

Olam Palm Sustainability Update 2020

Olam International Limited

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Olam International is a leading food and agri-business supplying food, ingredients, feed and fibre to 17,300 customers worldwide.

Our value chain spans over 60 countries and includes farming, a direct and indirect sourcing network of an estimated five million farmers, processing, distribution and trading operations. We are organised by two operating groups – Olam Food Ingredients (OFI) and Olam Global Agri (OGA) both held by the parent Olam International Limited (OIL) which provides stewardship and acts as an accelerator, incubating new growth engines.

Through our Purpose to ‘Re-imagine Global Agriculture and Food Systems’, Olam aims to address the many challenges involved in meeting the food, feed and fibre needs of a growing global population, while achieving positive impact for farming communities, our planet and all our key stakeholders. Headquartered and listed in Singapore, Olam currently ranks among the top 30 largest primary listed companies in terms of market capitalisation on SGX-ST.



Since June 2020, Olam has been included in the FTSE4Good Index Series, a global sustainable investment index series developed by FTSE Russell, following a rigorous assessment of Olam’s supply chain activities, impact on the environment and governance transparency. The FTSE4Good Index Series identifies companies that demonstrate strong Environmental, Social and Governance (ESG) practices and is used by a variety of market participants to create and assess responsible investment funds

Sustainability is an integral part of our business strategy and approach.



At Olam, our business strategy and our sustainability strategy are combined into one. It is aligned with our purpose of “Re-imagining Global Agriculture – Growing Responsibly”. This is our third annual palm progress report to inform stakeholders on our management approach and execution of the sustainable palm commitments. It covers the reporting period of January – December 2020.

We manage four plantation areas (Awala, Makouke, Mouila and Ndende) in Gabon as a joint venture partnership with the Republic of Gabon, known as Olam Palm Gabon and Sotrader. Awala, Mouila and Ndende are new plantations developed in compliance to the RSPO NPP, Makouke is a plantation originally established in the 1970s and acquired by OPG in 2016.

Olam Palm Gabon has achieved RSPO certification for all its five plantations.

Our planted area covers about 63,000 ha (including Ndende), which is around 0.3% of Gabon’s land area. Mouila Lot 3 and Ndende are fully established on savannah area.

We operate two palm oil mills and two kernel crushers in Gabon. Our palm oil mill sources 99.99% of crops from our own estates and produces 70k mt of CPO and 3800k mt of PKO. Olam also operates edible oil processing and refining facilities in the UK, Gabon, Mozambique and Nigeria. These facilities, along with our palm trading activities based in Singapore and South Africa, sourced and traded 200,000 mt of oil from third party suppliers. This is equal to 0.5% of palm oil consumed in 2020.

