olenex
Specialists in Edible Oils

SUSTAINABILITY UPDATE

Edition #3 2019

Check out our new MARIPOSA website!

olenex
Specialists in Edible Oils

Overview

MARIPOSA KICK-OFF
OLENEX STARTS NEXT SMALLHOLDER TRAINING PROGRAMME

PALM OIL AND DEFORESTATION
WHAT IS THE IMPACT OF OIL PALM CULTIVATION ON FOREST LOSS?

THE WORLD'S BIGGEST PALM OIL TRADER
HOW IS WILMAR LIVING UP TO ITS NO-DEFORESTATION PROMISE?

MONITORING DEFORESTATION
THE USE AND MISUSE OF SATELLITE TECHNOLOGY

PALM OIL
TRACEABILITY UPDATE

MARIPOSA KICK-OFF

OLENEX STARTS NEXT SMALLHOLDER TRAINING PROGRAMME

Olenex continues to transform the lives of smallholder farmers trained between 2016 and 2018 under the Wilmar Smallholders Support in Honduras (WISSH) program. Using the MARIPOSA fund we now support them in becoming sustainable entrepreneurs.

The latest program being implemented is the Wilmar Supports Sustainable Entrepreneurs (WISSE) programme, which aims to bring 1800 smallholder farmers in Honduras to the next level in their sustainability journey. Out of this group we aim to have 900 smallholders certified at the end of the program according to RSPO and/or ISCC standard.

On behalf of Olenex, Wilmar – parent company and supplier to Olenex – coordinates the WISSE program. Wilmar and Olenex work closely with our local implementation partner NES Naturaleza. Wilmar and NES Naturaleza have each four years of experience in successfully implementing smallholder training programs in Honduras and Colombia.

#SHAREDRESPONSIBILITY

Step 1: RSPO and ISCC pre-audits of the mills

WISSE is a **three year program** and includes a program component that prepares the mills to be certified to enable the 900 certified smallholders to sell their certified fruits to a certified mill. The mills are third-party supplying mills into the Olenex supply chain and do not have any ownership links with Wilmar and Olenex.

As a first step, the four palm oil mills enrolled in this program will undergo a pre-audit that is conducted by NES Naturaleza in order to determine gaps as a preparation for the actual certification audit of the mill.



Step 2: Standard Operating procedures for smallholder group managers

In October 2019, NES Naturaleza began developing Standard Operating Procedures (SOPs) for the group management of the smallholder farmers. Smallholder farmers need to be organized in producer groups in order to achieve certification. Thus, proper group management is essential for successful certification. Currently, each participating smallholder group is in consultation with the mill to recruit a capable group manager. Next year, group managers will be trained on the Standard Operating Procedures. Eventually, group managers will consult and guide smallholders towards compliance with RSPO and ISCC sustainability requirements.

#SharedResponsibility: More Olenex customers join MARIPOSA

To date, 16 Olenex customers decided to become *Friends of Sustainable Palm Oil from Latin America*. Olenex customers interested to learn more about MARIPOSA can contact their account managers.

With just 1 Euro per ton, ***MARIPOSA*** *offers the opportunity to support the development of smallholder farmers into sustainable entrepreneurs – an opportunity exclusive to Olenex customers.*

"When developing MARIPOSA a year ago, we were unsure how our customers would react to the program. We were trying to figure out how to get their support. As it turned out, we did not need to convince them as our customers are, in fact, eager to support smallholder development programs. The response we have received from our customers in support of the program is very encouraging.

Through Mariposa, Olenex, together with our customers are pioneering a new approach to shared responsibility"

