

living planet | BONN symposium | 23-27 May 2022

TAKING THE PULSE
OF OUR PLANET FROM SPACE



EUMETSAT



ECMWF



Enhancing Forest Due Diligence across the Supplychain

Aurhor

date

Due Diligence & Agribusiness

- Human Rights
- Child and Force Labor
- GHG Emissions
- Indigenous Land Rights
- ...
- **Deforestation**



OFI's deforestation challenges in 2022

•Trade Compliance:

- EU Deforestation Free Commodity Legislation
- USA, UK and other national Deforestation Legislation

•Customer Demand to Reducing Scope-3 Emissions

- Science Based Targets Initiative (SBTI) Targets
 - To be reached using the GHG Protocol Methods
 - (which is based on IPCC and AFI Guidance)

•External Communications with Investors and Consumers:

- OFI Annual Reports
- ESG Investor Information
- Tropical Forest Alliance & Voluntary Commitments at the COP-26/27
- Consumer Good Forum's Forest Positive Alliance

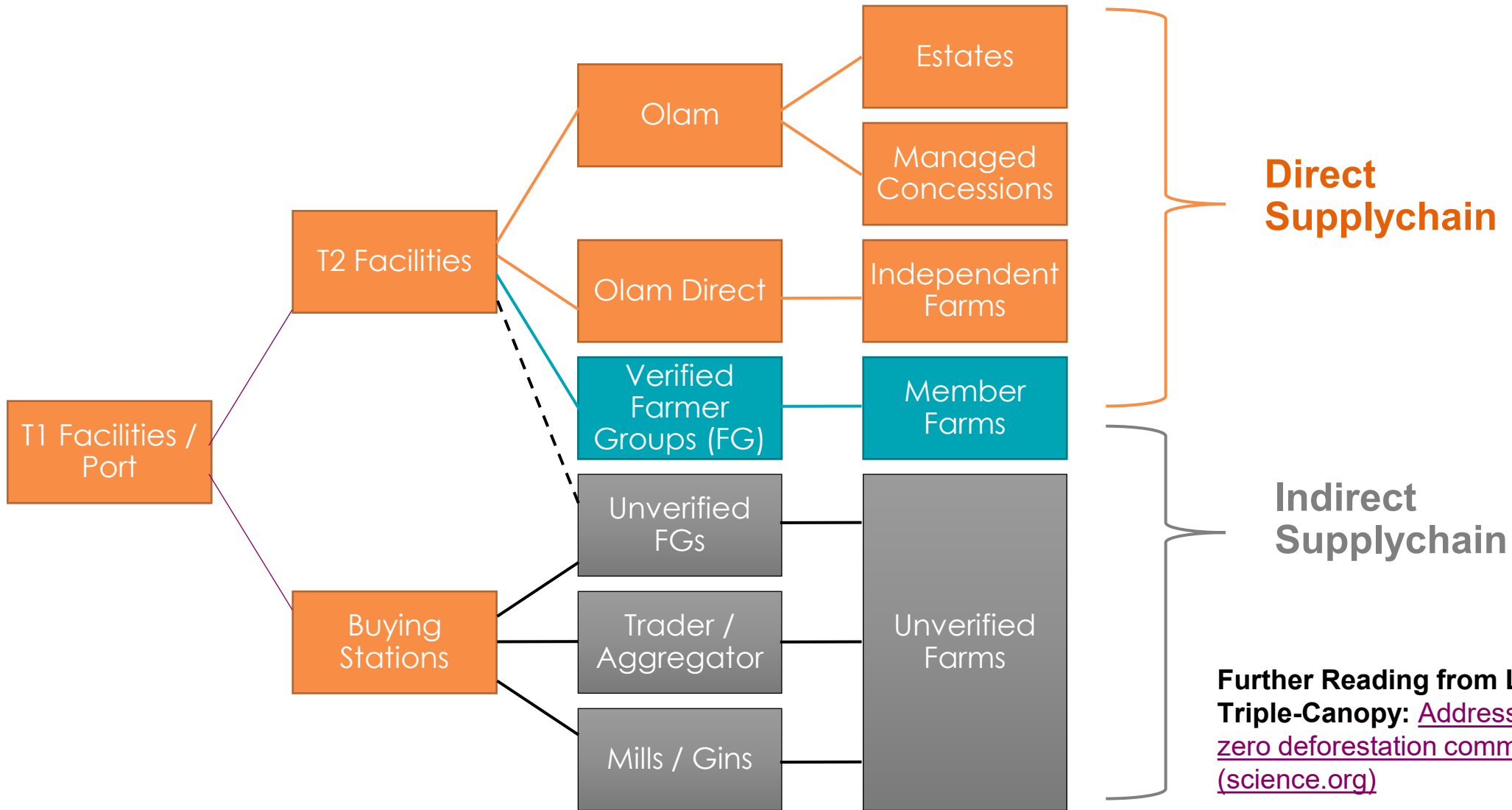
What is OFI doing?

