

# Building Sustainable Supply Chains

Corporate Responsibility & Sustainability Report 2013



# CR&S Highlights 2013

The impact of Olam's sustainability actions has once again multiplied across a broad set of regions, products and people. The business case for building enduring agricultural supply chains is clear, meaning our people working as trainers at farm gate, social advisors on community affairs and our experts focusing on biodiversity are essential members of the Olam team.

The focus has been on all areas of our operations that are covered by the Olam Sustainability Standard, developing the practical policies that underline this work and engaging our colleagues through training and workshops. The number of farmers accessing global markets via Olam's supply chains continues to grow, and we look to apply the Olam Charter Livelihood principles to those farmers and their communities.

## In numbers

### 3.9 million farmers

in Olam supply chains (up 11% from 2012)

### 19.2% female farmers

in the Olam Livelihood Charter (OLC)

### 73% of OLC farmers

own mobile phones enabling direct payment, market pricing and information

### 58,000 hectares

of farms GPS mapped for better understanding of rural issues and product traceability

### 17 Environmental and Social Impact Assessments

completed to date

### 7<sup>th</sup> year

our FSC® certificate has been renewed

### 234,000 people

reached through our HIV/AIDS efforts (up 27% from 2012)

### US\$9.3 million invested

in Growing Responsibly last year by employing our sustainability staff, including 672 outreach workers

## 180 global initiatives

From supporting rural electrification & water facilities to building schools and health clinics

## External commitments

- ✓ UN CEO Water Mandate
- ✓ UN Guidelines on Responsible Land Tenure
- ✓ UN Global Nutrition for Growth Compact
- ✓ Fair Labor Association membership

## Reporting

- ✓ 3<sup>rd</sup> year of Carbon Disclosure Project
- ✓ 2<sup>nd</sup> year GRI CR&S Report
- ✓ 1<sup>st</sup> year completing CDP water module
- ✓ 1<sup>st</sup> year completing Forest Footprint Disclosure

# Building Sustainable Supply Chains

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## Sustainability Vision

Olam endeavours to generate economic prosperity, contribute positively to social wellbeing and manage our stewardship of the environment by providing sustainable agricultural products and food throughout our global supply chain.

## Guiding Principles

We continue to be guided by our sustainability principles:

- Improve the livelihoods of farmers and communities through initiatives that enhance productivity and returns
- Unlock mutual value with all our stakeholders through collaboration
- Understand and mitigate our environmental footprint
- Ensure a safe, healthy and productive workplace for our people
- Participate in professional associations to further develop our key goals

Harvesting onions in California, grown from seed developed by our R&D team, has reduced the need for irrigation by 15% saving 65 million m<sup>3</sup> of water to date

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# Olam Overview

Olam International is a leading agri-business present in 65 countries. We are active across the value chain from growing and sourcing, to trading and processing, covering food and food ingredients, as well as industrial raw materials.

Olam is headquartered in Singapore and was listed on the SGX-ST in 2005. Our major shareholders are Temasek Holdings with a 24.0% stake and the Kewalram Chanrai Group with 20.2%. The Olam management team also has a significant shareholding at approximately 9.4%, aligning shareholder and management interests in creating value.

The company began its life trading cashews in Nigeria in 1989, growing to volumes of 15.9 million tonnes in the last financial year FY2013 (an increase of almost 50% over FY2012), with a revenue of S\$20.8 billion, a growth of close to 22% over the previous year.

Our Profit Before Tax (PBT) was up 13.4% to S\$496.7 million in FY2013. Net Profit After Tax (NPAT) was S\$391.5 million compared to S\$403.8 million previously, due to higher tax charges relative to FY2012 and challenging market conditions which emerged from April to June 2013, affecting some parts of our business.

Despite this, overall performance in most segments was robust, reflecting the strength of our business model and diversification in the sources of earnings across our platforms and geographies.

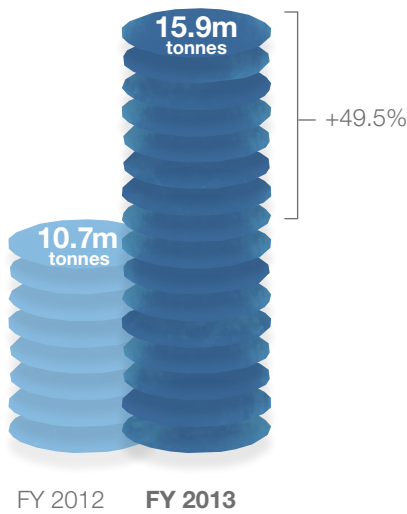
Our annual strategic review resulted in a reaffirmation of our core business strategy – to participate in a well-diversified portfolio of products within the agri-sector through carefully selected expansion opportunities across the value chain. This review also highlighted a re-balanced approach to generating profitable growth and cash flow.

