

PROCEDURE FOR COMPANY CERTIFICATION

Daabon Organic - Palm Oil Production Management System in Compliance with RSPO Principles and Criteria



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Summary

The Daabon Group, headquartered in Santa Marta, capital of the Magdalena Department, has established standards that comply with the RSPO Principles and Criteria. This presentation details the steps taken by this business organization for the production of sustainable palm oil. This company was audited by a certifying body, and is currently waiting for the RSPO Certification.



The Daabon Organic Group has been working for over 15 years towards the production of sustainable palm oil in all its processes. The company also applies these same management principles to its banana and coffee crops.

Daabon's mission is the production of strategic organic food products to meet the growing market needs, providing high-quality biological products and services, with state of the art technology. Daabon maintains its leadership through efficacy and efficiency in each of its productive units, and by encouraging biodiversity conservation on its lands.

A mission based upon the philosophy of sustainability. The Group's vision reflects the organization's firm commitment to grow and become by 2010 a productive, sustainable, competitive and fair company known for its leadership in the production, processing and trading of organic products, through a con-

tinuous improvement process that involves technical, environmental, industrial and human talent.

In that sense, the Group has been working towards attaining certifications aimed at demonstrating in practice Daabon's commitment to sustainability, reflected in its policies. In fact, C.I. Tequendama, the company that manages the Group's oil palm project, was certified in 1993 as organic palm oil producer, pursuant to European Regulation No. 2092 of 1991.

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In 2001-2002 it was awarded the JAZZ or JAS Certificate for Japan –also organic– and in that same year, it was awarded the NOP Certificate (The National Organic Program of the US Department of Agriculture), and in 2003, the company received organic certification from BIO-Swiss (a private organic production standard in Switzerland).

On the other hand, after resolution 074 of the Colombian Ministry of Agriculture and Rural Development was approved in 2004, the company received the then national standard certification, which was later revalidated when the government amended it in 2006.

Daabon in the RSPO

The Daabon Group's history with the RSPO goes back to the year 2002, when its first meeting was held. In 2003, when the process of disseminating the principles and criteria started, Daabon participated through the Business Vice President of C.I. Tequendama, Manuel Julián Dávila.

In 2005, following the release of the Principles and Criteria, the Group represented the Colombian oil palm sector at the RSPO. In 2007, the RSPO accepted the accreditation of sustainable palm oil certification, and Daabon was present there too. In May of that same

year, C.I. Tequendama submitted itself to an audit of its compliance with the RSPO Principles and Criteria by ProForest, a UK-based certification body. Although it didn't get the certification back then, the test results were promising.

Finally, in June of 2008, Control Union Certification conducted the audit of the certification process. The Daabon Group is hoping for a positive answer from the RSPO, who is currently assessing the report. We hope to have certified sustainable palm oil by the end of this year.

Philosophy of sustainability

The Daabon Group's philosophy is in line with the philosophy of sustainability whose pillars are the three P's: People, Planet and Profits.

People

Daabon has made fair trade a priority in order to help improve the quality of life not only of its employees but also of its business allies, small producers and local communities. Daabon has a firm commitment to transparency and respect to local cultures and traditions in the regions where its projects are located, and offers high-quality safe products.

Today, 100% of the Group's mill, refinery and plantation workers have either one-year or open-ended employment contracts. In practice, we can mention the following aspects that facilitate the transparency of the Group's operations at this level:

- Monthly publication of purchase price lists.

One of Daabon's top priorities, in relation to small producers with which it partners, is the periodic publication of purchase price lists for fresh fruit bunches. Although the information is released almost daily, it is updated every month in the company's communication systems (billboards, webpage, in-house magazines, etc.). Additionally, we explain to them the purchase procedures at C.I. Tequendama's oil mills.

- Copaso monthly meeting.

Copaso, the Occupational Health Joint Committee, meets monthly to discuss related issues such as industrial safety. The workers, of course, have full speaking and voting privileges in the Committee.



Some community organizations, civil defense and even individuals from neighboring towns are increasingly beginning to participate in these meetings. This is of vital importance because the attendees participate actively in the committees and provide valuable feedback for continuous improvement.

- Occupational risk training, with the support of the National Learning Service (Sena).
- Claims and complaints procedures.

Daabon has claim and complaint procedures in place, well known by C.I. Tequendama workers and business allies (small producers). It is a simple and accessible procedure that includes complaint boxes, offices and the Group's webpage.

Planet

Daabon protects the environment and has policies of zero contamination; efficient and rational use of water; biodiversity in its productive units and the region, and conservation of natural resources to have a balanced ecosystem, among others. Therefore, the company complies with applicable laws and regulations in its plantations and has environmental management policies that extend to its business allies. Daabon performs oil mill wastewater characterization, measures emissions from its extracting plant and refinery; keeps its water use concessions up-to-date, etc.

Profits

Daabon Group's growing success for over three generations is proof of its commitment to long-term economic and financial viability. The company's sound and wise business management since 1914 is clearly evidenced by all the awards the company has received for developing large-scale projects and adding value to each of its production processes.

The company's long-term commitment in this regard is also evidenced by clearly defined –yet sufficiently flexible to adapt to the changing circumstances of this activity– and duly signed contracts between the parties for over 20 years, and by infrastructure and technological investments that ensure growth and stability for the company and its business allies.

Daabon's organic production is rewarded not only economically, but also because consumers perceive our products as beneficial to humanity. The Group's profits

are good and steady because of the significant investments in certifications and social and environmental issues. In that sense, the profit aspect is fully in line with the sustainability that we want to achieve.