- Segment Volumes using Jurisdictional Risk Map
 - **Conventional/Indirect:** Extended *beyond SAP* system with the **Olam's Digital Supplier Engagement App for SAP** and **Jurisdictional Risk Tool**
 - **Premium/Direct:** Our [AtSource.io](#) platform for sustainable sourcing uses the **Olam Farmer Information System (OFIS)** and **Digital Footprint Calculator (DFC)** to provide deforestation risk of Volumes sourced with geo-referencing to farm level.
- For **High-Risk** Jurisdictions:
 - **Map** Olam (OFIS) Tool
 - **Monitor** Global Forest Watch Pro
 - **Remediate** **Programmes**

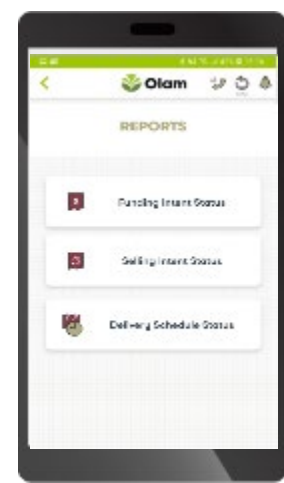
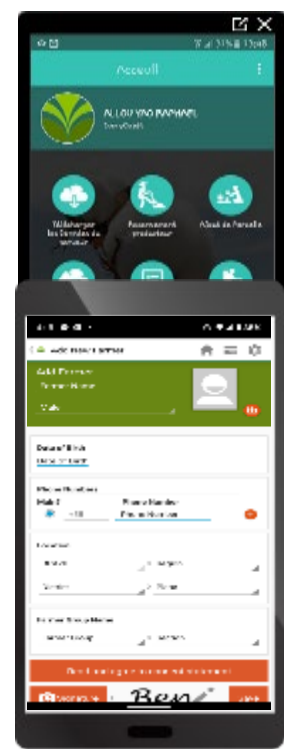
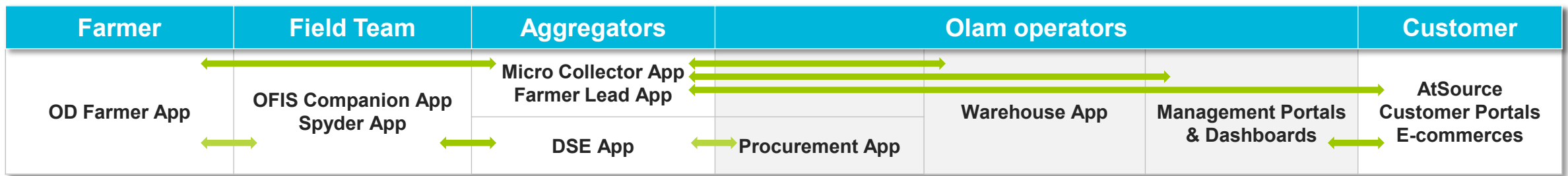
And Why?

- **EU Draft Regulation:** “Obligations for operators will vary according risk level or origin:
 - **simplified due diligence** for low-risk areas
OLAM SUPPLIER CODE & 3RD PARTY AUDITS PROVIDE BASELINE DUE DILIGENCE
 - EU “**enhanced due diligence scrutiny**” (only) for high-risk areas
 - 1) farm level due-diligence ONLY in high-risk jurisdictions: GPS + Satellite Monitoring
 - 2) report % of volume that comes from these high-risk jurisdiction
 - 3) adequate and proportionate mitigation measures

A General OFI Supplychain Model



Further Reading from L'UCLouvain, SEI & Triple-Canopy: [Addressing indirect sourcing in zero deforestation commodity supply chains \(science.org\)](https://www.sciencedirect.com/science/article/pii/S0926641021000000)



