



SUSTAINABILITY NEWS

Edition Q1 2022

Overview

EU REGULATION OUR POSITION PAPER

NDPE POLICY SUSPEND FIRST APPROACH

COCONUT SECTOR APPROACH PROTECTING THE RIGHTS OF CHILDREN IN THE COCONUT OIL SUPPLY CHAIN – THE PHILIPPINES



Copyright © 2022 - Olenex Sàrl

EU REGULATION OUR POSITION PAPER

On 17 November 2021, the European Commission adopted and published a [Proposal](#) on limiting products associated with deforestation and palm oil is mentioned as one of the six commodities covering the proposal.

Olenex strongly supports the effort to halt deforestation and protect High Carbon Stock (HCS) and High Conservation Value (HCV) areas and highlights the significance of developing a regulation that promotes an increase in worldwide sustainable production and a reduction in global deforestation.

However, some of the measures presented in the Proposal carry significant risks, from excluding smallholder farmers from sustainable supply chains and penalising sustainable actors in high-risk countries to disrupting and diverting trade and duplicating due diligence.

In Our [Position paper](#), we propose argued alternative solutions related to the Country benchmarking system, Requirement to provide geo-localisation coordinates of plots of land of production, Due Diligence Process / Obligation of competent authorities to perform checks and controls by customs authorities, Scope, Penalties in case of non-compliance and Absence of provisions for non-complying suppliers to re-enter the supply chain after compensation.

You can use these details for your own communication on this topic. Do not hesitate to contact us if you have any questions.

Wilmar Position
Proposal for a Regulation on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010.

Wilmar supports the effort to halt deforestation and protect High Carbon Stock and High Conservation Value areas. However, some of the measures presented in the Proposal carry important risks, from excluding smallholder farmers from sustainable supply chains and penalising sustainable actors in high-risk countries to disrupting and diverting trade as well as duplicating due diligence. As a leader in implementing sustainable palm oil supply chains, Wilmar proposes alternative solutions which meet the aim of promoting sustainable supply chains into and out of the EU, while actively promoting an increase in worldwide sustainable production and a reduction in global deforestation as well as minimizing disruptions to trade and supply chains.

1. Country benchmarking system

Expected negative impacts

- Consumer goods manufacturers will be reluctant to receive products from a "high risk" country/area, regardless of due diligence processes.
- Penalising sustainable actors in "high-risk" areas and distorting competition.
- Discouraging sustainable production in areas which need it the most.
- Putting "low-risk" areas at risk of deforestation.
- A negative political signal to producing countries, in the opposite direction to partnerships with said countries.

Alternative solution and positive impacts

- Enforcing the same comprehensive due diligence rules on all suppliers, regardless of geographical origin.
- A carding system for individual operators.

2. Requirement to provide geo-localisation coordinates of plots of land of production

Expected negative impacts

The requirement of providing the geo-localisation of every plot of land would exclude 40% of producers of palm oil, namely the smallholders. Nevertheless, via satellites it is still possible to monitor smallholders in 50m radius around the mill.

Alternative solution and positive impacts

- When it comes to the palm oil sector, geo-localisation requirements should relate to [traceability to mill](#) (TTM), which is already 100% implemented at all first palm importers into Europe.
- Alternatively, geo-localisation requirements for mills and their own plantations only, and therewith excluding smallholders from this requirement.

3. Due Diligence Process / Obligation of competent authorities to perform checks and controls by customs authorities

Expected negative impact

- Logistical issues would arise from having to submit a due diligence statement for every single shipment. This would lead to an enormous administrative burden for both the operator, the customs and competent authorities.

1

NDPE POLICY SUSPEND FIRST APPROACH

Effective January 2019, palm product suppliers involved in deforestation and/or new development on peatland (not complying with our the NDP part of our NDPE policy) will face immediate suspension from our supply chain.



However, post-suspension engagement is crucial, enabling us to assist suppliers in bringing their operations to compliance. In addition, suppliers need to comply with [re-entry criteria](#), including remediation activities, to return to our supply chain after deforesting or planting on peatland.

Together with Wilmar, we are the only refinery company implementing this process. Nevertheless, an industry-wide implementation is essential for the Suspend-First approach to be most effective. Do not hesitate to contact us if you are interested in implementing a similar requirement in your supply chain.



COCONUT SECTOR APPROACH PROTECTING THE RIGHTS OF CHILDREN IN THE COCONUT OIL SUPPLY CHAIN – THE PHILIPPINES

In 2021, ICCO (Interkerkelijk Coördinatie Commissie Ontwikkelingshulp, now Cordaid), Global March Against Child Labor, Verité Southeast Asia, Cargill, Wilmar, VernoF and MVO applied for funding from the RVO 'Fonds Bestrijding Kinderarbeid' (FBK), which translates to "Fund to eliminate child labour", to research to understand better the prevalence and root causes of child labour in the coconut supply chain in Mindanao and the Eastern Visayas in the Philippines.

Research findings

Desk research of publicly available information and more than 200 consultations with industry, civil society and government stakeholders showed that many coconut farmers do not have access to the right resources to optimize agricultural practices and minimize financial risk. They face poor yields, inferior quality of produce, and price fluctuations and are, therefore, unable to make a living of coconut farming. Without adequate support to manage these risks and better their livelihoods, some families feel they have no choice but to put their children to work supporting coconut farming and copra -dried kernel of the coconut- production.

Next steps

The stakeholders will use these findings to determine the right actions to protect children in the coconut supply chain in the Philippines. The focus during the next three years of the project will be on raising awareness and educating on the issue across the industry; improving farmer livelihoods through training and building the resilience of coconut farming families; and designing due diligence systems focused on monitoring, identifying, addressing, and facilitating remediation for child labour with a sector-wide approach.



For any sustainability queries, please contact us at: palm_sustainability@olenex.com



Disclaimer

Nothing in this publication can be reproduced or publicly displayed without specific prior approval by Olenex Holdings B.V. or Olenex Sàrl. Logos, photos, and other images have been used for general information purposes only and are the property of their respective owners. Olenex upholds the highest possible security measures to provide information in the safest way. However, the means of communication do not warrant that the means are free of viruses or other harmful components. The use of the means is at risk of the receiving user.



www.olenex.com