



## Frequently Asked Questions

- **How was the land for the plantation acquired? Who purchased it? Who was it purchased from? Who owns the title? How does land tenure function in the Santa Marta region? When was the land acquired?**

Oil palm sold by DAABON is grown on two types of land – company/family-owned and small-holder owned. Land acquisition for the DAABON group is a process that involves strategic analysis and agricultural knowledge, since not always the land that is available can be used for organic agriculture.

The majority of company-owned land was acquired by Davila-Abondano family in the form of estates dating back 3 generations to the 1950's. The family originally used the land for cattle rearing, but was converted into organic palm in the late 1980s. As the company grew bigger, land was bought negotiating directly owner-to-owner. DAABON is not involved in any major expansion, with new land parcels typically consisting of 200-500 hectares.

Small-holders in the region are encouraged and supported in creating *Allianzas* (co-operatives). This way they can access government credit and achieve technical assistance from DAABON to convert to organic and sustainable production methods. All smallholders in the *Allianzas* own the full title to their land. Today 20 % of fruit processed at our mills is from *Allianzas* and their independent providers.

Land tenure is under complete ownership (i.e. not tenanted), enforced by the local land tenure office, the police and the mayor's office. They record the previous use of land and follow the ownership of it. Every legal transaction has to be registered at the same offices, with the involved parties physically present. Titles of all our land transactions are available as public documents, including the amount of the transaction.

- **What was the land used for prior to the company's arrival? (Agricultural purposes, old plantation, indigenous land, secondary forest, primary forest, etc.)**

Land in the region has almost solely been used for agriculture. The region has developed on the back of cattle rearing and various crops, including corn, rice, cotton and banana



back in the early 1900's with the United Fruit Company development. All of the land

developed by DAABON has been used for commercial agriculture for centuries, and there have never been any ownership claims by indigenous groups.

Many of the small-holders in the palm *Allianzas* were previously growing rice, which provided a very low and highly insecure income, which kept them in permanent debt with the processing mills.

There are relatively small tracts of remaining primary and secondary forest in the region, and these are legally owned by DAABON. When the land was acquired, Mr. Alberto Davila (DAABON Group President) was committed to preserving and protecting the only remaining natural forest left in the area. Today, the company considers these areas as great assets, not only because it is the last piece of untouched land (birds, monkeys and "palm bears" live there), but because there are species that actually serve as a neutralizers, thus protect the organic crops.

- **Where is DAABON located? Is there any relationship between any conflict areas and those where DAABON is located?**

Our farms are located in the northernmost region of Colombia, in the Magdalena and La Guajira Departments. We do not relate with companies that are not part of the National Federation of Palm Growers (FEDEPALMA), which has a stringent filter amongst its associates. Above that, our product is Identity Preserved to ensure organic standards and the highest quality in the industry. This basically means that every drop of oil leaving our refinery and/or extraction mill has been sourced either from our own plantations (80%) or the *Allianzas Scheme* (20%).

- **What are the living and working conditions for laborers? How is the system set up? What wages do workers earn? Do laborers live on site? If not, how do workers arrive at the job each day? Do they get paid hourly? Monthly? Is health care provided?**

All workers at DAABON earn a wage exceeding the Colombian minimum wage of USD 210. Wages consist of a basic rate plus a premium per ton of fruit collected. The wages fluctuate slightly with season, but are generally 25-30% above the minimum

wage. Benefits for all workers include annual leave, sick leave, pension plan and health care (for workers and dependants).



Laborers do not live on site, since the plantation is located near a village where 95% of the employees live. DAABON provides busses from the village to the farm or lot and back.

All employees on the DAABON Group get paid monthly, directly deposited by the company into an account of any national bank. Workers are advised to have a checking account for security purposes with a debit card that they can use at the nearest ATM.

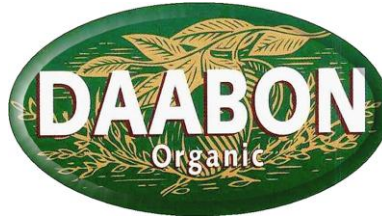
- **How many workers are employed? What are the various types of work that people do? What levels of jobs do people hold? What is the nature of employment – seasonal, temporary, contractual, or yearly?**

DAABON (Complete line of businesses) has over 2000 employees, almost 300 overseas. We do not employ any seasonal or temporary workers. This practice was abandoned in 2005, partly to achieve a higher level of occupational safety – which can be difficult to manage with occasional workers.

The DAABON group employees are directly hired by the company, based on a contract for a year. This contract renews automatically and can be undone either by the company or by the worker whenever. The company has to give a 3 month layout time before letting any employee go. Responsibilities to which the company and the employees are committed are available and on permanent display on-site in Spanish. Layoff procedures are standardized; starting with a letter from the manager or superior arranging a meeting with the person involved, plus an employee from the COPAZO (as a verifier), they have the chance to explain and clear-up the incident if any mix-up has occurred.