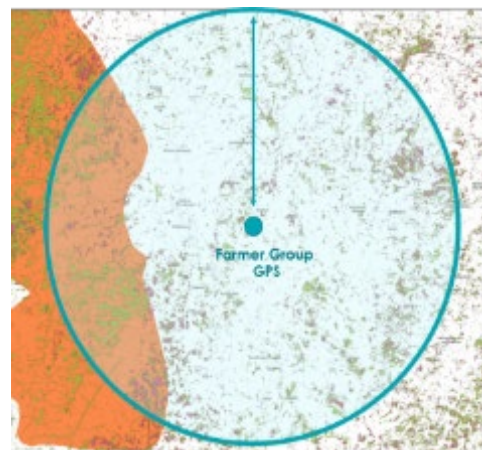
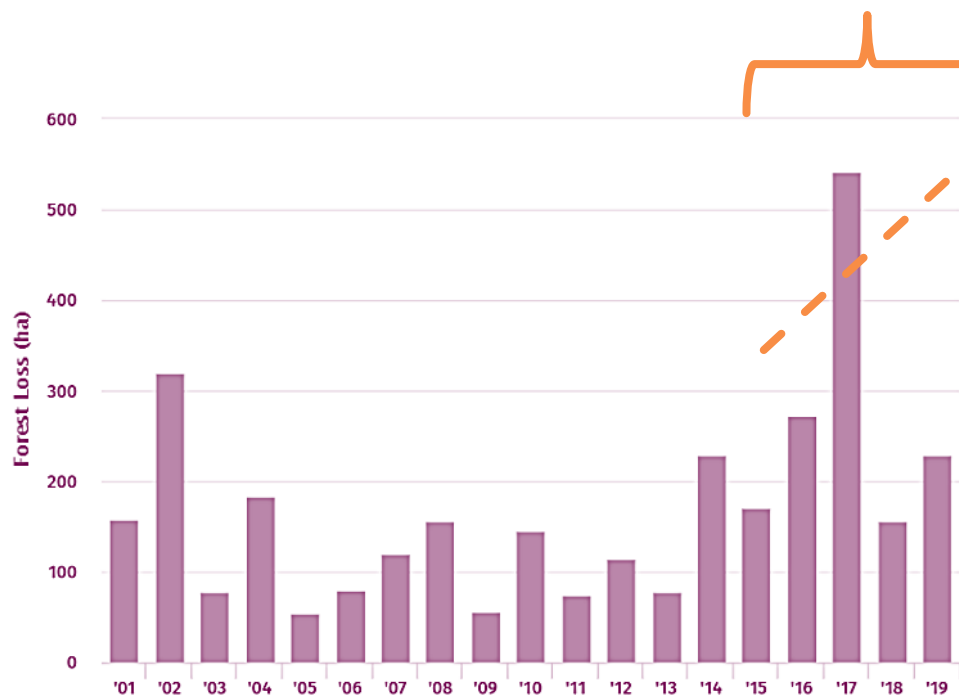
AtSource Metric 63: Landscape Deforestation Risk Index

<https://www.atsource.io/methodology.html>

1. We Create an estimated Supply-Shed / Sourcing Landscape for the Area the Farmer Group operates in
2. We Use Global Forest Watch (GFW) to measure the Past 5 Years Forest Loss to estimate current/future Risk
3. Then we benchmark the LDRI score to identify High Risk sourcing areas for Monitoring and Remediation Programmes

