

News Release in response to the Financial Times article titled “World Bank admits Congo omissions” dated Friday 7th December 2007

The Democratic Republic of Congo (DRC) government has so far allocated forest concessions totaling 22 Million hectares in two phases, about 7 million hectares prior to the World Bank moratorium and about 15 million hectares thereafter. Of this, Olam was allocated 130,300 Ha of concessions by the Ministry of Environment in order to facilitate the setting up of a processing facility that enhances product value and generates local employment. Olam proposed further support for community based social services through a plan that included; construction of a school, a health centre, repair of local administrative office, providing farm equipment for crop cultivation and supply of essential food articles.

It is pertinent to note here that **Olam’s concession allotment was less than 0.6% of all concession granted. Olam did not operate its two concessions in DRC** pending the outcome of the national legal review, even though it had paid applicable land-use taxes to the Government. Olam’s management, on the recommendation of its Board, returned the concessions to signal its intention to play a long-term role as a responsible private sector player in the forestry sector. It is important to note that Olam has been the only company to return concessions to the Government. **Olam has played no role so far in the concession logging sector of DRC.**

Olam has sourced approximately 10,000 cubic metres of logs from DRC, valued at about US\$5 Million for the financial year ended 30 June 2007. **This represents around 3% of the total estimated (log equivalent) wood harvested in the country.** In DRC, Olam has applied its procurement model that it adopts in other commodities to log buying by providing micro-financing, asset financing, quality training, price discovery and market information. Micro financing supports the livelihood of small suppliers in countries with low small and medium enterprise (SME) financing, contributing to their economic and social development.

Olam’s business model in DRC of procuring from small indigenous suppliers and supporting them should be rightly seen in the context of its overall business model, the proven benefits it has offered to local communities and the challenges one may face in institutionalizing a zero-tolerance traceability system in a difficult operating environment. While the system provides good visibility of the suppliers’ operations, the difficult forestry terrain and the inadequate infrastructure make it sometimes difficult to have a full control of all their activities.

Olam’s procurement policy for wood products include requirements for valid legal permits and internal documentation to link logs procured to permit numbers. Olam has initiated the process of putting in place independent third party verification for traceability and legality for the logs it procures; to further protect the integrity of its supply chain. Olam is also evaluating a suspension of its timber procurement in DRC for a 3-6 months period starting from the earliest practicable date given the pending contracts that need to be honoured. This period will serve to complete an internal review of suppliers and their compliance to procurement procedures. We would like to reiterate that we have operated with as much caution and diligence as we could under the circumstances and the terrain we operate.

Olam’s operations in DRC have been small and primarily exploratory and will remain so, until long term national policy is determined with full legal transparency and a clear legitimate regulatory framework is in place to ensure forestry operations are conducted within an internationally recognised sustainable forestry management system.

We believe that our business model and our farm gate presence in some of the most difficult terrains in the world, has made significant contributions to local capacity building, rural employment generation and has had a beneficial impact on several thousand families in

developing countries around the world. Our pioneering activities in the areas of farm productivity improvement, local capacity building, infrastructure development, free trade and community development have earned the support of several international developmental agencies.

Olam's role in DRC timber needs to be seen in the right context, considering the nature of its participation, scale of operations and its intentions of developing indigenous suppliers. To put things in the right perspective, it's important to reiterate the following facts:

- **Olam was allotted less than 0.6% of the total forest concessions granted in the DRC.**
- **It never operated any of these concessions.**
- **It has on its own returned its concessions back to the government even before the national review was completed and despite having paid all land use taxes.**
- **Olam has been the only company to return concessions to the national government**
- **Olam's procurement from indigenous suppliers in DRC account for around 3% of total log production.**

We believe that the attention of Greenpeace and the Financial Times is focussed upon Olam as it is a respected public company with IFC, a World Bank affiliate, as a minority shareholder (3.4%) in the company.