

## Olam's 2°C Call to World Leaders and Industry

CEO Sunny Verghese to speak on 6<sup>th</sup> December at the [Global Landscapes Forum](#), COP21, Paris

### We call on the world's leaders to:

- **Commit to a global carbon tax** to be set initially at US\$35 - US\$50 per tonne. A fair price for carbon (price per unit) will encourage industry to make a concerted effort to reduce its footprint. No tax means continued indiscriminate emissions – global food security cannot afford this
- **Provide greater backing for robust and validated off-set mechanisms**, such as REDD+ carbon credits generated through the preservation of standing forest, whilst ensuring that indigenous communities and biodiversity are not impacted
- **Ensure that Green Bonds are cost competitive and attractive to investors by simplifying processes and supporting a standardised approach to due diligence and impact measurement**
- **Commit to Intended Nationally Determined Contributions (INDCs)** if they have not already done so, therefore providing greater clarity to businesses operating in those countries
- **Encourage all countries to develop a national land use plan**, consistent with landscape principles, that will provide standards and clarity to all stakeholders
- **Resolve the issues on climate finance for emerging economies** so that adaptation measures can be undertaken more quickly, remembering that **Public Private Partnerships** can help to mobilise funds
- **Engage non-state actors** such as regional governments and the business community more effectively, **incentivising those who actively contribute to national targets.**

### We call on the agri / food & beverage sector to:

- **Join the World Business Council for Sustainable Development's (WBCSD) *Low Carbon Technology Partnership Initiative (LCTPi) for Climate Smart Agriculture*** and support the vision of: *"Producing 50% more available food and strengthening the climate resilience of farming communities whilst reducing agricultural emissions by at least 1.6 Gt CO<sub>2</sub>eq/yr by 2030 (30%), and halving agricultural emissions by 2050."*
- Back the implementation of climate smart agri practices among smallholders through **long-term partnerships with agri-suppliers and technical NGOs**
- **Implement procurement policies and consumer awareness campaigns** that help drive the market for sustainable/climate smart crops and products and reduce retail and consumer waste
- Call on food multinationals and consumer product manufacturers to **support sustainable supply chains and share the cost of solutions**

### We contribute to maintaining the 2°C target by:

- **Carbon Disclosure Project (CDP) reporting** (Carbon, Water, Forest programmes) on ambitious reduction targets across operations (10% reduction in GHG intensity (MT CO<sub>2</sub>e/MT))
- Implementing **climate resilient practices** in our own plantations and farms (2.1 million hectares)
- **Conserving standing forest through REDD+** in the Republic of Congo (92,530 hectares)
- Applying our learnings from a 5 year programme with Rainforest Alliance to produce the **world's first verified 'climate smart' cocoa** from 2,000 smallholders in Bia Juabeso, Ghana, where almost 300 hectares of forest have also been replanted (about 430 football pitches)
- Scaling up and speeding up the implementation of climate smart practices through **industry collaboration**, including **co-chairing the WBCSD Climate Smart Agriculture LCTPi**, with responsibility for *Priority Area 1: building resilience among smallholders*
- Initiating a private **sector coalition** to undertake a benchmark study that will assess the activities of the principal private sector players in the food chain, measured specifically against the objectives of SDG 2 (*End hunger, achieve food security and improved nutrition and promote sustainable agriculture*) **to identify hot spots of underinvestment and address them.**

## Recognising our responsibility

As stated by the Intergovernmental Panel on Climate Change (IPCC), emissions from agriculture, forestry and other land use sectors now represent about 24% of GHG emissions. These emissions come from many sources and processes – the release of nitrous oxide from the use of fertilisers; the release of methane from meat and dairy production; deforestation as farmers seek more land to increase yields; as well as energy and transport emissions. According to CGIAR, “the proportion of emissions from sections of the food chain after food leaves the farm is larger in high-income countries than in lower-income countries. For example, these activities make up some 50% of food system emissions in the United Kingdom (Garnett 2011). Middle-income countries will likely follow this trend in the future”.

