



Santa Marta, Colombia - 28th of July, 2010

To all Stakeholders;

Re: Las Pavas Situation Assessment by Independent Consultants

On November 2009 DAABON agreed to support an independent study of the Las Pavas Case, coordinated by The Body Shop and Christian Aid acting through *Fundación Ideas Para La Paz* (FIP). We would like to take this opportunity to thank them for the role played in helping us to find an integral solution; it has been a very challenging process and we appreciate their efforts towards identifying ways ahead. We would also like to thank all stakeholders that have raised concerns, engaged constructively and contributed their experience and practices in similar cases around the world.

The independent consultant report presents a balanced picture of the social, political and economical realities of the South of Bolivar Department. It highlights key issues that need to be addressed by the Colombian oil palm industry – including ourselves -, the national government, and local authorities when considering further oil palm developments in this particular area.

Although we believe the report falls short in identifying ways in which this community could potentially break a circle of poverty, stuck-in for decades, and also its scope is not focused on the Pavas Farm *per se* (but the whole Papayal Area), we have to acknowledge that the report has made us aware of key aspects and profound social differences that contravene our well intended inclusive and sustainable agenda. The report points out mistakes made from both sides: The Consortium and the community and its representatives. As members of the Consortium we would like to accept our share of responsibility in this case.

DAABON would like to officially inform all our stakeholders of changes in our sustainability governance and initiatives adopted as a result of the learning from the Las Pavas Case; these changes are part of our voluntary commitment and own initiative toward sustainability. DAABON welcomes any comment or constructive contribution from any of the stakeholders:

1) Management System for Future Developments: We have realized that our participation and influence at early stages of the Las Pavas project as a 50% shareholder of Consortium El Labrador was not sufficient. For future venture developments, DAABON has created a team dedicated to ensuring that our philosophy is preserved and guaranteed in every step of the venture forming process, land acquisition and development phases. We have vast experience and knowledge in sustainable oil palm production and we need to ensure this is put in practice in all our projects whether ventures or solely owned ones.





2) DAABON is adopting the Free, Prior and Informed Consent (FPIC) for all our new development: Given the historical security context of our country and of this region in particular, this cannot be considered as an obvious step. We think that FPIC will help us to build constructive relations with local communities, reducing the risk of animosity and increasing benefits to all. Nonetheless, as it is with other standards and frameworks, an adjustment to the realities of Colombia will be necessary. As a result we will liaise with Forest Peoples' programme directly and other stakeholders to identify best practices and best ways to adopt this framework for all our new developments. We will be making an official announcement within the next 5 weeks which will include a more exact timescale of this process.

3) Stakeholder Engagement: We see stakeholder engagement as fundamental to being a socially responsible company. In this respect we believe the FPIC will help us to improve the engagement with the local community. Equally we hope that we can develop partnerships with key stakeholders of the industry to share our experience in developing sustainable agriculture in Colombia.

4) Environmental Management System: We are strengthening our documentation, procedures and controls in all environmental management process to ensure future developments on Las Pavas or any other project is done in accordance with international best practice. We will look to develop partnerships with key stakeholders specialized in environmental issues to share experience and guarantee transparency in all our projects.

With regard to Las Pavas, the Consortium has ceased any development activity for which environmental permits are not yet secured.

The Consortium has appointed an environmental management specialist to be on site in Las Pavas and ensure that environmental management plans are implemented and that systems run correctly. This manager reports directly to the DAABON Sustainability Department as to employ procedures within our administration.

With regard to the plan to publish a map, which claims that palm should not be grown in this region for environmental reasons, we have discussed it in depth with FEDEPALMA. According to them "*there is not sound evidence to back up these findings*". We feel this will require further discussion between FEDEPALMA, the government, the private sector and other key members of the industry, and of course we are monitoring carefully any official outcome at this respect and we are committed to implement any changes if required. Regardless, it is important to mention that the area has been used for agriculture since the early 1960's.

Many companies are developing oil palm in South of Bolivar, and unfortunately many of their actions have been blamed on the Consortium and consequently on DAABON, although we have permanently communicated our accurate developments in the area. We would like to extend a call on all companies to engage in production of palm in a sustainable manner, to engage with the local communities as to inform and propose new economy and social dynamics.

Further, we would like to extend our petition to both national and local entities whereas to straighten their procedures and response times with regards to land tenancy and purchases; on which ASOCAB and the NGO's commit to a constructive dialogue with the local authorities and the private sector. The formulation of joint solutions is paramount for the livelihood of the local communities. While building bridges is not always easy, we foresee it as the only way to prevent conflict.





As far as our existing operations are concerned, we would like to underline that the Las Pavas case will not impact our ongoing commitments and certifications. One of our key certification bodies ECOCERT, who has inspected and visited all DAABON plantations on numerous occasions, independently visited the Pavas Farm. The inspection was carried out by two experienced international auditors who are familiar with the country, both being farming and rural development experts. All stakeholders were interviewed, including farmers and their families while the assessment underwent. No concluding information received or observation made by the auditors gave ECOCERT grounds for determining that DAABON's certificates should receive any change of status. Consequently, current operations based on organic, fair-trade and ongoing schemes operate normally.

Over the past 20 years DAABON has made every effort to build a business which is run on robust and sound sustainability principles and practices in a country where poverty, historical exploitation of rural populations and security are big issues to overcome. We refuse to be indifferent and rather we choose to be proactive in finding solutions to the many challenges facing Colombia. Taking action and a leadership role will always expose us to making mistakes and facing controversy. We cannot promise perfection, but we can pledge to never give up and guarantee that finding solutions to sustainability dilemmas will always be at the heart of our strategies and operations. We would like to reassure you that as an ethical and responsible sustainable producer, we are learning and will make our outmost efforts to avoid any similar situation from occurring in the future.

Based on the results of the study and after a careful examination we are currently formulating ways forward. We remain open to a dialogue with the community and its representatives, in order to understand how we could be instrumental to bring progress to the area. This was and still is our underlying objective. Nonetheless the study made us realise that continuing our palm project in South of Bolivar will be extremely challenging and will require high commitment and reconciliation from all parts, but upon everything will require the recognition by the stakeholders that palm oil is viable for the region.

We will keep all stakeholders informed of any further development.

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