On the Palm oil plantations there are various jobs that are done on a daily basis but rotated by the age of the crops. A "*cuadrilla*" is composed of: a buffalo driver, a "picker" and a "cutter". There are other jobs like a "plate cutter" that clears up the bottoms of the plants. These works are rotated every month, so the buffalo driver is going to be the "cutter" next month, and so on. Every *cuadrilla* has a manager that is responsible for the lot and the people on it; the number of *cuadrillas* varies depends on the size of the lot. There is an agricultural manager that meets daily with the lot managers to debrief the day's work. Every farm has administrative staff that manages paychecks, inventory, etc. We give preference to local employees in hiring procedures.

The composting plant has its own people and manager. There is usually a quality inspector, a tractor driver, "baggers" (provide compost for the Banana Plantations), and a general service person that works the pumps and organizes the direction of the



compost piles.

The mill also has its own staff and administrative service specialized in certain jobs. There is a permanent flow of truck drivers, fork lifters, HSQE personnel, quality assurance, laboratory assistants, general services (cooks and cleaning) and mechanics.

Field employees work 8 hour shifts, from 7:00 a.m. to 12:00 p.m and from 2:00 p.m to 5:00 p.m. Lunch is provided in every farm in facilities specially designed by DAABON for this purpose. Potable water is also available and employees are encouraged to fill receptacles and use it in their homes as well, since access to drinking water is not provided by the town.

- **Are the workers organized or unionized in any way?**

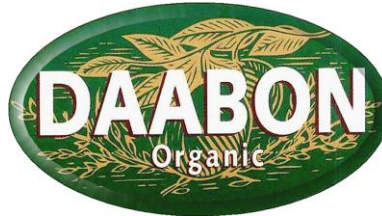
Palm workers are organized in so-called "COPAZO" which is a committee elected by the workers who meets weekly. This committee brings up any issues that the workers may have, and channel it to DAABON's Social Department Head, who is required to address the complaint or issue within 15 days, including a formal response to the committee. They also provide an independent support for mandatory actions, such as regulatory vaccination, medical examination, etc. COPAZO is also responsible for selecting providers of food services and other outsourced employee benefits. A representative of the company is also a part of this group. They only meet on working time.

- **Who does DAABON work with within the community? How are these contacts selected?**

DAABON has a number of programmes to support the development and well-being of local communities. We partner directly with small-holders in the area through the creation of the *Allianzas*, to whom technical assistance and credit facilities are extended. For the wider community, DAABON is funding community centres, which includes play-school facilities, health clinics and adult education classes. DAABON also provides assistance through donations through the Mayor's office, which funds e.g. hospital equipment, antibiotics and machinery for roads.

Our employees earn a portion of the premium price paid through our sales. These savings have been used, by employees to build schools, housing (almost 400 by the

end of this year), and sanitation. We have provided land and machinery and workforce to assist these initiatives.



Schedules have been set up in the whole company to teach illiterate employees reading and writing skills, with a view to obtaining a high school diploma.

- **What other forms of production or industry exist in the region in addition to your enterprise?**

The region relies entirely on agriculture, including rice, cattle, alligator nurseries, conventional palm crops, coffee, mangoes, cotton, sheep herding and banana. In recent years some tourism is also beginning to emerge in the region since security has increased dramatically.

- **How does DAABON view the difference between organic and sustainable production? In addition to growing organic palm oil, what is your company doing to operate in a sustainable manner?**

**Social:**

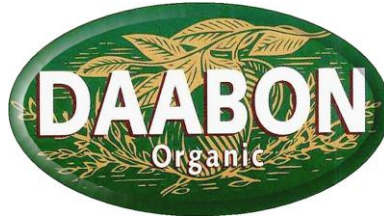
- ✓ Largest Smallholder venture in Colombia. We are in process of conversion to organic and sustainable through the RSPO certification (both in process).
- ✓ Technical companionship in agricultural, solid waste management, composting; we are helping smallholders be independent. We have transferred all our know-how.
- ✓ Health care provided to family of workers
- ✓ Enabling kids going to school instead of working on fields
- ✓ Young men actually have started attending colleges in other cities

**Economic:**

- ✓ Improved quality of life and a permanent source of income
- ✓ Stability in prices since we have agreed on floor prices for at least 20 years.
- ✓ Smallholders receive additional income through a foundation they have created to buy palm oil from independent producers.
- ✓ Smallholders can access credit with the company as a co-signer

**Environmental**

- ✓ Nutrient Cycling: Composting over 1900 tons/month of organic matter to use as soil improver, lowering our use of approved organic nutrient supplements.
- ✓ Water Efficiency: Natural Hooding over our canals have decreased the rate of evaporation of water in our farms thus lowering our water footprint; we previously had identified the claylike soils to prevent underground seepage.

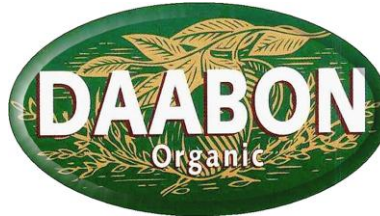


Local humidity and evaporation are constantly monitored so the crops are watered until needed and not flooded. Although our water comes from a

"water district" administered by the local authorities, there are farmers down the path using that same water.