Daphne Hameeteman
Sustainability Lead, Olenex

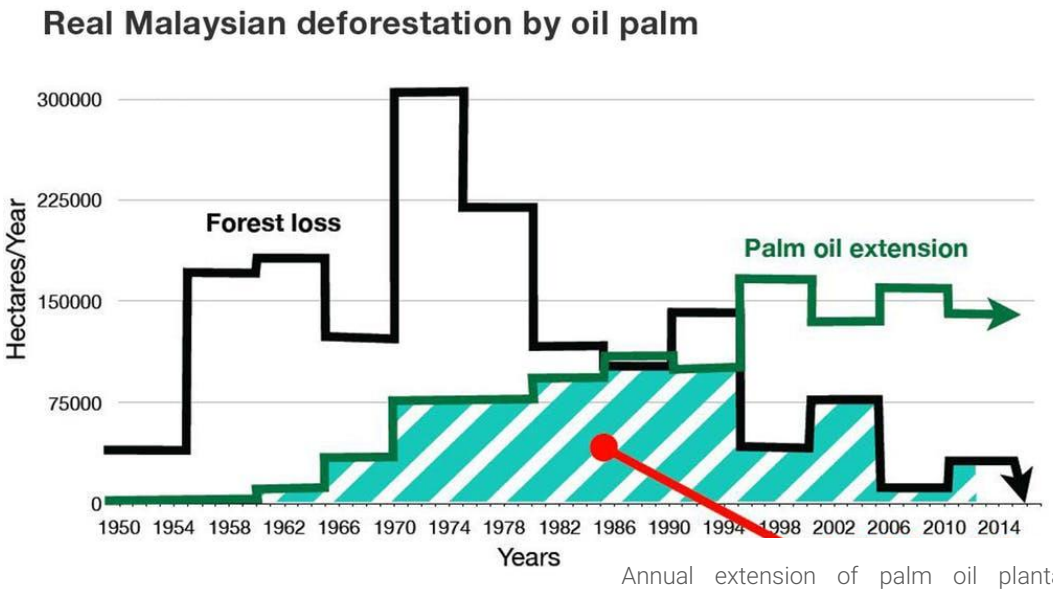
PALM OIL AND DEFORESTATION

WHAT IS THE IMPACT OF OIL PALM CULTIVATION ON FOREST LOSS?

Palm oil production is often associated with deforestation, forest fires, biodiversity loss, such as the orangutan in Indonesia and Malaysia. Fully recognizing the threat of deforestation from expanding oil palm plantations, we have put in place a strict No Deforestation clause in our Palm Supply Chain Policy, while working closely with our suppliers to ensure compliance.

However, on a positive note, deforestation in Indonesia and Malaysia have been declining over the past few years. In an article published on The Conversation, Jean-Marc Roda, a Senior Scientist with CIRAD, indicates that deforestation in the two major palm oil producing countries – Indonesia and Malaysia – peaked decades ago, and was already decreasing before the palm oil industry boom. For example, in Malaysia the major phase of deforestation occurred for the development of rubber estates, before the 1980s.

The aqua-white striped area in the graph below represents former forest area which is under palm oil cultivation today. As indicated by the red line, half of the previously forested area was deforested directly for oil palm cultivation. The other half was originally deforested for the cultivation of rubber trees. Later, rubber trees were exchanged with oil palm trees. Nowadays, extension of oil palms has largely decoupled from deforestation. Deforestation for extension has reached 5% in Indonesia and is below 1% in Malaysia.



Source: Roda (2019)

Annual extension of palm oil plantations on previously forested land. Half of the land was deforested **directly for palm oil**. The other half was originally **deforested for the cultivation of rubber trees** and only later turned into oil palm plantations.

Are the fires in the Brazilian Amazon rainforest associated with the Olenex supply chain?

An interview with Daphne Hameeteman, Olenex Sustainability Lead.

Olenex Sustainability Update: Daphne, did Olenex receive palm oil from companies associated with this summers' fires in the Amazon rainforest?