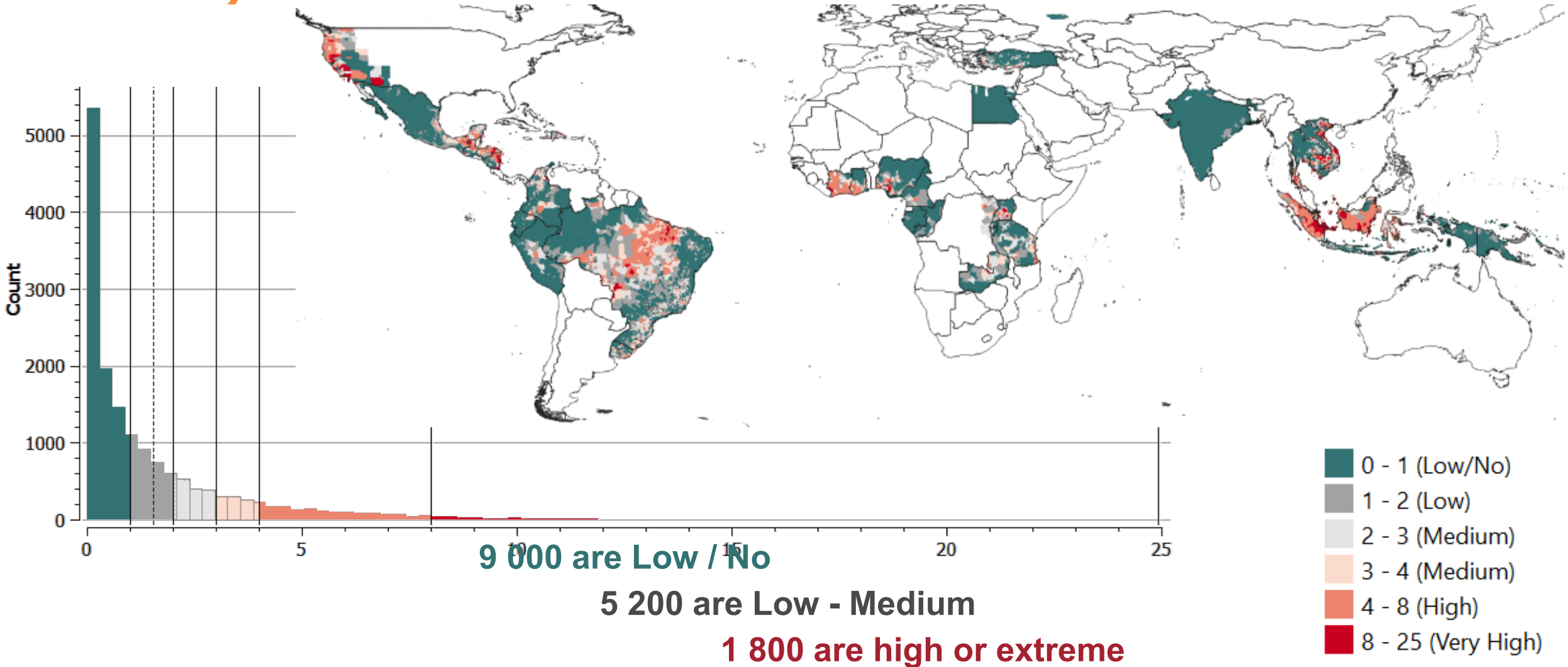
LDRI Looks at the trend in the last 5 years...

