

Result report

No.	14	
Date of reception	8 July 2021	
Contents of the report	A procured product potentially used palm oil which was sourced from palm plantations allegedly involved in illegal development, deforestation of natural forests, and violation of land rights.	
Process history*	<p>【Date of reception to the end of July 2021】 Tokyo 2020 examined the report in accordance with the Operational Standards of the Grievance Mechanism after the receipt of the report. The report did not describe specific information regarding the relationship between the procured products and the palm oil. Therefore, in order to confirm those issues pointed out in the report, Tokyo 2020 decided to proceed in accordance with the process of the Grievance Mechanism. Tokyo 2020 informed this decision to the party reporting this report.</p> <p>【From August to September 2021】 After considering that the scopes of this report are related to the supply chain management and the environmental field, and considering the background of those members of the Advisory Panel, Tokyo 2020 proposed the selection of Mr. Sakon Kuramoto (attorney-at-law), Mr. Shin Nagata and Mr. Yohei Harashima as the panel members. Tokyo 2020 confirmed that they had no interest in the party reporting this report or the party to be reported and other relevant companies/organizations. Tokyo 2020 proposed this selection and requested opinions of the Sustainable Sourcing Working Group, and asked for these opinions to be shared within one week. Tokyo 2020 received no opposition to this selection. Therefore, Tokyo 2020 decided to select Mr. Kuramoto, Mr. Nagata and Mr. Harashima as the panel members and obtained their approval.</p>	

(Grievance Mechanism for the Sustainable Sourcing Code)

	<p>Tokyo 2020 held the first online meeting of the Advisory Panel. During the meeting, Tokyo 2020 explained the outline of the report and the information that had been obtained by that time, and received advice on how to proceed with the subsequent process.</p> <p>【From October to December 2021】</p> <p>During the second online meeting of the Advisory Panel, Tokyo 2020 explained a draft of an assessment plan for confirming the relationship between the procured products and the specific cases of non-compliance with the Sourcing Code, and received advice on the perspectives to consider when conducting the assessment.</p> <p>The report raised eight palm oil mill plants which were potentially sourcing fresh fruit bunches (FFB) from illegal palm plantations. Since Tokyo 2020 has been significantly downsized, and the period of the Grievance Mechanism Process is limited (until end of 2021), Tokyo 2020 considered that it would be difficult to assess all eight of these cases. Tokyo 2020 prioritized them based on the considerations described below, and Tokyo 2020 decided to start the assessment with the cases with higher priority.</p> <p>Firstly, three of these eight cases are categorized as ‘low’ priority. Based on publicly available information, there is a gap between the period of palm oil production and the period of use for the products, and therefore it is unlikely that the illegal palm oil would have been utilized for the procured products. Three of the remaining five cases are categorized as ‘high’ priority because there is relatively more information available to review for the assessment, including already published grievance mechanisms of palm oil companies. The other two cases are categorized as ‘medium’ priority due to lack of information.</p> <p>Tokyo 2020 obtained advice from the Advisory Panel regarding the approach to the assessment described above, and informed the party reporting the report of this approach. Tokyo 2020 also informed the party reporting the report that (1) an onsite visit is not included in the assessment because of domestic travel restrictions due to COVID-19; and (2) it may be necessary to end the assessment before completion because the Grievance Mechanism Process is to be closed by end of 2021.</p>
--	--

(Grievance Mechanism for the Sustainable Sourcing Code)