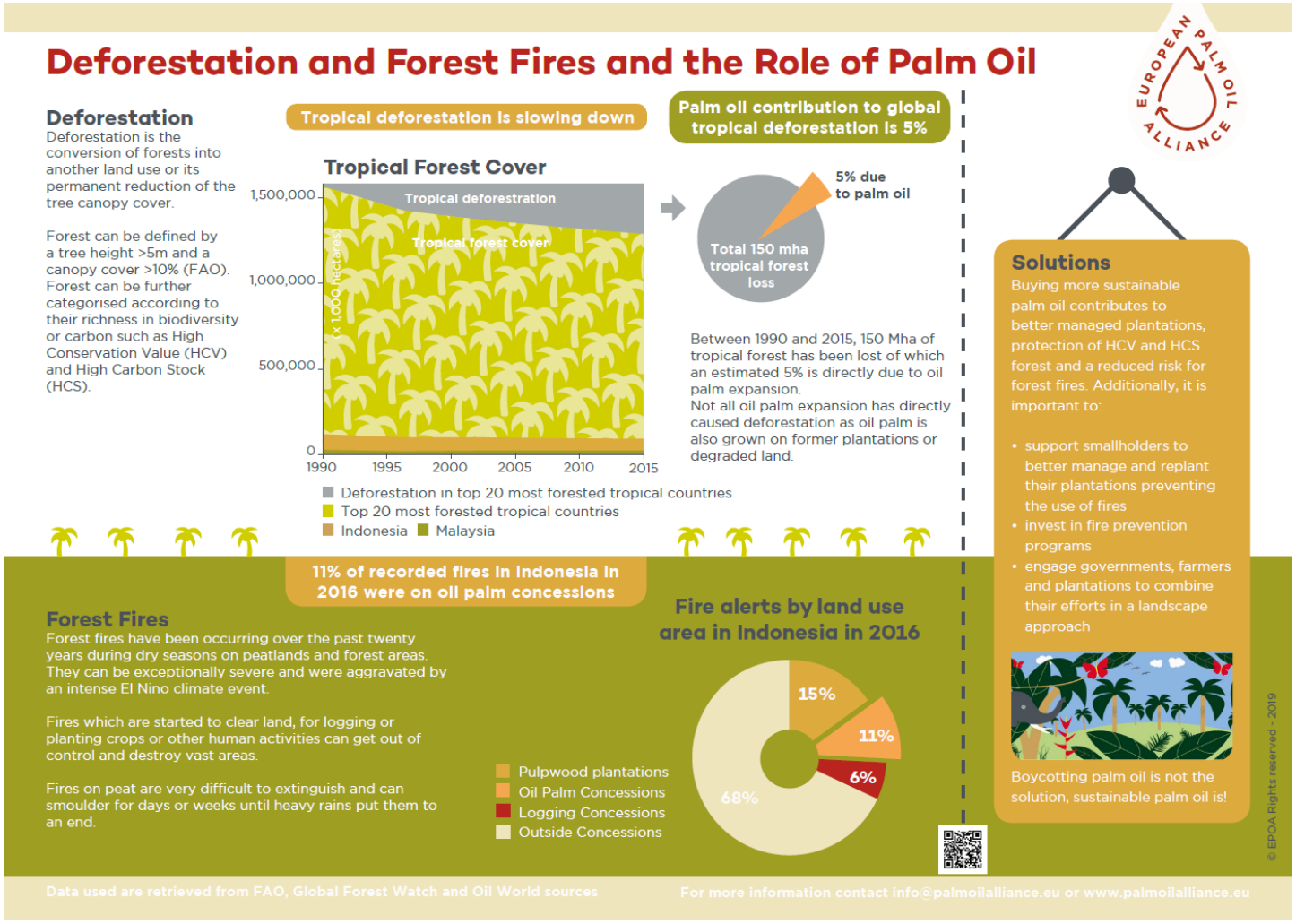
Daphne Hameeteman: No. Olenex sources only from one company in Brazil, namely the Agropalma Group, a RSPO certified supplier with an exemplary approach to sustainable oil palm cultivation.

Olenex Sustainability Update: How do you know this? How does Olenex monitor its supply chain?

Daphne Hameeteman: Olenex's palm oil supply chain is fully traceable. Our reports are updated each quarter for each individual refinery and accessible via our website. We put great effort in monitoring our supply chain to ensure our no deforestation commitment is respected by all our suppliers. Besides that, RSPO certified palm producers need to go through an annual audit process, performed by third party accredited auditors.

Olenex sustainability Update: How come you say there are no conflicted mills in your supply chain when we see so many fire alerts on satellite images, especially in Indonesia?

Daphne Hameeteman: Fire alerts by satellite technology do not necessarily translate into actual fires in the field. Ground verification for an alert is a crucial part of the process. In cases where a fire is confirmed within or nearby a Wilmar concession, Wilmar's fire response team is immediately dispatched to extinguish the fires. A Sustainability Brief by Wilmar explains why each year fires reoccur in Indonesia and what Wilmar is undertaking to prevent outbreaks.



THE WORLD'S BIGGEST PALM OIL TRADER

HOW IS WILMAR LIVING UP TO ITS NO-DEFORESTATION PROMISE?

Less than a year ago, Wilmar made an industry-first promise to cut deforestation out of its entire supply chain. In an interview with Eco-Business, the company's chief sustainability officer Jeremy Goon talks about the challenges of implementing Wilmar's most far-reaching sustainability commitment, how the recent haze outbreak affected those commitments, his hopes for the sustainable palm oil market, and the experience of waking up to a rock band playing on top of his company's refinery.

Goon is realistic about how far the palm oil industry can go to clean up its act without other less visible companies taking action too. "There's the question as to whether companies are getting on or off the sustainability train. Some never got on it to begin with. It's very difficult to get everyone involved."