As one of the world’s leading agri-businesses with agriculture, processing and distribution operations, our responsibility is clear. We are already seeing that changing weather patterns are affecting crops and therefore communities. If the issues are not addressed, climate change will impact global food security and prevent “the ending of poverty in all its forms everywhere” as defined by the UN Sustainable Development Goals. This is especially important given that all the ‘low hanging fruits’ on agricultural productivity have been exhausted with productivity rises averaging just 1.3 per cent a year between 2001 and 2010, and 0.14 per cent a year over the past four years.

Ensuring we and our 3.9 million farmer suppliers, the vast majority of whom are smallholders in emerging markets, are implementing mitigation and adaptation measures to achieve the 2°C goal is therefore integral to our strategy.

## How is Olam contributing to the 2°C goal?

In response to our climate challenges, Olam has prioritised four key activities:

1. Reducing GHG emissions intensity from our own farming and processing operations
2. Adapting our own farming operations to build in climate resilience, which includes a commitment to forest conservation
3. Encouraging our farmer suppliers and logistics providers to reduce their GHG emissions intensity and build in climate resilience
4. Collaborating at a sector level to scale up and speed up implementation of climate smart agricultural practices

### 1. Reducing the intensity of GHG emissions from our own farming and processing operations

While the goal of COP21 is to get an action plan to limit global temperature rise to 2°C by 2100, in all likelihood the temperature increase will be higher. Although this may be positive in some regions, it will also bring potentially severe consequences in others. Our challenge is to manage this uncertainty and risk, hence the absolute need to measure, understand and reduce our impact now. Olam has been reporting our GHG emissions, strategies and actions to CDP for the past four years.

- By 2020 we will achieve a 10% reduction in GHG intensity (MT CO<sub>2</sub>e/MT) in :
  - Olam-managed plantations, concessions and farms
  - Tier One operations in Olam processing and manufacturing
  - Marine vessels

More detail on our efforts can be found in our [2014 CR&S report](#) but we are proud that we have reduced carbon emissions in Olam-managed plantations, concessions and farms by 18% (CO<sub>2</sub>e/tonne product) and by 6% in processing (CO<sub>2</sub>e/tonne product) against 2013.

### 2. Adapting our own farming operations to build in climate resilience

To ensure both current and future climate change impacts are addressed, our [Plantations Code](#) includes GHG mitigation actions through energy efficiency and Good Agricultural Practices.

Climate smart agri practices, however, cannot be addressed in isolation. Water scarcity and soil degradation are just two of the inter-connected impacts. Nowhere has this been more evident than in California which is in its fourth year of drought. High tech irrigation methods coupled with building soil moisture retention capacity has been essential to improving water usage efficiency in our almond orchards.

With its poor history of causing deforestation, oil palm is rightly under the international spotlight. In this regard, our Commitment to Forest Conservation can be read [here](#). Considering all of 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 (based on the RSPO Palm GHG calculator).

### 3. Encouraging our farmer suppliers and logistics providers to improve their GHG emissions intensity and build in climate resilience

Olam's scope 3 emissions emanating from our suppliers are the major source of emissions associated with our business. Rice cultivation, land use, fertiliser application and ocean logistics are the four main emission sources requiring mitigation.

As one of the world's largest traders of rice, we participate in the [Sustainable Rice Platform \(SRP\)](#), co-convened by the UN Environmental Programme and the [International Rice Research Institute \(IRRI\)](#) to reduce the environmental impact of rice.

We support our farmer suppliers through training in Good Agricultural Practices, such as minimum tillage, efficient fertiliser use and energy efficiency in line with the principles of the [Olam Livelihood Charter](#) and third party certification schemes.

#### *Producing the world's first verified climate smart cocoa*

Olam and Rainforest Alliance's five year landscape level programme in Bia Juabeso, Ghana, has produced the world's first verified climate smart cocoa. The programme focuses on developing an agri business model which breaks the link between cocoa production and deforestation. The partnership has so far trained 2,000 farmers from 34 communities in the voluntary climate module of the Sustainable Agriculture Network (SAN) standards to increase yields without illegal encroachment, while 286 hectares of trees have been planted to reconstitute the forest. Read an article by Rainforest Alliance senior manager Martin Noponen [here](#).