Olam Palm Business



→ Palm Oil Mill

- Bilala Palm Oil Mill, Mouila, Gabon

Product: CPO
Market: Gabon, Cameroon, Europe



- Awala Palm Oil Mill, Gabon

Product: CPO
Market: Gabon, Cameroon, Europe



→ Kernel Crusher

- Bilala Kernel Crushing Plant, Gabon

Product: PKO
Market: Gabon, Europe



- Awala Kernel Crushing Plant, Gabon

Product: PKO
Market: Gabon, Europe



→ Refinery & Processing Facility

- Lambarene Refinery, Gabon

Product: RBDO, PFAD
Olein, Stearin, Processed RPBO
Market: Gabon

- Mozambique Refinery, Gabon

Product: Refined oil
Market: Zambia, Malawi, Zimbabwe

- Nigeria Refinery

Product: Refined oil
Use: Local consumption

- Olam Food Ingredients, United Kingdom

Product: CPO
Market: Europe



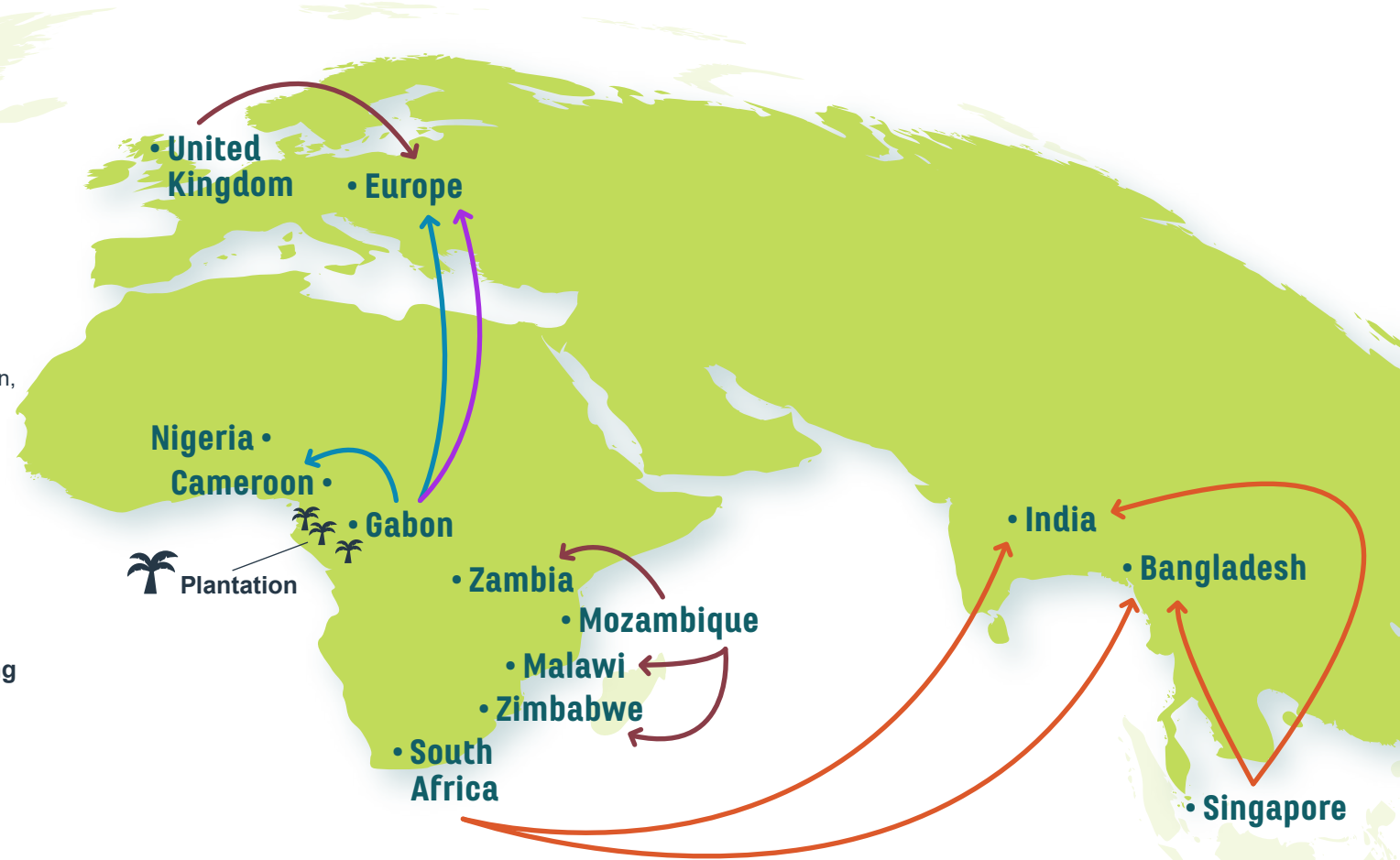
→ Trading

- Singapore Trading

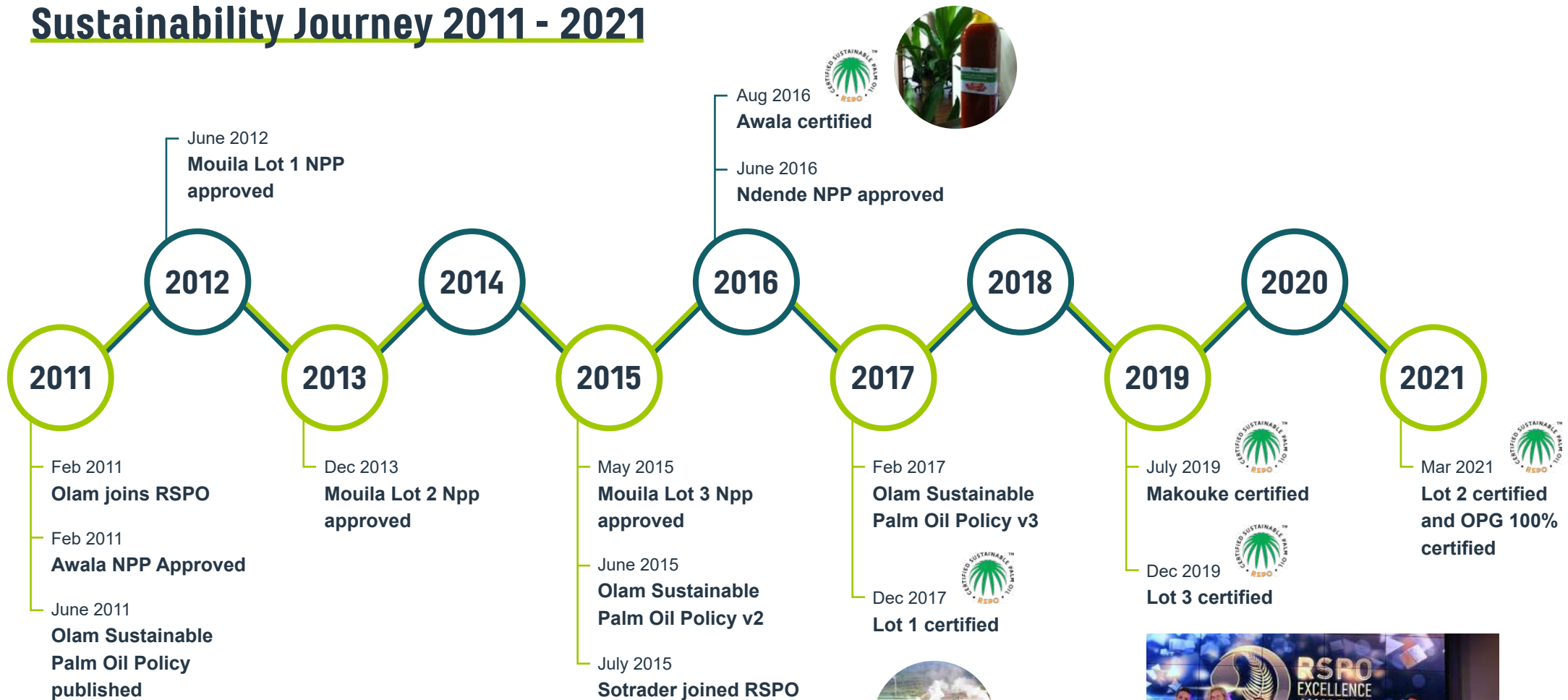
Product: CPO, PKO
Packed Oil
Market: India, Bangladesh

