

# Responsible Sourcing Palm Oil Policy 2021

Olam International Limited



# 1 Scope

The Responsible Sourcing Policy covers all our processing activities and third-party sourcing. The policy applies at Group level<sup>1</sup> of our suppliers. The cut-off date for implementation of the Policy is February 2017.

# 2 Policy Commitment

All our suppliers must comply with this Policy to supply to Olam. In addition, our suppliers must adhere to our Olam Supplier Code (OSC), to Roundtable on Sustainable Palm Oil (RSPO) requirements, or to a Code that is equivalent to the OSC that has been approved by Olam. The Policy sets out requirements in line with our no deforestation, no peat, no fire and no exploitation (NDPE) commitment. We have implemented rigorous due diligence and NDPE sourcing requirements for our third-party suppliers since 2017.



<sup>1</sup> Definition of Group Level is per the RSPO's definition

## 2 Policy Commitment

### 2.2

#### Forest conservation and reduction of GHG emissions (No HCV, No HCS and No Peat)

- Any new development must identify HCV<sup>2</sup> areas and HCS<sup>3</sup> forests for protection utilising international best practice guidance from the RSPO Principles and Criteria, High Conservation Value Resource Network (HCVRN) and the High Carbon Stock (HCS) Approach. New HCV-HCSA assessments by our suppliers must be led by an assessor who has been accredited by the Assessor Licensing Scheme (ALS) assessors. HCV-HCSA assessment should include consideration for community needs and cultural values. The HCS Approach methodology also considers indigenous and local peoples' lands and the FPIC process.
- No deforestation of protected areas
- No new development on peat regardless of depth. For plantations previously established on peat, the company must adopt best management practices for peat, as defined by the RSPO and peat experts.
- Zero burning including no use of fire during land preparation, planting or replanting. We expect suppliers to take immediate action if burning is found in their supply chain.
- Suppliers with peat area are expected to implement best practices on water management to reduce GHG emission and mitigate fire risk during dry season. Feasibility of replanting on peat area must be conducted and area to be restored or replaced with other crops with higher water table

<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, achieve quality HCV assessment by only engaging with the licensed High Conservation Value (HCV) assessors accredited by the HCV Resource Network's Assessor Licensing Scheme (ALS).

<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.

## 2 Policy Commitment

### 2.3

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

- Promote responsible labour practices and respect legal, communal or customary rights of local communities and indigenous people according to the principles outlined in the RSPO and Free and Fair Labor Guidance.
- Committed to the Fair Labour Association's Workplace Code of Conduct for the Agriculture Sector and develop remediation plans for identified non-compliances.
- Enforce a strict rules to prevent and protect against child labour/forced labour as defined by ILO standards and national laws
- Provide a healthy and safe workplace for employees, contractors and visitors. Ensuring ethical recruitment such that workers do not incur any recruitment fees at any stage of the recruitment process, and no retention of passports/identity documents.
- 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 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 a transparent and accessible grievance procedure.

## 2 Policy Commitment

### 2.3.1 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
- We are committed to support the inclusion of smallholders into the supply chain.
- Support outgrowers and smallholders to build capacity, improve yields, apply good practices and avoid deforestation.
- Ensure that communities have access to a transparent grievance procedure.

### 2.4 Traceable supply chains of our third-party suppliers

To facilitate the monitoring of our supply chains we will continue to ensure traceability with information shown as below:

- Traceability to mill: Mill name, parent company name and GPS location. Additional info such as certification status, universal mill code (UML) and address may also be included. This information will be published on our website
- Traceability to plantation: Plantation name, plantation map, and the size of the plantation.
- Smallholders: GPS coordinate of the nearest village to the farm, number of farmers and total hectareage
- RSPO SG certified sourcing is considered as fully traceable to plantation/ farm.
- For direct sourcing from mills, supplier shall disclose traceability to plantation and/or farm level as part of our due diligence and risk assessment and develop an action plan for 100% plantation/ farm traceability by 2022.
- For indirect sourcing from trading companies or refineries, suppliers shall disclose mill traceability and have a system to monitor their supply chain to ensure that it adheres to Olam's Policy

## 2 Policy Commitment

### 2.5

#### Commitment to a transparent grievance mechanism<sup>4</sup>

- Olam has a Grievance Procedure which enables any stakeholder to raise a grievance against any party
- All grievances are logged under the Grievance Procedure will be dealt with in a timely manner and details reported transparently on our Grievance Log
- If any supplier is found to be non-compliant, they will be investigated, and corrective actions sought at parent company level.
- When a supplier is found with evidence to be non-compliant to our policy, we will adopt a suspend and engage approach of the case. We expect our suppliers to immediately apply a stop-work order while investigations are ongoing. Suspension will apply at the Parent-Company/Group Level.
- There may be cases where grievance cases are investigated through external mechanism such as the RSPO Complaints Procedure. Olam will review these cases and be guided by them.
- For our indirect sourcing, we will request our direct supplier(s) to suspend the producer/ mill, engagement could continue for corrective action. Corrective action for non-compliance after cut-off date (February 2017) may include compensation/ conservation/ restoration of peatland or forest by working with expert stakeholders and communities. This applies to both their own plantations and their third-party supplies.
- Grievance log including suspended suppliers will continue to be updated on our website. Refer to Olam Grievance mechanism on admissibility of a grievance and re-engagement protocol with a suspended supplier.

<sup>4</sup> <https://www.olamgroup.com/sustainability/sustainable-supply-chains/sustainable-palm-oil/grievance-procedure.html>