#### *Realising value from standing forest through carbon credits*

In the Republic of Congo (Brazzaville), CIB manages the world's largest contiguous FSC® certified forestry concession (1.3 million hectares)<sup>1</sup>. In 2012, in partnership with the Government, CIB launched the first REDD+ project in the Congo Basin, protecting 92,530 hectares of High Conservation Value forest in the Pikounda Nord concession. In 2014 the Verified Carbon Standard endorsed the carbon credits for sale. The Republic of Congo asked CIB to be a partner in the project due to its experience in Sustainable Forest Management and REDD+ programmes.

CIB is also supporting the Republic of Congo Government in its submissions to the Forest Carbon Partnership Facility (FCPF), of which the World Bank is a trustee, to develop an Emissions Reduction Programme that will realise value from the country's standing forests and help prevent deforestation. The Government and CIB will be outlining the country's advancement toward implementing REDD+, including its readiness process, in the Blue Zone at COP21 on 4<sup>th</sup> December 2015.

### 4. Collaborating at a sector level to scale up and speed up implementation of climate smart practices

#### **Low Carbon Technology Partnership Initiative (LCTPi)**

Strengthening our commitment to helping smallholders mitigate the impacts of climate change, we have taken a role as co-chair with PepsiCo, Kellogg Company and Monsanto for WBCSD's Low Carbon Technology Partnership Initiative for Climate Smart Agriculture (CSA).

Vision: "Producing 50% more available food and strengthening the climate resilience of farming communities whilst reducing agricultural emissions by at least 1.6 Gt CO<sub>2</sub>eq/yr by 2030 (30%) and halving agricultural emissions by 2050."

To help achieve this vision Olam has taken responsibility for chairing Priority Area 1: *building resilience among smallholders*. This will include gaining the support of other businesses in the sector to:

- Drive access to finance, including insurance
- Drive capacity building through data access, training and investment
- Create enabling environments – which will focus on environmental and social aspects
- Drive greater awareness of land tenure issues
- Empower women
- Develop appropriate tools to support farmers to adopt CSA
- Develop mass media content and use this for awareness raising and training

### ***The Building Sustainable Futures Forum***

The UN Sustainable Development Goals come into force on 1st January 2016. Climate Change is key to the delivery of many of the goals but most notably Goals 2 and 13:

*2 = End hunger, achieve food security and improved nutrition and promote sustainable agriculture*

*13 = Take urgent action to combat climate change and its impacts*

However, it was on reading Goal 17: *Strengthen the means of implementation and revitalise the global partnership for sustainable development* that an idea began to form at Olam. With a timeframe of just 15 years to achieve all 17 goals, collaboration can be the only way forward. We have therefore proposed the following to CEOs across the sector and are delighted with the positive responses we have received to date. Of course, we need as many as possible and urge those who have not already committed to participate...

#### *Landscape analysis*

- As an industry, we join together in conducting a benchmark study to be carried out by WBCSD as a neutral knowledge partner to assess the activities of the principal private sector players in the food chain, measured specifically against the objectives of the SDGs. This study is already under way.
- The resulting non-attributed and aggregated report will identify a world map of 'hotspots' of under-investment at regional and sector level, as well as identifying areas that are on track to meet the SDG ambitions;
- With this shared knowledge, the partners can identify projects that are not only appropriate to their business but clearly address gaps in the global food security mosaic;
- And where the report identifies gaps that cannot be readily addressed by participating private sector companies, we can provide that insight to the public sector, including key policy makers.
- Based on the study results project proposals will be presented at the *Building Sustainable Futures Forum* on 6th April 2016 in Singapore to a wider group of interested parties from our shared customers, international organisations, governments, research institutions and NGOs for debate, critique and prioritisation. Projects that have secured resources already will be endorsed and those that remain unfunded will compete for the support of donor agencies.
- The core group will then commit to communicating measurement and evaluation of the projects under their ownership for shared learning and scale and would strive to continue to meet on an ongoing annual basis. We also hope to establish a continuing virtual Forum to keep the focus and momentum on this as an industry-wide initiative.

---

<sup>i</sup>\*License Numbers for Pokola FM and Loundoungou FM, plus Chain of Custody: [FSC-C005457](#); [FSC-C014998](#); [FSC-C104637](#); [FSC-C110834](#). The license number for Kabo FM will be issued once the latest report has been reviewed and certification approved