- South Africa Trading

Product: CPO, PKO
Packed Oil
Market: India, Bangladesh



Sustainability Journey 2011 - 2021



Regenerating Landscape



Regenerating Landscape

Material Areas	Commitments	Status in 2020
Forest conservation 	No deforestation of HCV, HCS and peat Net positive impacts on biodiversity conservation	<ul style="list-style-type: none"> - Total HCV/ HCV conserved 99k ha - Moratorium on greenfield development since Jan 2017 - Systematic monitoring of conservation areas using SMART tool and in partnership with ANPN and MoF. 30 dedicated personnel monitoring our HCV area with a budget of USD 430,000 - 6 illegal encroachment and 7 illegal hunting reported
Emission reduction 	No development of peat regardless of depth Maximising GHG capture, renewable energy use and utilization of by products	<ul style="list-style-type: none"> - Zero peat development since beginning of our palm business - Negative emission and average -3 tCO₂e / tCPO achieved based on RSPO GHG calculator
Fire prevention 	No use of fire during land preparation, planting or replanting	<ul style="list-style-type: none"> - Zero use of fire during land preparation, planting or replanting (last replanting was completed in 2017)

Regenerating a Living Landscape

Since January 2017, we have upheld a moratorium on any further greenfield development or expansion until all our plantations have achieved RSPO certification by 2021. Mouila Lot 2 was subject to initial RSPO certification in 2020 and certified, and all 5 concessions under OPG are now fully certified.

Location	Total Area	HCV and Buffer	Planted	Infrastructure and others
Awala	20,030	12,482	6,822	726
Mouila Lot 1	35,354	18,323	15,885	1,147
Mouila Lot 2	31,800	21,543	9,060	1,197
Mouila Lot 3 & Lot 3 extension	38,363	18,765	18,272	1,325
Makouke	18,704	1,016	5,930	11,758 (513 infra, remaining area is forest)
Total plantation area	144,254	72,129	55,960	16,153
Ndende-smallholder scheme	58,400	27,279	7,500	726

Using the RSPO palm GHG calculator, we are annually monitoring and reporting on our emissions. Due to the selection of development areas and our landscape conservation as part of the management area, we continue to report on a zero-emission operation. As part of the continuous improvement plan, OPG is establishing our first biogas facility since May 2021 in one out of two palm oil mills.

Olam's Mill & Supply Base	2020 Palm GHG Report			2019 Palm GHG Report			2018 Palm GHG Report		
	tCO2 / tCPO	tCO2 / tFFB	tCO2 / ha	tCO2 / tCPO	tCO2 / tFFB	tCO2 / ha	tCO2 / tCPO	tCO2 / tFFB	tCO2 / ha
Awala Mill and Plantation	-3.91	-0.57	-5.12	-5.00	-0.48	-4.08	-8.74	-0.61	-4.34
Mouila 1 Mill and Plantation	-11.59	-1.49	-12.12	-15.36	-1.70	-11.19	-20.27	-2.26	-10.87
Mouila 2 Plantation	No mill	-10.14	-5.35	No mill	-4.95	-9.78	No mill	-14.90	-9.02
Mouila 3 Plantation	No mill	-17.36	-6.75	No mill	-11.15	-16.35	No mill	-33.34	-12.92
Makouke Plantation	No mill	-2.86	-15.81	No mill	-3.10	-15.47	No mill	-6.36	-25.26
Ndende-smallholder scheme	No mill	-10.46	-21.48	No mill	-27.44	-9.47	No mill	Immature field	



*Two forest elephants (*Loxondata cyclotis*) greeting each other in Olam Palm Gabon's HCV forest. These areas were formerly heavily impacted by commercial hunters, but thanks to our conservation team's constant vigilance, ivory poaching has become extremely rare in our area, and other hunted species including apes and other protected species appear to be making a comeback.*



Regenerating a Living Landscape

Half of our concession is designated as conservation area, and we partner with Gabon's National Park Agency and Ministry of Forest to monitor the integrity and quality of the conservation area. Gabon is home to great apes and more than half of the world's remaining forest elephants. Many direct sightings of endangered species have been recorded in Olam's concessions such as the Southern Reedbuck and more recently, the red-capped Mangabey.