... to identify the risk to Trees in the surrounding landscape

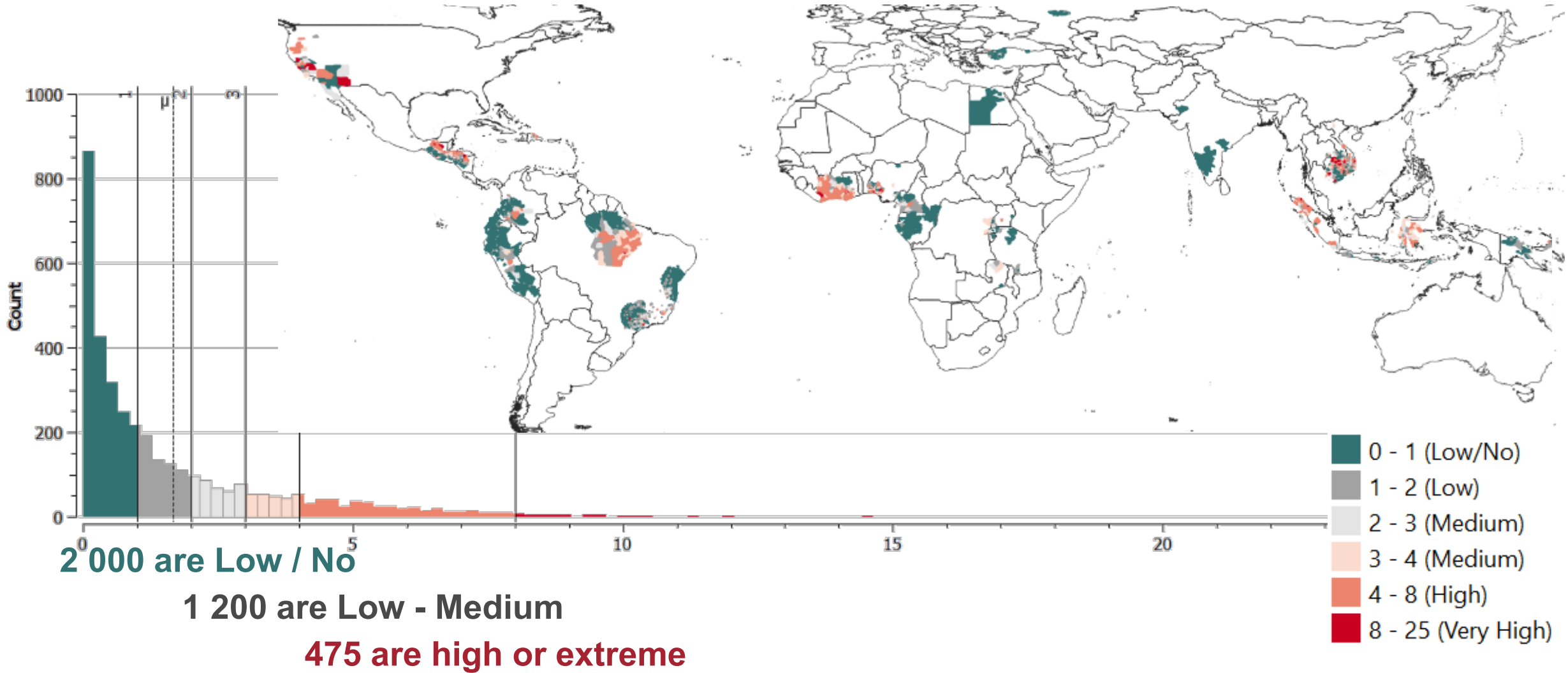


Is this Farmer Group operating in a High-Risk Sourcing Area?