- ✓ Biodiversity: We have identified the native biodiversity in our region. Hunting or capture of animals is prohibited in our farms. Employees have instructions to stay away and work in another zone in case of encountering any animal in the plantation. As mentioned above we have over 100 ha. of untouched dry forest. This dry forest and our "buffer strips" are considered corridors in which animals migrate and move both in and out of the farm and into their untouched safe zone. It is set up in such a way that the natural hooding for the water is also their migrating strips. We encourage planting trees in our plantations for birds, parrots and small monkeys.
- ✓ Buffer Zones: As a company policy, at least 12% of existing and new development has to be kept/regenerated to be connected with the main buffer strips if possible. This amount of land is independent to the 30 m. protection that waterways are legally entitled to and the possible areas used to isolate our crops from others conventionally managed.
- ✓ Zero Waste Policy (Cradle-To-Cradle): Everything that comes out of the process is incorporated again somewhere since most of our solid and liquid wastes are biomass and nutrient rich liquids. Fruit bunches are used as nitrogen source directly in the field and POME effluents are used as fertilizers where the soil infiltration does not compromise underground water.
- ✓ Energy Efficiency and Emissions: The DAABON group is committed to be carbon neutral by the year 2012 and steps towards achieving this goal have been taken. Our trucks and machinery work with a B20 blend (more than that would void warranties) produced in-house; we have committed to increasing the blend as our machinery manufacturers permit it.
- ✓ We are developing an approved UNFCCC clean development mechanism – a methane capture project which we expect to save 21000 tons of CO<sub>2</sub>eq. per year by using this methane to cogenerate energy, ready in May 2010.

## **CERTIFICATION INFORMATION**



Our first organic certification was earned in 1994 and we have adopted that practice ever since. Certificates/Auditors Reports are available upon request and availability.

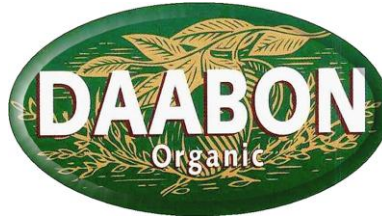
<b>CERTIFICATE/PROGRAMME</b>	<b>AUDIT AGENCY</b>
CEE-0834/2007 (EU) - Organic	ECOCERT
JAS (Japan) - Organic	ECOCERT
NOP / USDA (USA) - Organic	ECOCERT
BIO SUISSE (Switzerland) - Organic	ECOCERT
EFT – ESR (Universal) - Social	ECOCERT
RSPO (Delayed) - Sustainable	CU
KOSHER –Cultural/Religious	KSA
187/2006 (Colombia) - Organic	BIOTROPICO
Ecological and Natural Cosmetics (EU) - Organic	ECOCERT
AIB (Food Industry Related) – Food Safety	AIB INTERNATIONAL

- **RSPO Specific Interest**

DAABON has been a supporter of the Roundtable on Sustainable Palm Oil (RSPO) since it was first established in 2004. We have committed to seeking certification against the RSPO certification scheme as soon as it was launched.

In July 2008, DAABON’s palm oil operations C.I. Tequendama were audited by a RSPO accredited auditor – Control Union - against the RSPO P&C and August 2007 and our operations were recommended by to the Executive Board for certification. However, we have experienced delays in having our certification approved for two main reasons:

- The final step of the RSPO certification process is a review of the audit report by an expert panel to ensure quality control and consistency between audit findings of certified operations. Only after this review is finalized can the RSPO Executive Board issue final approval. Since the certification scheme has only recently been established, we have been informed that the appointed expert panel is experiencing a backlog of certification recommendations. While we look forward to finalizing our review, we also applaud the RSPO for upholding the stringent standard, ensuring that it remains credible and vigorous.
- In addition to the generic RSPO Principles & Criteria, the standard recommends that National Interpretation process is established, to ensure localized references to national legal frameworks and local environmental conditions. The National Interpretation process requires a high level of consultation, engagement and



awareness among local producers and stakeholders. As DAABON was the only Colombian oil palm producer represented in the RSPO until recently, it has therefore been a complex process. In order to avoid delays, our initial audit was based on the generic P&C. Due to the delay in certification mentioned above; we have now decided to await the approval of the Colombian National Interpretation. We have been assured by the RSPO Executive Board that the second draft of the Colombian National Interpretation will be reviewed in the first quarter of 2010.

- In the meantime, DAABON has been given the opportunity to produce its own company interpretation, process that has been going on for the past 4 months and we will continue regardless of the national interpretation.

We expect to be able to offer palm oil certified to the RSPO standard in Q2 2010, and wish to reassure our customers and stakeholders that the slow progress of our certification is in no way caused by our unwillingness or inability to achieve certification. We remain committed to the RSPO, and to the production of sustainable palm oil.