

Olam response to Forest Heroes 2017 report

Wednesday 22 November 2017

Olam has reviewed the Forests Heroes scorecard and we have identified a number of points where we believe there to be inaccuracies or perhaps where Forest Heroes had not seen the information on our website. We are currently reviewing the web navigation structure to ensure the information is not missed. It is worth highlighting that the [ZSL SPOTT palm oil company ESG transparency assessments](#), which covers 125 sustainability indicators in depth, gives Olam a score of 77.9% in 2017, which is #7 in the overall ranking.

Clarifications

Scorecard introduction to Olam:

FH statement: “Olam’s forest protection policy lags significantly behind almost all the other major traders. Instead of using the standard definition of High Carbon Stock forests developed by TFT, Greenpeace, and GAR, Olam only says it defines HCS through a vague “multi-stakeholder process in the country of origin.”

“Olam’s policy does not apply to its third-party suppliers of palm oil”

Olam response: It is incorrect to say that HCSA does not apply to our third party suppliers of palm oil. Our [Sustainable Palm Oil Policy](#) states on page 4: “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” (HCSA). Since we only currently trade Palm Oil from Indonesia, the HCSA requirement covers 100% of our traded volumes (i.e. 0.75% of the global trade in 2017).

Turning to the application of the HCS concept in our own operations, Olam’s palm plantations are in a JV with the Republic of Gabon. As the country is 88% forest cover, it is classed as a Highly Forested Nation.

The HCS Approach (the method cited by Forest Heroes) was “designed for highly fragmented landscapes”, unlike those of Gabon and other Central African nations. HCSA Toolkit 2.0 (2017) notes that “In the development and implementation phase, **various situations have arisen in which the methodology does not fit and needs adaptation.**” Currently HCSA, which Forest Heroes wishes us to adopt, does not apply or ‘fit’ for High Forest Cover nations nor is it currently clear whether the HCSA will adapt their method to meet the needs of countries like Gabon. ”

Nevertheless there is demand for an appropriate adaptation: 10 African producer countries including Gabon participated in the development of the Marrakesh Declaration in partnership with The Forest Alliance, and seven nations committed to “adopting locally-adapted tools such as the High Conservation Values (HCV) and High Carbon Stock (HCS) concepts”. There is nothing vague about this multistakeholder process which is supported by numerous regional and international NGOs: <https://www.tfa2020.org/en/activities/african-palm-oil-initiative/>.

Whilst this regional initiative is welcome it does not depend on the participation of HCSA and risks creating multiple regional ‘versions’ of HCS and sowing confusion. Therefore, we have encouraged and supported a specific multi-stakeholder engagement on these issues: In October 2107, members of the HCSA Steering Group and many other NGOs were invited to Olam’s Mouila plantations, where the Forest Dialogue was being hosted specifically to discuss deforestation-free approaches for African Palm Oil producer countries, including the regional adaptation of the HCS concept. The Forest Dialogue papers can be found here: <http://theforestdialogue.org/dialogue/dialogue-understanding-deforestation-free-african-context>. We will continue to support these efforts.

Finally we have implemented a comprehensive Commitment to Forest Conservation¹, which includes protecting 55,776 hectares of High Conservation Value eco-systems identified to date in Gabon, the highest proportion of conservation to production land of any major palm oil producer, and Olam is the only Palm Oil producer to have been independently verified to have a net climate positive impact for its developments at a landscape scale: <https://www.tfa2020.org/wp-content/uploads/2017/09/HCS-Technical-report-with-Gabon-Case-Study.pdf> .