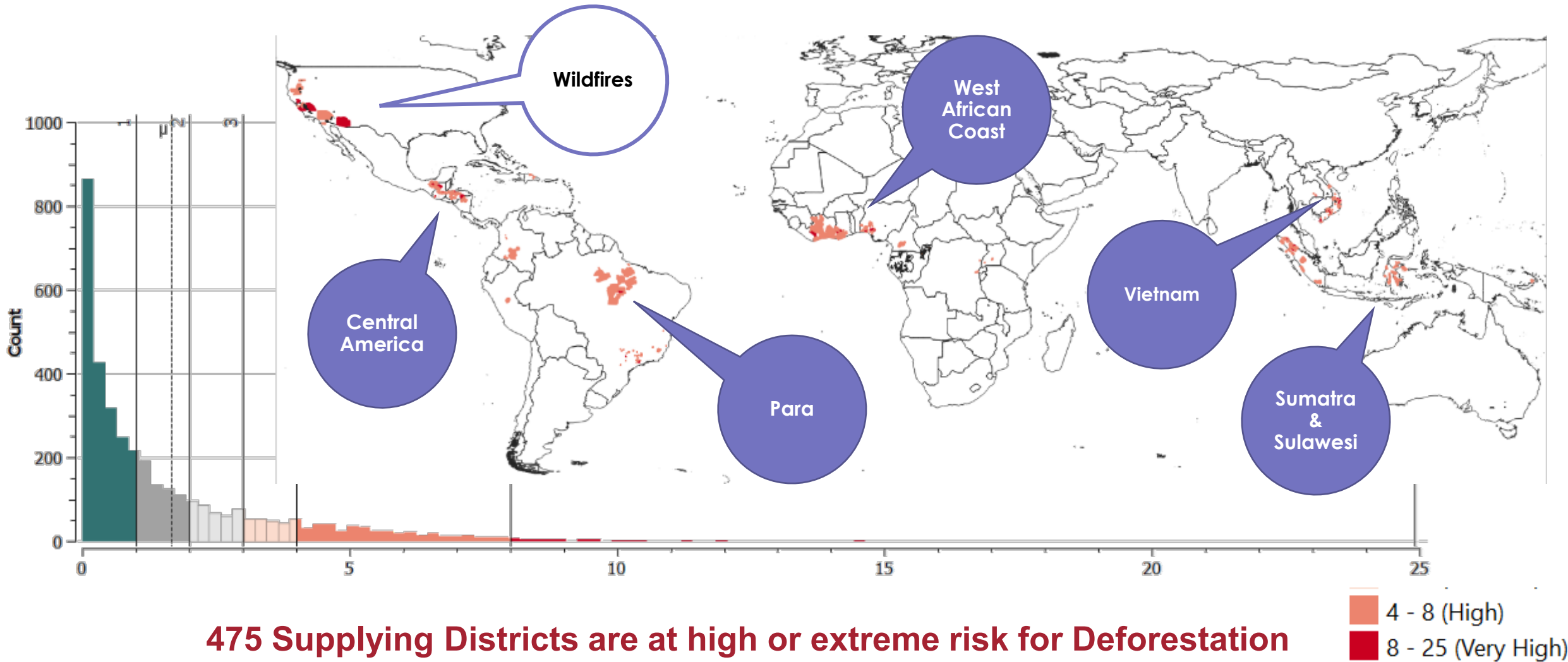
How is OFI Benchmarking Deforestation Risk? (We ran our FLRI Method on 35 Countries at Local Admin-02 Level)



