



Living Landscapes Policy

ofi **Group Limited**





Version Control

Action	Date	Revision	Group
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Contents

1. Introduction	4
2. Vision and Objectives	4
3. Key terms and concepts	4
4. Organizational Capability	6
5. Implementation	7
6. Ongoing Commitments of the Living Landscapes Policy	9
7. Responsibility for the Policy.....	10
8. Continuous Improvement.....	10



1. Introduction

Unsustainable farming and land use practices are a leading cause of environmental damage, causing soil erosion, water shortages, pollution, eutrophication, deforestation and habitat loss, and accelerating or worsening the impacts of global climate change. **ofi**'s purpose is to “*Be the change for good food and a healthy future*”. We must therefore shift away from an extractive model of farming, moving towards regenerative agriculture, becoming forest positive, and helping to build natural capital in the form of biodiversity, soil, water and carbon in our sourcing areas.

Solving the many challenges of unsustainable farming requires collaboration between many actors at the scale of individual farmers, communities, growing regions, landscapes and countries. Where key actors build a shared responsibility for action, it is possible to halt degradation, reverse previous harm and eventually transform whole landscapes towards positive impact for people and planet. Therefore, where we can work with others at scale, we aim to foster living landscapes¹ where prosperous farmers, thriving communities, and healthy ecosystems coexist for the long term.

2. Vision and Objectives

To deliver on our overall purpose, **ofi** Group Limited and its subsidiaries (“**ofi**”) aims to be the preferred partner for positive change, working across our product platforms (Cocoa, Coffee, Nuts, Spices and Dairy) and with our suppliers and partners to regenerate the living world in farming landscapes, supporting climate action toward Net Zero.

To this end **ofi** will:

- Adopt a forest positive approach¹, ensuring no deforestation in our own operations and managed lands, ending supply chain and supplier-driven deforestation, driving positive transformation in key sourcing landscapes (including ecosystem conservation, protection, and regeneration), and using aligned metrics to report on our progress
- Implement Regenerative Agriculture¹ practices in our own farms, orchards and estates to create value and resilience, and support our suppliers and farming communities in our sourcing regions to do likewise on and around their own farms.
- Ensure no unacceptable practices¹ in our own operations and managed lands, requiring suppliers to eliminate unacceptable practices from our supply chains, helping them where feasible to plan and act accordingly, and expecting them to do so across their entire business.
- Define, measure, and monitor the impacts (both positive and negative) of land use management and land use change associated with our operations and supply chains.
- Set out, implement, and periodically review suitable strategies, targets and timelines related to these objectives in our own operations and our supply chains.

3. Key Terms and Concepts

Living Landscapes

For **ofi**, a living landscape is a key sourcing area where we work with farmers, communities and other partners to achieve transformative positive impacts at scale, to regenerate the living

¹ Living landscapes, forest positive, regenerative agriculture (Regen Ag) and unacceptable practices are defined in section 3 of this Policy.



world: building natural capital on and around farms and protecting and restoring the ecosystems whose services are essential to life. Supporting farmers' livelihoods, respecting their rights and enabling communities to access services such as education, health and economic opportunity are central to this transformation.

In Living Landscapes, local voices play an important role in decision-making processes, whilst farms and the natural ecosystems within and around them are a source of pride, prosperity, resilience and wellbeing for the people who live and work there.

Living Landscapes are a focal area for the shared efforts of committed stakeholders to slow, halt and eventually reverse the negative impacts of human activities, including deforestation and land degradation. Living Landscapes are not static, but dynamic, adaptive, and resilient to change.

Regenerative Agriculture:

We define regenerative agriculture as an approach to food production, that improves farmers' livelihoods and resilience by ending harmful and destructive practices, optimising inputs, and working with nature to build and restore Natural Capital (Soil, Water, Biodiversity, and Carbon) on and around farms. Regenerative practices are always context-specific and adapted to agroecological conditions. The regenerative journey is based on avoiding, reducing, and ending harmful agricultural practices on farm and off-farm. It is also about progressively adopting and improving agricultural practices that contribute to the restoration and enhancement of soil health, water, biodiversity, and climate. **ofi** provides separate guidance on its regenerative agri framework, relevant practices, KPIs and alignment with key stakeholders.

Regenerative agriculture happens primarily on and around farms. It tends to create a matrix of more wildlife-friendly productive land, that complements positive actions at the broader landscape level, such as ecosystem protection and restoration, water catchment management, and enhancing habitat connectivity through corridors and stepping stones.