Newly classified as "endangered" by the IUCN red-list authority, large numbers of the rare primate, the red-capped Mangabey, have been spotted moving freely through the biological corridors. In 2020, hippopotamus footprints and photos from a camera trap were also reported by our HCV team, running along a protected river buffer. A national inventory carried out in 2013 declared the hippo non-existent in this region with no sightings reported since 1949, making this a very exciting discovery.

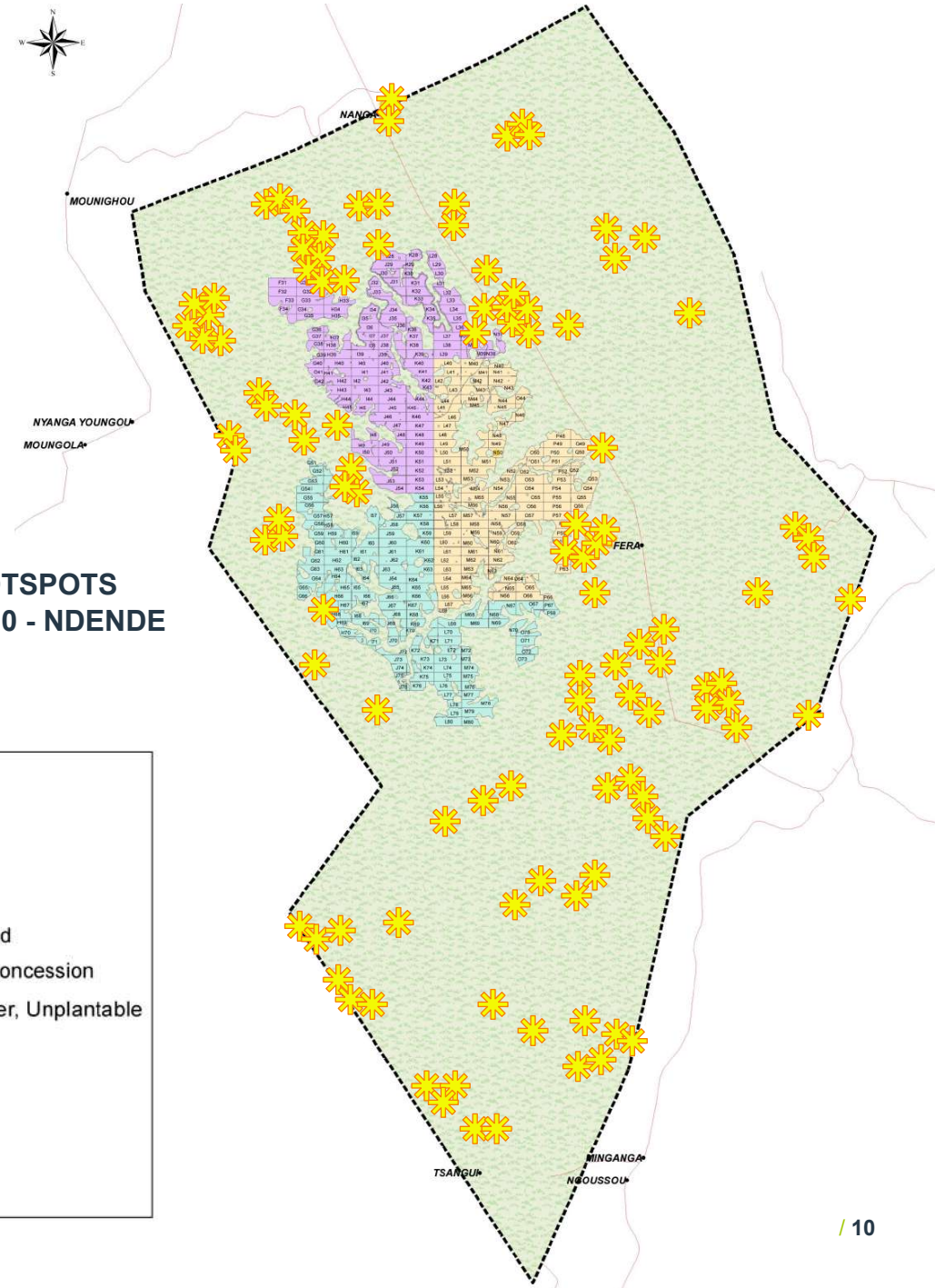
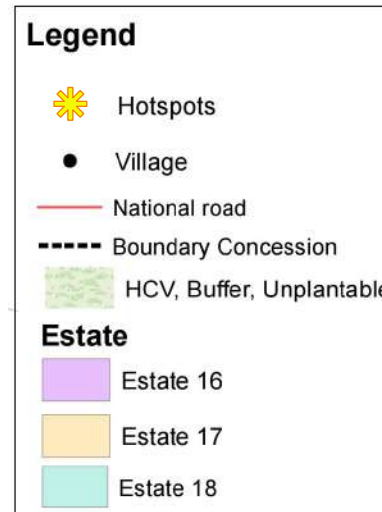
Regenerating a Living Landscape

OPG has implemented a zero use of fire policy during land preparation, planting or replanting. However, the Southern part of Gabon where we found savannah landscape, the savannahs are typically maintained through human-induced seasonal fires. This savannah not only supports a range of important species, but also contains rare or threatened herbaceous species often hard to identify because they are little known or very seasonal. It is recommended by the HCV expert that appropriate fire management regimes should be put in place to ensure the savannahs are maintained and continue to monitor savannah set-aside area.