How does Risk look for OFI sourcing locations (supplying jurisdictions) within those countries?

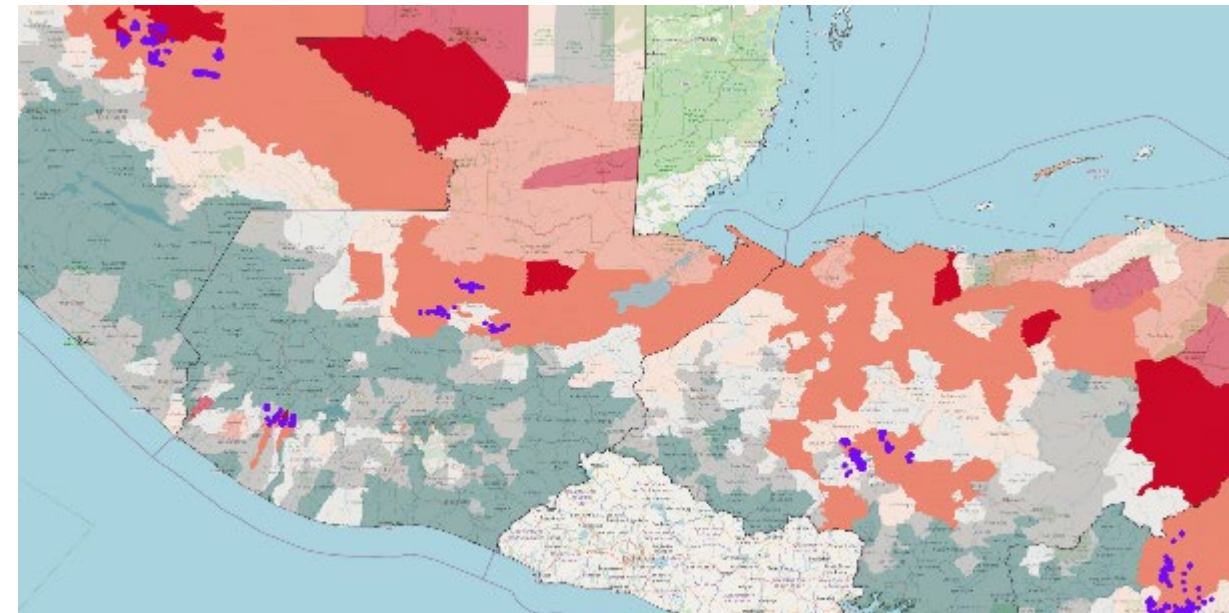
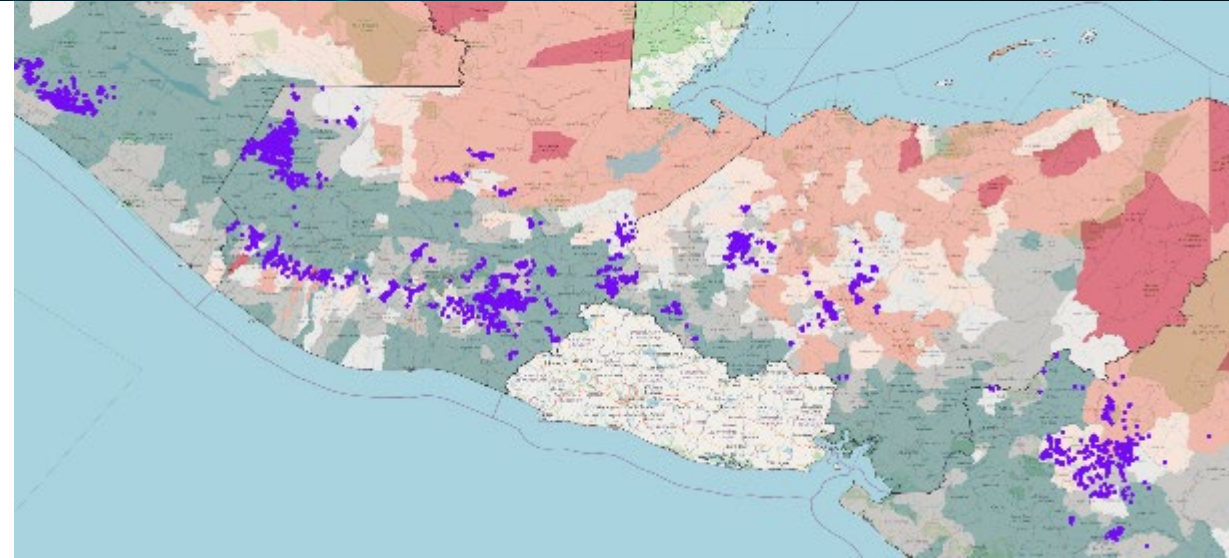