Forest Positive:

We adopt a four-part Forest Positive approach²:

1. Accelerate efforts to remove commodity-driven deforestation from our individual supply chains
2. Set higher expectations for suppliers to end deforestation across their entire supply base
3. Drive transformational change in key commodity landscapes (our 'living landscapes')
4. Define common, measurable outcomes to track and report individually and collectively

Our requirements on deforestation are for:

- no deforestation in our own operations and managed agricultural lands
- direct supply chains (where we know the farms, farmer groups/communities or growing area) to be deforestation-free
- indirect supply chains (where we may not have traceability to the farm or farmer group), risk to be reduced to negligible levels.

The EU Deforestation Regulation cut-off date is 31st December 2020, with specific related actions and commitments set out in **ofi**'s Choices for Change strategy.

² See: "knowing our role", Forest Positive Coalition - <https://www.theconsumergoodsforum.com/environmental-sustainability/forest-positive/about/mission/> accessed Sept 2024



Unacceptable Practices in Land Management

The following unacceptable land use practices are not permitted in our operations or third party supply chains, and if present, must cease and where possible, be remediated:

1. No illegal activities:
 - Full compliance with applicable national and international laws³, including human and labour rights,
 - Respect Legally Protected Areas or Internationally Recognized Areas
2. No conversion or degradation of critical habitats such as High Conservation Value (HCV) areas⁴ and other nationally recognized conservation priorities.
3. No conversion or degradation of other important natural habitats including forests and peatlands of any depth.
4. No use of fire in land preparation including planting and replanting.
5. No development without the Free, Prior, and Informed Consent (FPIC)⁵ of indigenous peoples and/or local communities, recognizing traditional and customary rights.

4. Organizational Capability

ofi's Living Landscapes Policy applies to all **ofi**'s product platforms, including upstream production and third-party sourcing. **ofi** already has in place a suite of sustainability policies, codes and business strategies which align with the Living Landscapes Policy:

- **ofi** corporate sustainability targets and framework (the “**ofi** Choices for Change”)
- **ofi** Supplier Principles and Agri Supplier Code
- **ofi** Responsible Sourcing Palm Oil Policy
- **ofi** Fair Employment Policy and Code of Conduct
- **ofi** product platform sustainability strategies including Cocoa Compass, Coffee LENS, Cashew, Almond and Hazelnut Trails, and Dairy Tracks.

In support of the Living Landscapes Policy, we leverage key organizational capabilities including:

- Our highly motivated global team, bringing many years of experience and a high level of expertise in all aspects of sustainable food production, from theory to practical application.
- Our capability to provide end-to-end traceability to individually mapped farms (where required) or to farmer groups and grower communities in our direct supply chains.
- Our suite of digital tools and partnerships to detect deforestation risk events, map land use change and monitor GHG emissions from forests, land and agriculture (FLAG)

³ Including compliance with regulations in our end markets including the European Regulation on Deforestation-free Products (EUDR), US Tarriff Act on forced labor, European Due Diligence regulations and others.

⁴ As defined by the HCV Network: <https://www.hcvnetwork.org/> accessed Sept 2024

⁵ FPIC is a principle enshrined in international treaties and conventions such as the UN Declaration of the Human Rights of Indigenous Peoples and ILO Convention on Indigenous and Tribal Peoples and in various certification and investment standards, including the IFC, FSC, RSPO and many others.



- Our sustainability management system, AtSource, which supports high level planning through country risks including forest risks and human rights risks, and supplies detailed, farmer-group level sustainability insights for our own growing operations and direct supply chain
- Our global portfolio of sustainability programs meeting the requirements of third party certifications as well as AtSource, including a top tier of large-scale, multistakeholder landscape collaborations.
- Our network of partnerships and alliances with customers, NGOs, other businesses, local and national governments, research organizations and independent experts, addressing key relevant aspects of governance, reporting, and sectoral initiatives.

5. Implementation

Across our operations:

- We uphold the law, the **ofi** Code of Conduct and other **ofi** policies and codes that govern our operations, including labor, social security and environmental laws and regulations. If requirements of this Policy differ from requirements set out in applicable laws, **ofi** shall apply the higher standard.