In 2020, a total of 10 and 137 hotspots were reported in Mouila and Ndende savannah area. This areas is used by local communities for farming, hunting and mushroom collecting.



LOCATION HOTSPOTS DATA FOR 2020 - NDENDE








Strengthening
Rural Communities



Strengthening Rural Communities

Material Areas	Commitments	Status in 2020
Rights of indigenous communities 	Engage local communities through FPIC process Respect legal and customary rights	<ul style="list-style-type: none"> - Participatory mapping and FPIC with 60 impacted villages - 39 self-elected community steering committee established - 89 meetings conducted with community steering committee meetings
Community livelihood 	Support skills development, catalyse local enterprises Contribute to community development, healthcare and education program	<ul style="list-style-type: none"> - Social infrastructure established to support basic needs - Refer to page 14 on numbers of social infrastructure established - Establish food crop farming with 142 community members from 6 villages
Smallholders 	Support outgrowers / smallholders to build capacity, increased yield, apply good practices and avoid deforestation	<ul style="list-style-type: none"> - 500 cooperative smallholders in Ndende - Seedlings and cultivation supported by OPG

Strengthening Rural Communities

Since our first plantation establishment, we have undertaken the process of Free Prior and Informed Consent (FPIC) with 60 villages in the proximity of the plantations to ensure understanding of our goals and to provide opportunities to raise concerns, including to reject development in their customary use area. In 2020, we have jointly reviewed the current social contract in our first plantation, Awala to adapt current demands of our impacted communities that prioritise economic generating activities today. In Mouila, we are partnering with IGA and a local NGO to establish a chicken farm as part of the community project and supporting village farming for banana, cassava, sugarcane and vegetables with 142 community members from six villages (Moutambe sane fumu, Guiamba, Koumbanou, Bemboudie, Doubou and Irungou).

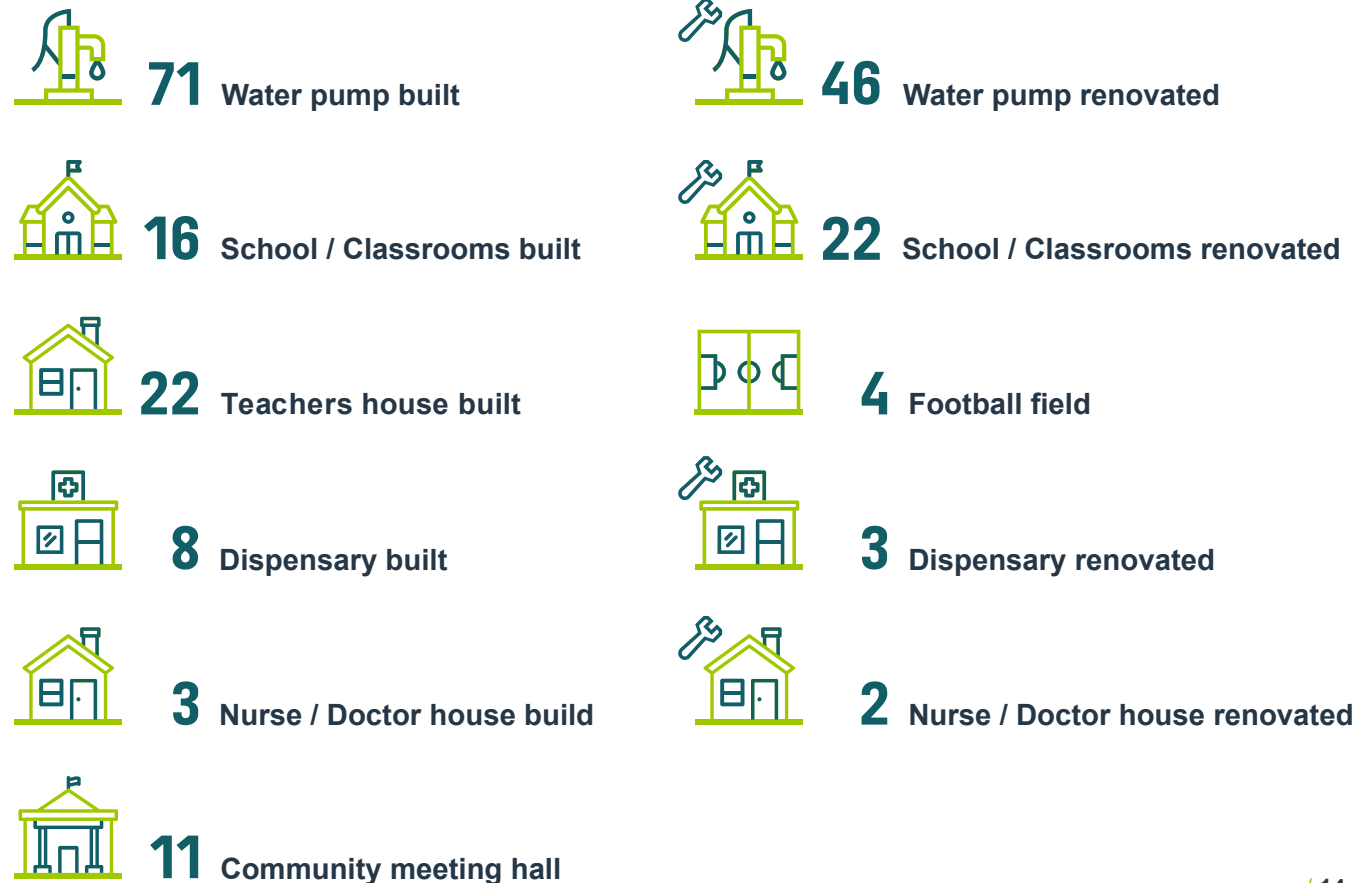
Olam supports village farming (photo taken in December 2019).