Prioritize the Highest Risk Hot Spots for the entire Supplychain



Deforestation Risk Management

- For Premium / Direct (AtSource) Volumes
- &
- For **High-Risk** Jurisdictions:
 - **Map** OFIS
 - **Monitor** GFW-Premier
 - **Remediate** Programmes
- Minimize Polygon Collection Costs
- Monitoring Service allows continued Sourcing
- Targeting Remediate Programmes on High Risk Areas FIRST will bring LUC/Deforestation KPIs down fastest*



Remediation Reduces Cost-Burden of Due Diligence Over Time

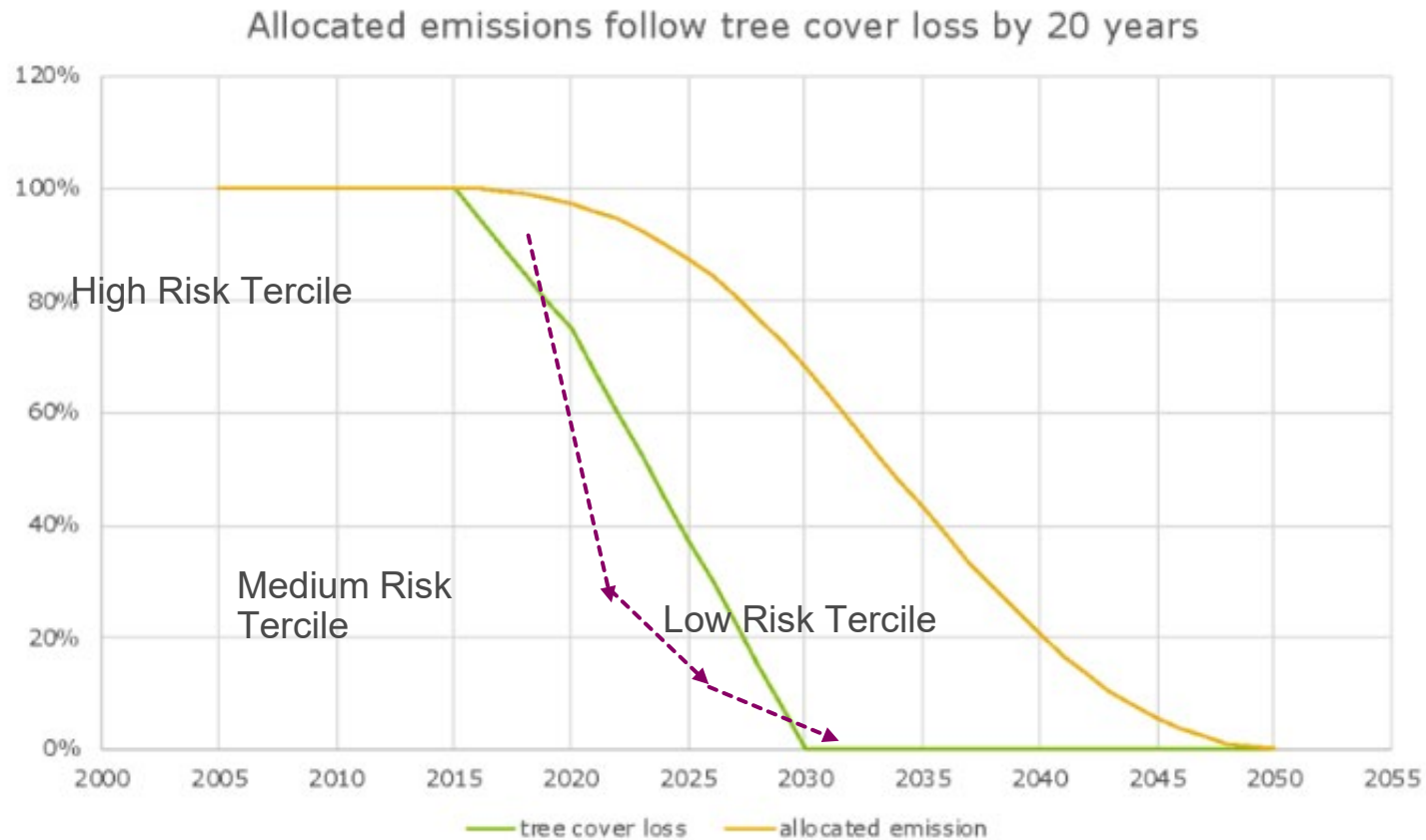
	Low / Medium Risk of Deforestation	High Risk of Deforestation
Direct & Premium sourcing (Farm Level Linked):	<p>D - Simplified Due Diligence: Premium and Direct Sourcing at OFI is already traceable to farm level, but does not require forest monitoring or remediation</p> <ul style="list-style-type: none"> • Map OFIS • Monitor GFW-Pro-Premier • Remediate Programmes 	<p>C - Enhanced Due Diligence: Known Hot-Spots are already mapped, monitoring can be immediately implemented and programmes reported</p> <ul style="list-style-type: none"> • Map OFIS • Monitor GFW-Pro-Premier • Remediate Programmes
Conventional and Indirect sourcing (No precise farm location from 3 rd party supplier)	<p>A - Simplified Due Diligence: Low and Medium Risk Jurisdictions only require 'simplified' Due Diligence by EU Deforestation Regulation. Segment Indirect Volumes by local sourcing area will provide</p> <p>% of Volumes from Low / Medium Risk Areas % of Volumes from High-Risk Areas</p>	<p>B - Enhanced Due Diligence: Conventional supply at high risk will be transformed into premium/direct sourcing due to the required forest monitoring & remediation</p> <ul style="list-style-type: none"> • Map OFIS • Monitor GFW-Pro-Premier • Remediate Programmes



What are External Parties Expecting Next?

- **EU Deforestation Regulation:**
 - **Total Hectares under Production** by Product – Origin (Direct /Indirect, Conventional and Premium/Verified)
 - % of Total Hectares at '**High Risk**'
 - % of Total Hectares at '**Medium Risk**'
 - % of Total Hectares at '**Low/No Risk**'
 - % of Total Hectares **under** Deforestation **Monitoring**
 - **Hectares of Deforestation** by Product – Origin* (attribution to commodity undefined)
- **SBTI FLAG Project / GHG Protocol:**
 - **Total Volume Sourced** by Product – Origin (Direct /Indirect, Conventional and Premium/Verified)
 - % of Volume originating from '**High Risk**'
 - % of Volume originating from '**Medium Risk**'
 - % of Volume originating from '**Low/No Risk**'
 - % of Volume **under** Deforestation **Monitoring**

Control Deforestation in 8 years to Control Scope-3 Emissions in 28 years: SBTI FLAG Target



- ← Bring Curve Down **FASTEST** by first monitoring / remediating Highest Risk Jurisdictions
- Don't invest in **LUC-e**/Deforestation reductions in 66% of medium or low risk areas until AFTER High Risk is addressed.

SBTI FLAG January 2022 Draft Methods - <https://sciencebasedtargets.org/resources/files/FLAG-methods-addendum.pdf>