Principles Compliance

The principle on the use of best practices by growers and processors is complied with using the following tools:

- Determination of water balance and field tests, towards the efficient use of irrigation water.
- Characterization of soil hydrodynamic properties, by plot.
- Biological pest control (TAGA) in oil palm using entomopathogens.
- Care and propagation of arvense plants that host predators and parasites of insect pests.
- Propagation of entomopathogens.
- Collection of larvae attacked by entomopathogens.
- Efficient management of irrigation and drainage systems, No discharges of liquid waste into plantation drains. All maintenance tasks done either mechanically or manually.
- Water intake through lined channels.
- Production and use of organic fertilizers (compost) made of oil extraction waste products. 100% of oil mill's waste products (empty fruit bunches, shells, fruit waste after extraction, cascarilla, etc.) are recovered and used to produce compost that is later spread throughout the plantations.

As for responsibility to the environment and conservation of natural resources, we can say that:

- More than 15% of the gross area planted to oil palm has been set aside for forest conservation and biological buffer zones. The company has areas of dry tropical forest under conservation within the plantations that are home of important species, some of them endangered species.
- Establishment of cover crops. Cover crops are technically mandatory in all Group's plantations.
- Nursery for propagation and establishment of arvense plants, mostly nectariferous plants, to serve as hosts to parasites of pest insects.

- Stocking center for collection, screening and proper disposal of liquid and solid waste, including hazardous waste.
- Implementation of the emergency management plan and training to organizations with which Daabon has agreements.
- Full utilization of byproducts.

The part concerning Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers can be summarized as follows:

- Productive alliances with small producers.
- Technical assistance and socio-entrepreneurial support. An Agronomic Committee made up of Group representatives and representatives of the alliances (who take turns to attend the meetings) meets every 15 days to discuss technical issues. The meetings include presentations on topics of interest such as agronomic best practices, solid waste management, etc.
- Integration through conferences and workshops with the communities.
- Direct hiring of employees.
- Agronomic committees with business allies.
- Ongoing training to employees and business allies, including the communities.

The company has been complying with the Principle of responsible development of new plantations even before the audit by the RSPO was conducted. The activities in this area can be summarized as follows:

- New projects agreed upon with the communities involved.
- Analysis of the region's social and environmental conditions.
- Physical and chemical soil analysis.
- Use of adequate land preparation practices.
- Implementation of sustainable practices from the beginning of a new project.

Daabon is firmly committed to continuous improvement in key areas of its activity. To this end, the company:

- Has maintained a solid organic production system for over 15 years.
- Provides adequate handling of byproducts from operation processes, and uses them in its plantations and industry.
- Periodically monitors oxidation pools and emissions.

The company has a very efficient traceability system (Figure 1) that guarantees 100% of Daabon Group's operations.

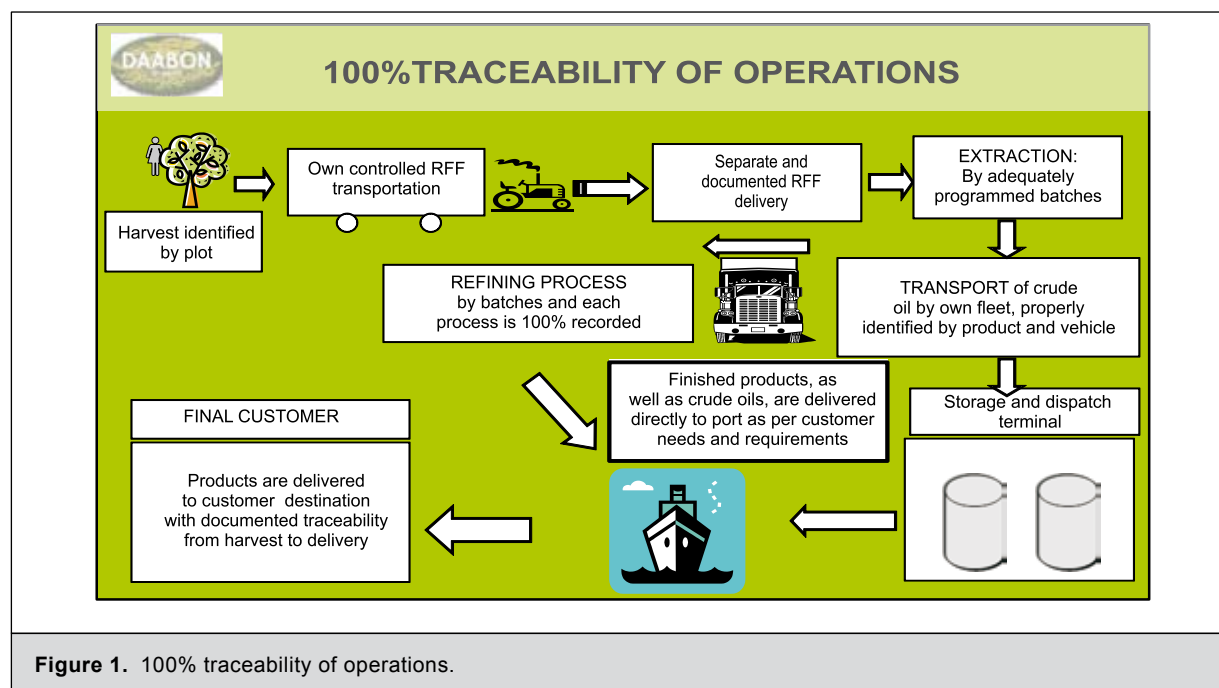


Figure 1. 100% traceability of operations.