According to the social impact study in Mouila Lot 3 area, it shows that prior to the beginning of Olam's operations, communities there depended on seasonal sales of food crops, or fishing or hunting, and only earned between 40,000 and 120,000 Central African (CFA) francs (around \$224 US) per household per year, depending on which of the income generating activities they did. By comparison, a member of Olam's operational team can earn a stable annual income of at least around 1.8 million CFA francs (\$3,366 US). **More than 4000 local population are employed by OPG.**

Social Infrastructure Investment

OPG also recorded high retention rate of our employees' children at primary schools (81% vs National average 60%). In 2020, we have established a new primary school in Mouila plantation that has 12 classrooms equipped with thirty tables each. This is part of a broader social programme of ensuring access to education in those communities where we operate. To date, Olam also has invested in 38 schools / classrooms in neighbouring communities and provided 22 houses for teachers. It is one way of Olam contributing to the Sustainable Development Goal on Quality Education.









A Safe and Prosperous Workforce



A Safe and Prosperous Workforce

Material Areas	Commitments	Status in 2020
<p>Workers health and safety</p> 	<p>No use of paraquat, other pesticides categorised as WHO class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions</p> <p>Ensure healthy and safe workplace</p>	<ul style="list-style-type: none"> - No use of paraquat, other pesticides categorised as WHO class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions - Lost Time Injury Frequency Rate reduced 44% - Appropriate PPE is provided complimentary to workforce according to risk assessments
<p>Workers rights</p> 	<p>Zero tolerance on child labour and forced labour</p> <p>Respect rights of all workers including contract, temporary and migrant workers</p> <p>Respect rights to freedom of association and right to collective bargaining our workforce</p> <p>Provide equal opportunities of employment</p>	<ul style="list-style-type: none"> - 97% national workforce vs 3% migrant workforce, 2% CDD vs 98% CDI, 40% female workforce - 37 meetings with employee delegates - Contract enforcement of no child and forced labour policy

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2020 is an unprecedented year due to the pandemic Covid-19, Olam has committed humanitarian aid worldwide and put priority on safeguarding and supporting our people - employees, as well as those in our communities Gabon.

As we continue to navigate COVID-19, our team has come together to support each other and our communities. We maintained business continuity, implementing additional health and safety precautions, as well as new working protocols implemented across our locations worldwide, in line with official advice from national government and health authorities. Washing stations are established and mask distributed to employees. Our LTIFR has also dropped 44% yoy and continuously achieving zero fatality across all sites.






In order to have a deeper understanding and to advance gender equality in our plantation, OPG initiated an independent third-party study that covers 22% of the total male and female workforce (>1000 individuals). The study has provided a good framework to help take key actions, such as establishing gender committees for all plantation sites, support elected delegates, and provide equal access to open roles and promotion. It also made various recommendations including enhanced outreach by gender committees to all employees, continuous awareness raising on Olam's policy and code of conduct that strictly prohibit sexual harassment, care for women with young children, ensure progress on gender equality in terms of promotion and consider long term impacts of foreign workforce living without family.