Within our own developments:

- Where **ofi** manages agricultural operations, we integrate our Living Landscapes Policy objectives in our operational goals and targets, due diligence, planning, standard operating procedures, and reporting framework.
- Where necessary, product platforms may develop specific policies, codes or standard operating procedures, which interpret the Living Landscapes Policy in an appropriate form.
- Our product platforms may choose to comply with credible international certification standards⁶ where available, and supplement certification requirements with additional elements of the Living Landscapes Policy.

Within our third-party supply chains:

- Each **ofi** product platform takes a risk-based approach to address the vision, objectives, requirements and commitments of this Policy, and establishes strategies and plans appropriate to our role in growing, sourcing, processing and trading each crop and commodity.
- The requirement to end deforestation and eliminate unacceptable land use practices applies to all our suppliers.
- We define and monitor relevant risk metrics (including land use management and land use change) at the level of the country, subnational division, supply chain, farmer group, and farmer level as appropriate, and monitor alerts on deforestation and land use change in our supply chains, up to the farm level as technology allows.
- We establish time-bound plans prioritising high risk supply chains to implement and ensure the Living Landscapes policy is respected by our suppliers.
- Where we source directly from third parties, and therefore know the farms, farming communities or growing areas which produced our raw materials, but do not manage

⁶ Such as those which meet the ISEAL Codes of Good Practice <http://www.isealalliance.org/our-work/defining-credibility/codes-of-good-practice>



operations at the farm level, we engage with our suppliers with the aim of ensuring that they conform to our Policies, including the Living Landscapes Policy, through the signature and application of the **ofi** Agri Supplier Code, followed by suitable verification to ensure no deforestation.

- Where feasible, we support sustainability programs which align with the aims of this policy, including the elimination of unacceptable practices, the implementation of regenerative agriculture practices, and a landscape approach to sustainable farming (as applicable). These programs set specific targets, apply suitable practices and tools and report appropriately to that product platform and supply chain using common metrics and reporting standards.
- In conventional (indirect) supply chains, where we or our suppliers may not yet be able to trace products to specific farmer groups or growing areas within an origin, we engage with our suppliers where permitted on the **ofi** Agri Supplier Code, and support collective action with sectoral and public platforms to address the threats of land degradation and ecosystem loss at a sectoral, subnational or national level, aiming to reduce our risk to a negligible level.
- We investigate any occurrence of unacceptable practices detected in our supply chains through our systems or credibly reported by a supplier or third party. If these are confirmed, we suspend sourcing from the responsible party and seek prompt remedial action with a time bound plan. If a supplier is not willing or able to comply with our requirements for time-bound remediation, we will cease doing business with them.
- Our cut-off date for deforestation is from December 31st, 2020, and our product platforms may choose to adopt an earlier date according to the demands of their sector. Acknowledging that simply excluding at-risk regions or suppliers from global supply chains may not solve underlying problems, or may even aggravate unacceptable practices, we may enter programs or initiatives with suppliers and partners on a case by case basis and in compliance with the law and our Code of Conduct, where our participation is deemed critical to halting unacceptable practices or reversing more recent land use change.
- In order to discourage suppliers from segregating at-risk commodities to other buyers and markets, thus avoiding responsibility to tackle unacceptable practices and negating the impact of no-deforestation policies, we identify suppliers in high-risk areas and engage with them on the need to remove or remediate these practices from their entire supply chain. Depending on the severity of the risk, suppliers who do not demonstrate a willingness to do so may be suspended or discontinued, even if no non-compliant product has entered our supply chains.
- Our Living Landscapes Policy is designed to be applied in conjunction with our other Corporate Policies. The **ofi** Agri Supplier Code or product-specific sourcing policies and standards⁷ can be adapted to the specific circumstances of our widely varying crops and origins, but as stated above will never provide less protection than the **ofi** Living Landscapes Policy. Where we source directly from smallholders, the language and implementation tools we use will be adapted to take into account their technical capacity and training needs.

⁷ <http://www.isealalliance.org/our-work/defining-credibility/codes-of-good-practice>



6. Ongoing Commitments of the Living Landscapes Policy

To ensure successful application of this Policy group-wide **ofi** will continue to:

- Maintain and periodically update product-specific strategies, action plans and time-bound targets related to this Policy (e.g. Cocoa Compass, Coffee Lens, Cashew Trail)
- Catalyze, build and support effective multistakeholder partnerships for living landscapes in key sourcing regions
- Participate in and support multistakeholder frameworks supporting the elimination of unacceptable practices in agriculture and adoption of landscape principles for sustainable food production (for example, the World Cocoa Foundation Cocoa and Forests Initiative, the Tropical Forests Alliance and the UNCCC sectoral 1.5°C Roadmap, as well as applicable national regulatory frameworks).
- Maintain an **ofi**-wide system for assessing country and product specific supply chain risks addressed by this Policy (including AtSource country-level multi-risk screening, sub-national/landscape level and where feasible farm-level deforestation risk indices, and active deforestation alerts)
- Maintain maps of our own orchards and estates on our website.
- Cover the specific requirements of this policy (i.e. FPIC, protected areas, HCVs, forests and natural habitats, FPIC) in environmental impact assessments (EIAs) for new upstream developments or acquisitions, and maintain public summaries of relevant environmental impact assessments (EIAs) according to good practice
- Maintain and periodically update key performance indicators (KPIs) related to this Policy, in line with evolving industry standards (e.g. Land Use Change and Forest Loss Risk).
- Suitably audit or verify relevant KPIs and report on our overall progress in our Annual Reports and relevant ESG benchmarks (e.g. CDP, GRI, SASB).

Specific to third party suppliers, we will continue to:

- Maintain and improve our engagement with third-party suppliers on environmental and social risks through the **ofi** Agri Supplier Code, continue to grow the traceable volumes in direct supply chains and strive to reduce to a negligible level the risks inherent in conventional supply chains.
- Continue to expand and improve our sustainability programs with farmers and farmer groups, support rural livelihoods, improve access to essential services in farming communities, encourage regenerative agricultural practices in our direct supply chains and sourcing areas, compliant with AtSource or other third party standards
- Maintain and improve our mechanisms for addressing non-compliance with this Policy by any supplier.
- Maintain a Grievance Procedure related to third party sourcing, allowing all stakeholders to communicate grievances to **ofi** and report on progress in grievance resolution.
- Report on non-compliance issues in our supply chains and disclose our approach to correcting the issue, or our eventual disengagement from non-compliant suppliers.
- Supply third party verification on an increasing proportion of actions and metrics related to this policy.



7. Responsibility for the Policy

ofi's Chief Sustainability Officer will review and periodically update this Policy, and the central sustainability team will embed its provisions into **ofi** processes, supporting businesses with suitable tools including risk definitions and metrics, risk assessments and alerts, guidance to apply Policy requirements, support for program development and partnerships, and reporting on progress.

ofi origin teams are tasked with implementing this Policy in our own estates concessions and farms, and with our third party suppliers, including:

- Operationalising and maintaining the Policy requirements in our own operations.
- Engaging with suppliers, obtaining their signature and compliance with the Agri Supplier Code, where permissible, and keeping relevant traceability and other chain of custody records,
- Collecting metrics required under this policy and its applications to report or verify land use management, land use change and trends over time in our supply chains and operating landscapes, as defined with the Sustainability function.
- Investigating high risk suppliers flagged by risk assessments and alerts, understanding the nature and extent of non-compliances, and establishing action plans as required
- Managing the resolution of non-compliances, including grievances related to this policy, tracking action plans and progress on addressing non-compliance. and maintaining a register of approved suppliers
- Developing and implementing partnerships and programs as appropriate to address the drivers of unacceptable land use change and effect positive change
- Maintaining records of trainings, action plans, program deliverables and outcomes relevant to this policy and to product specific strategies such as Cocoa Compass, Coffee Lens and Nuts Trails.

ofi's business heads and senior leadership team will ensure that **ofi** businesses comply with this policy and embed **ofi's** positive impact ambitions into **ofi's** commercial strategy. The **ofi's** Board Sustainability and Governance Committee will periodically review **ofi's** strategy and progress against this Policy, guide further improvement, and hold **ofi** accountable for its implementation.

8. Continuous Improvement

ofi recognizes that ending deforestation, promoting regenerative agriculture, and protecting or restoring forests and ecosystems at a landscape scale are amongst the greatest and hardest challenges we face. The actors in this space are exposed to many new and evolving frameworks and regulations for planning, implementation, and reporting, some of which may set up conflicting expectations or unintended consequences that require difficult choices. Navigating this space is complex and requires ambition, expertise and persistence as well as patience and humility.

During the implementation of this Policy, we will seek the advice of our multi-stakeholder network of relevant experts, development agencies, national institutions, investors and civil society, to guide us through the challenges ahead, and to contribute to our continuous improvement.

This Policy will be reviewed periodically and at least every 5 years, and our commitments will be updated accordingly.