	<p>The assessment includes spatial analyses of the area of palm plantations, wildlife conservation areas and other classified land areas; document review of onsite investigation reports related to the target oil mill plants published by major oil companies; media publication review; and interview with those who conducted onsite investigations in the target forest area.</p> <p>The assessment result is summarized below.</p> <p>(1) <u>Confirming the palm plantations</u></p> <p>The report raised two palm plantations related to the three mill plants which are 'high' priority as mentioned above. Tokyo 2020 decided to start the assessment with these two plantations based on the premise that they have issues such as illegal development.</p> <p>(2) <u>Confirming the distribution routes of fresh fruit bunches (FFB)</u></p> <p>Tokyo 2020 assessed the distribution routes of FFB which were allegedly procured from the two plantations.</p> <p>According to the onsite investigation reports published by major oil companies, there were distribution routes among the palm plantations mentioned in (1), FFB collectors, and oil mill plants named in the report. However, even if there were distribution link between these parties, it was unable to be determined if the FFB were being continuously supplied to the oil mills, or if the supply was short-term or one-off.</p> <p>In addition, it is impossible to track the destination of the palm oil sourcing from each FFB produced at one plantation. In general, palm oil is sourced from a large number of palm plantations (FFB from an enormous number of palm plantations are collected at local mills, then transported to major oil companies and distributed to customers inside and outside the country). The food manufacturing companies alleged in the report and their supply chains are working to improve the traceability for tracking these oil mills. However, in this assessment, Tokyo 2020 could not find evidence that the palm oil sourced from plantations mentioned in (1) was utilized for the procured products.</p>
--	---

	<p>(3) <u>Confirming the plantation development</u></p> <p>Tokyo 2020 assessed one of the two plantations mentioned in (1). Based on spatial analyses of the area of palm plantations, wildlife conservation areas and other classified land areas, the palm plantation areas do not lie within the wildlife conservation area, nor national forest moratorium area. In this assessment, no evidence of improper development was identified.</p> <p>The other palm plantation could not be assessed because there was no information identifying its name, owner or boundaries. However, according to an investigation report conducted by an international cooperation agency, there were a little less than 80 ha of smallholder plantations (generally one to two ha per farmer) located within the wildlife conservation area in 2017, and reportedly, there is a potential risk of FFB from these illegal smallholder plantations within the supply chain, although the relation between these findings and the present report is unknown. Tokyo 2020 conducted interviews with those who conducted the investigation mentioned above and gathered the following information and opinions.</p> <ul style="list-style-type: none">• It is possible to order these farmers/smallholders to move out based on their illegality, but there is a risk of causing conflict with them (there may be cases of indigenous groups claiming land within the conservation area)• One possible approach is to form a conservation partnership with farmers/smallholders in collaboration with NGOs or other parties, and then shift away from further deforestation. <p>(4) <u>Confirming actions for improvement taken by mill plants</u></p> <p>According to the information from grievance mechanisms by major oil companies, all three of these mill plants are making efforts for improvement such as establishing action plans for improving the traceability of FFB, as well as providing support for capacity building to the supplier.</p> <p>Tokyo 2020 held the third online meeting of the Advisory Panel. During the meeting, Tokyo 2020 reported the results of the assessment, explained further actions and received advice on the contents of the notification letter to the party reporting the report.</p>
--	--

(Grievance Mechanism for the Sustainable Sourcing Code)

	<p>Based on the findings within the scope of assessment, Tokyo 2020 did not recognize that the palm oil utilized for the procured products is non-compliant with the Sustainable Sourcing Code for palm oil. However, the report raised five other mill plants besides the three mill plants assessed, as mentioned above, Tokyo 2020 decided not to carry out further assessment since the Grievance Mechanism Process is to be closed by end of 2021. Tokyo 2020 decided to close the process of this report and informed its closing to the party reporting this report.</p> <p>With this, the process is closed.</p>
Remarks	<p>The target companies established mid-long term goals, and they are working actively for sustainable procurement of palm oil. They are making efforts for improvement such as increasing the rate of procurement of certified palm oil, and publishing the list of mill plants. Tokyo 2020 considers that steadily carrying out such actions meet the purpose of the “Sustainable Sourcing Code”, and it can contribute environmental and social improvement at palm plantations. Tokyo 2020 expects their positive actions will be continued and informed such expectations to these companies.</p>

*: Responses beyond the process defined in the Operational Standards are included.