**Traceable and
Responsible Palm
Supply Chain**

Traceable and Responsible Palm Supply Chain

Material Areas	Commitments	Status in 2020
<p>Traceability and responsible supply chain</p> 	<p>100% traceability back to mill</p> <p>Work with suppliers to establish traceability back to plantations and farms by 2020</p> <p>Ensure compliance to Olam Suppliers Code, NDPE compliance through mill risk mapping</p> <p>Partnership with Fair Labor Association on labour risks</p> <p>Suspend non-complying suppliers and engage for corrective actions</p>	<ul style="list-style-type: none"> - 100% mill traceability achieved - 29% of traceability to plantation and farms - 100% compliance to OSC and mills risk mapping - Assessment conducted by FLA on internal system and selected supplier - 3 suppliers suspended in 2020 (and 2 re-enter according to the re-entry protocol)
<p>Grievance handling</p> 	<ul style="list-style-type: none"> - Ensure access to a transparent grievance process 	<ul style="list-style-type: none"> - Total 78 grievance received from internal stakeholders i.e. employees, 70 closed - Total 6 grievance received from external stakeholders i.e. impacted villagers, 4 closed - Total 29 grievance related to supply chain registered during the year, 18 are closed, 1 disputed and remainder are open in various stages.
<p>Certification</p> 	<p>Implement RSPO standards in Olam owned operations, subsidiaries and joint ventures</p> <p>Participate in RSPO NI and other multi stakeholders' platforms</p> <p>Build local capacity to implement RSPO practices</p>	<ul style="list-style-type: none"> - Lot 2 subject to certification in Dec 2020 and certified. - 100% certification achieved for OPG areas - Gabon NI endorsed in July 2020

Traceable and Responsible Palm Supply Chain

In 2021 Olam sourced 206,000 MT of oil from Malaysia, Indonesia, Gabon, and Nigeria and the oil and its products is sold locally and exported to countries such as India, Bangladesh, Nigeria, Zimbabwe, Zambia & Malawi, Kenya, Rwanda & Uganda.

100% of the oil that Olam sources are from companies that have signed our Olam Suppliers Code and/or have a code that is equivalent to Olam and/or an RSPO member ensuring that are suppliers are both aware and are aligned to Olam's sustainability commitments.

- Third party volume and in the context of global PO volume 2020
- Third party T1 suppliers
- TTM and TTP
- Forest monitoring, risk profiles and follow up with suppliers

Olam International (Olam) has been affiliated with the Fair Labor Association (FLA) since 2012 and executes its Sustainable Palm Oil Policy in its palm owned operations and supply chain globally. As part of its Sustainable Palm Oil Policy, Olam prioritizes buying certified palm oil according to market demand and works with its suppliers to improve labor practices in plantations and mills. As a FLA Participating Company, Olam has committed to meeting the FLA Workplace Code of Conduct for the Agriculture Sector and develop remediation plans for identified non-compliances.



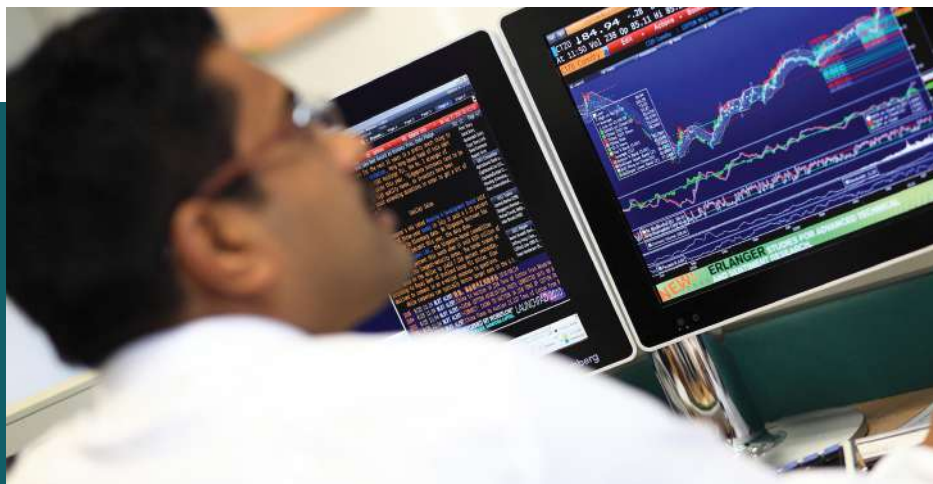
Since 2019, we have included palm oil supply chain as part of the FLA's internal monitoring system (IMS) and independent external monitoring (IEA) for our third-party suppliers. The Fair Labor Association's (FLA) Principles of Fair Labor and Responsible Sourcing and Production (for the Agriculture Sector) require supplying companies to be subject to FLA's IEA. The IEA covers ten (10) requirements namely human resources management system, recruitment and hiring, employment terms and conditions, administration, workers involvement, right to organise and bargain, work rules and discipline, access to training for family members, HSE management system and grievance procedure. In Jan 2020, we conducted an assessment for one of our largest supplier. The assessment was conducted by an FLA credited auditor, with the support of a co-monitor and FLA staff members. The program supports Olam palm oil supply chain business and our suppliers to evaluate performance and continuously improve their labour practices The Summary report is available on the FLA's website.

Traceable and Responsible Palm Supply Chain

In addition FLA conducted a total of 4 trainings for Olam’s key operation personnel including Palm. The training was to equip our operation team on key FLA principles and the building blocks of a labour social compliance program that impact their day to day operations.

This includes the following themes:

1. What does it mean to be an FLA member for Olam
2. FLA Principals
3. The building blocks of a labor social compliance program (aligned with the UNGP) – three separate trainings
4. Fair Recruitment and Forced Labor



Traceability to Mill (“TTM”) and traceability to Plantations (“TTP”)



Traceability is a tool towards demonstrating transparency and providing assurance to our stakeholders on the source of the oil and we will continue to achieve 100% traceability to mill for the second year running, we will continue to work towards maintaining 100% traceability to mills.

