphere over 25 years: it is the only new palm development globally that is significantly climate-positive as assessed by an independent third party. Our data and their findings contributed to the development of a national carbon strategy, under the leadership of the Gabonese Government's Climate Council.

- We have also transparently provided our data to the HCS Approach Steering Group in order to contribute to a convergence of views on the definition and measurement of High Carbon Stock forests.
- LiDAR mapping was conducted to identify vegetation cover prior to all development and support sustainable land use; advance technology including multispectral drone imaging is applied to monitor land cover within concessions.

2 Olam Palm Gabon plantations are fully compliant with our Commitment to Forest Conservation

- As of January 2015, we 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 (ALS). We have since had full assessments of OPG "Lot 3" and GRAINE "Ndende" plantations by the HCV ALS.
- In January 2015, Olam invited the international High Carbon Stock Study Group approved by the ALS, to work together with us and the Government of Gabon to initiate a High Carbon Stock (HCS) assessment process that is suitable for a forest-rich nation with a nascent agricultural economy. They published their findings in December 2015 and we report that the HCS team found the Mouila Plantations to be climate- and carbon-positive, taking into account the balance of carbon emitted in land preparation and carbon stored in our

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

- 70,000 ha to be developed for palm plantations in phases, land title owned by local cooperatives.
- As of January 2017:
 - Sotrader joined the RSP0 in July 2015
 - ESIA, HCV and FPIC procedures completed (including full assessment of "Ndende" region approved by the HCV Assessor Licensing Scheme)
 - RSP0 New Plantings Procedure for Ndende completed
- Planting work commenced in Q4 2016

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 RSPO member as soon as they become a supplier.

We understand, however, that the palm oil sector is complex. Our second commitment is therefore to verify the supply chains of our third party suppliers 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 a Code approved by Olam.
- ii) Independent identification of mill origin and risk assessment by the World Resources Institute
- iii) Site verification based on identified risks by trained auditors.

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%)
- 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 the Olam’s website.

Roadmap	Summary of progress
<ul style="list-style-type: none"> • All Palm Oil suppliers to Olam will have signed the Olam Supplier Code/RSPO membership or similar code by end of 2015 	Completed
<ul style="list-style-type: none"> • Palm Oil supplies will be traced back to the sourcing mill of production through information verified from our suppliers 	Commenced in 2015 – see specific targets below
<ul style="list-style-type: none"> • 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% 	<p>Our physical volumes in 2016 are expected to be 250K MT and we are on track to achieve 30% target for traceability.</p> <p>New progress details to be reported in the next interim report.</p>
<ul style="list-style-type: none"> • 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% 	<p>Mill origin for UK processing facility is 100% mapped.</p> <p>Traceability back to plantations and site verification is underway.</p>

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.