Jeremy Goon, Wilmar's chief sustainability officer, at a Tropical Forest Alliance meeting. Image: Flickr

MONITORING DEFORESTATION

THE USE AND MISUSE OF SATELLITE TECHNOLOGY

As satellite technology becomes more sophisticated, palm oil industry players have increasingly been using it to identify deforestation non-compliance. But high resolution images should not be the only basis for effectively gathering data from satellites, argues Wilmar's conservation advisor Ginny Ng in an article on Eco-Business.

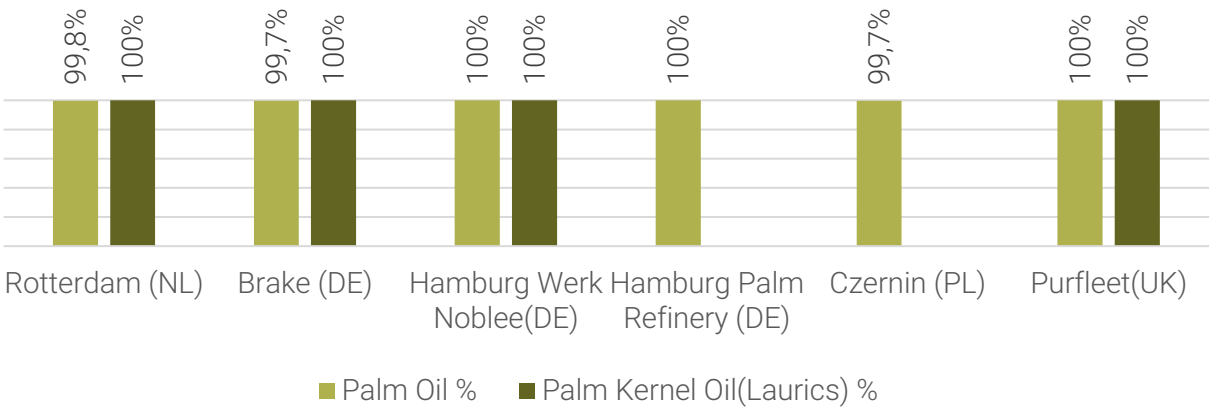
It is easy to use satellite imagery to continually blame the industry but it will not resolve any problems. What is needed is continual supplier engagement and ground verification and working on the factors driving deforestation outside our and our suppliers' concessions.

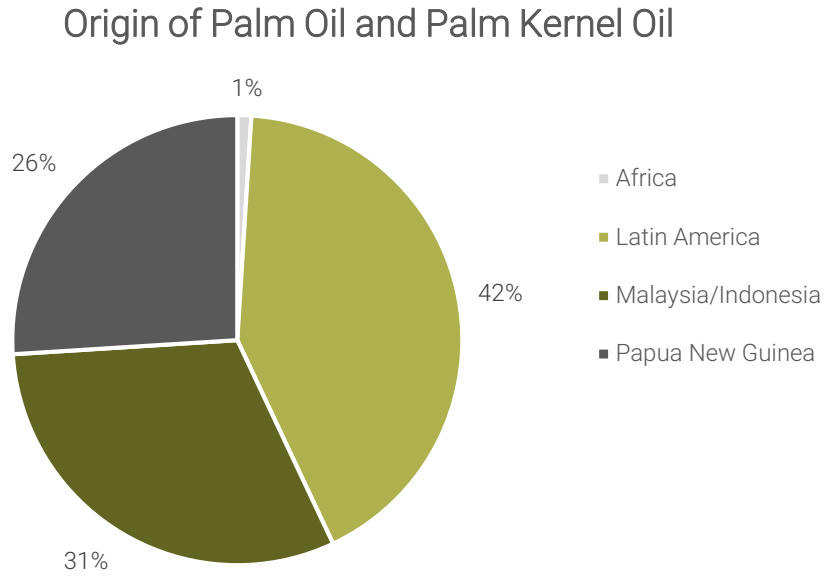
Ginny Ng is conservation advisor of agribusiness group Wilmar International.

PALM OIL
TRACEABILITY UPDATE

Olenex is committed to responsible sourcing of palm oil that is delinked from deforestation and exploitation, through the development of a traceable and transparent palm oil supply chain. Each quarter Olenex updates its traceability results. Individual reports with a list of palm oil mills in the supply chain of each refinery are available from the Olenex sustainability website.

Q3 2018 – Q2 2019 reporting period





For any queries, please do not hesitate to get in touch: olenex.sustainability@olenex.com

Colofon

Author: Nepomuk Wahl
Edition: #3 2019
Design & Layout: Joost van Leeuwen

Disclaimer

www.olenex.com