This is done by:

1. Ensuring that suppliers commit to provide 100% traceability prior to any purchase
2. Work with suppliers towards understanding the need for transparency

The traceability of all of the oil that is purchased and traded in Olam is declared. In terms of traceability to plantation, we achieved 29% against a commitment of 100% in 2020. Based on our sourcing volumes last year, more than 70% of our primary sourcing is through our trading partners and our TTP commitment is very much reliant on the sourcing of our suppliers. In 2021, we plan to focus our efforts on monitoring the landscape of our supply base.

Monitoring of our Mills



All our mills are monitored using Global Forest Watch (“GFW”) for tree cover loss as well as fire alerts based on a 50km radius. GFW is able to show us both forest change analysis and commodity risk analysis. Forest change analysis shows us near real-time data of tree cover loss which may or may not be deforestation. For example, both replanting activities and actual deforestation can appear as tree cover loss. Hence, we work closely with our suppliers to differentiate the two and investigate and take action. Olam has a strict “Suspend and Engage Policy” whereby suppliers who are found to have deforested will be suspended at Parent Company/Group Level. Details of suspension and re-entry is detailed in our Grievance Procedure as well as Grievance Log.

Supplier Due-Diligence



All suppliers who would like to supply to Olam must go through our Suppliers Due-Diligence process as well as Onboarding. This is a organised process using our supplier scorecard whereby suppliers can self-declare their current practices, provision of concession maps which is used to ensure there was no deforestation after 2017 cut of point as well as other data points such as reports from NGOs, RSPO Complaints Tracker, ZSL Scorecard. We will also engage with the supplier to share on our commitments as well as Policies. Based on the risk profile suppliers will be selected to undergo FLA monitoring.

We are also cognisant that all suppliers are at different pathways in their sustainability journey and we will continue to support them at these various points including guidance on coming up with sustainability policies, SOP, questionnaires so that they can cascade the implementation of our Sustainability Policy.

Technical Advisory, Governance and External Report



Olam sits on the Board of the Roundtable on Sustainable Palm Oil. In addition we are also the substantive member of the

1. Biodiversity and High Conservation Value Working Group
2. Jurisdiction Approach

In additional we have:

1. Reported to the CDM for 10 years
2. Responded to ZSL Spott where Olam currently ranks 14 out of over 100 companies. We have also improved our score in comparison to 2019.

Grievance

In 2020, Olam released the updated Palm Grievance Procedure with update being on the Procedure for Supplier Reinstatement after Suspension (Annex 1). This Procedure covers the minimum criteria for the reinstatement of a suspended supplier following its suspension from Olam's supply chains.

This includes the following:

1. Moratorium / stop work order
2. A declaration on the total area and details of non-compliance
3. Conduct a HCV / HCSA study (where relevant)
4. Corrective action
5. Publish NDPE – if not yet available
6. Put in place a SOP for the delivery of the NDPE
7. Provide evidence to verify the scale of non-compliance
8. Publish status report and progress

Grievance

In terms of grievances, we voluntarily engaged with the Forest Stewardship Council (FSC) on a complaint lodged by Mighty Earth in 2016 as to whether the development of our palm plantations contravened FSC Policy of Association. We mutually agreed the terms of reference of a resolution process and Olam has cooperated with all information requests from FSC’s investigation. A field assessment, delayed by COVID-19, is planned for 2021 as soon as travel restrictions are lifted.

In Gabon, a team of 11 Social Communicators for the Palm business are ready to respond to queries from surrounding communities, totalling around 14,700 people. There were six grievances registered in 2020, four related to the damage of community property by plantation workers, one land claim and one complaint about water quality. The first four claims were fully resolved, the property was restored, and an agreement was reached with the Sanga community on the construction of a water pump to improve clean water access. Our team continued to engage with the Mounigou community regarding concerns raised by the NGO Muyissi Environment on access to clean water. The community, authorities including the prefect and the environment authorities, are addressing the land claim grievance jointly with Olam Palm Gabon through our mutual resolution process.

In 2020, we have also recorded 78 internal grievances, whereby 89% of the cases are resolved. These grievances are related to change of job category, revision of breastfeeding hour, first aid care for field workers, transportation issue, malfunction of housing equipment, breach of Code of Conduct etc. Periodic meeting with workers self-elected representatives also serves as an open dialogue platform for them to raise any concern.

Employees Grievance	Total Case	Closed Case
Awala	26	22
MKK	3	3
Lot 1	6	5
Lot 2	8	8
Lot 3	7	5
Ndende	28	27
TOTAL	78	70



We continue to publicly report the status and progress of action of all grievances in our palm supply chain, which is published on a monthly basis. As of December 2020, we had received a total of 29 cases during the year, of which 18 are closed, one is disputed and the remainder are open in various stages, which include investigation and monitoring. In 2020 we had to suspend several direct and indirect suppliers of palm oil on allegations of human rights abuses and deforestation. (See the Palm Oil grievance log on www.olamgroup.com.)



Olam Palm Sustainability Update 2020

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