PTO

FH scorecard		
1B	The policy excludes the sourcing of raw materials or products originating from natural forests including both primary and secondary forests.	See Olam Sustainability Policy Feb 2017 . Commitment to “no HCS, no HCV, no peat and no exploitation” following the industry norm. The policy commitment covers all of our operations, including schemed smallholders area and our supply chain sourcing.
1D	The palm oil policy specifically excludes development on peat soil regardless of depth.	
1G	The company has pledged to use (or uses) a third party for compliance verification of its policy.	It is incorrect to state that Olam has not engaged a third party for compliance verification of its Policy. Please see annex 3b of the Olam Sustainable Palm Policy which provides our Commitment roadmap for third party suppliers. Olam has committed to implement our policy through: <ul style="list-style-type: none"> - 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. - Independent identification of mill origin and risk assessment by the World Resources Institute - Site verification based on identified risks by trained auditors. See Interim Progress Report published on our website in July on latest implementation stage including our partnership with the WRI and engagement with Proforest.
1H	The company has developed and published a non-compliance procedure that outlines thresholds for the suspension and/or cancellation of contracts with suppliers in breach of the policy.	As stated in our policy, 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. A Grievance Procedure is published and cases are reported on the website for monitoring.

¹ See pages 5-8 of the [Sustainable Palm Oil Policy](#)

		In the event that the supplier does not want to engage in the process towards resolution and compliance with the Policy, Olam will review its relationship with that supplier and may cease the relationship.
1L	The company has policy to reduce the environmental and health impacts of chemical pesticides and/or fertilizers.	<p>It is incorrect to say that we have no policy regarding the reduction of environmental and health impacts of chemical pesticides. Page 8 of the Sustainable Palm Oil Policy clearly states we commit to best practices in our own operations including:</p> <ul style="list-style-type: none"> - Careful management of soil fertility, including fertiliser applications tailored to major soil groups and aspects. - Integrated Pest Management (IPM) to control pests and diseases with minimal use of agrochemicals. - It is also included as part of the Water Management Plan to maintain the quality and supply of water from natural wetlands and rivers, and minimise or eliminate water pollution and sedimentation. <p style="text-align: center;">The implementation of this Policy is verified through our RSPO audits. Olam has had a voluntary ban on Paraquat since 2011 – see page 2.</p> <p>For third party suppliers, we clearly state on Page 3 that they must either conform to the Olam Supplier Code (OSC) or to RSPO or to a Code that is equivalent to the OSC and is approved by Olam. The OSC states in point 2.4. iv <i>“Professionally manage agro-chemicals application and forbidding the usage of agro-chemicals that are not legally registered in the country for commercial use, or excluded as per Olam’s specification”</i>.</p>
IMPLEMENTATION AND TRANSPARENCY		
2A	Date by which the company aims to achieve full traceability to plantation for its entire supply chain.	Traceability to plantations is available for our customers who purchase SG certified materials.
2B	The company or the relevant third party publishes detailed processes and results of the policy verification assessments.	See Interim Progress Report (July 2017) for the latest implementation stage including our partnership with the WRI and engagement with Proforest.
2C	The company has established and published an accessible and transparent grievance and dispute resolution mechanism.	It is incorrect to say we have no Grievance Procedure. This was made public in January 2017 with the Grievance log: http://olamgroup.com/products-services/food-staples-packaged-foods/palm/faq-and-reports/grievance-procedures-olams-palm-operations/

2D	The company reports on its progress towards meeting its policy goals at least annually against measurable indicators.	It is incorrect to say that we do not report on progress against measurable indicators. See published progress report from July 2017.
2E	The company has published the names or detailed locations (that allow for coordinates to be obtained) of all palm oil mills in its supply chain.	As reported in the July progress report , Olam has shared on the WRI Global Forest Watch (“GFW”) the list of our supplier mills which are not covered by Non-Disclosure Agreements.
3A	Points are deducted for the following (occurring since January 1, 2015). There is public evidence that since January 1, 2015 the company has in its own operations not met criteria 1.C, 1.D, 1.E or 1.J (or uses palm oil from protected areas). Or the company has sourced from suppliers that have not met these criteria. Or the company had its RSPO license revoked or suspended since that date. Or there is evidence of significant workers’ rights violations or social conflicts.	It is unclear on the cases related to this indicator, Olam has reported transparently on grievances according to the procedure. We encourage the organisation to submit allegations directly through our website and they will be reviewed.