Our global team of over 22,500 people has built leadership positions in many of our products including cashew, cocoa, coffee, cotton and rice. We work with over 13,600 customers worldwide. To put the company's scale into perspective, the amount of coffee handled by Olam equates to 1,300 cups of coffee consumed every second. We produce enough cotton to provide everyone in the world with three pairs of socks annually and our dehydrated onions are served on over two billion burgers each year.

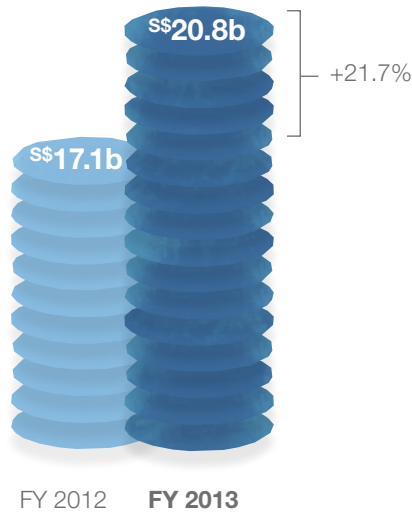


# Performance Overview

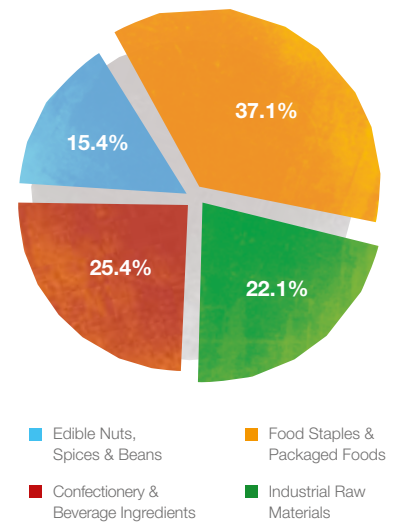
## Volume



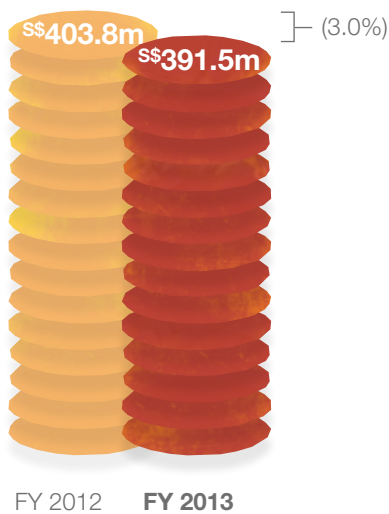
## Sales Revenue



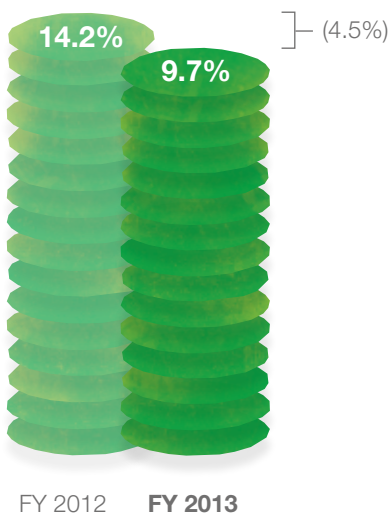
## Sales Revenue by Segment



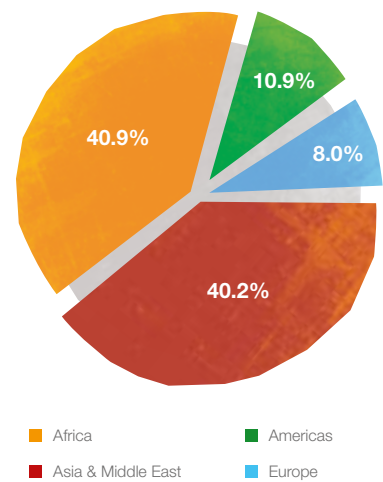
## Net Profit After Tax



## ROE



## Employees by Region



# CEO Spotlight

Making the right decisions for Olam means we must take into account the communities, people and ecosystems local to our operations.

### Global context

The supply/demand dynamic in food continues to be driven by the increasing scarcity of arable land, water and lack of investment in infrastructure and research. This is evidenced by the forecast that global agricultural production is expected to grow on average by only 1.5% a year over the coming decade, compared with annual growth of 2.1% between 2003 and 2012<sup>1</sup>. This, compounded with the rise in population and the growing middle class, is leading to inevitable concerns about global food security.

However this does result in creating opportunities for developing countries, where governments open to inward

investment have potential arable land, abundant rainwater and a young workforce that combined, can positively influence the food security challenge.

### Olam's business strategy

Our core business strategy has stayed consistent – to participate in a well-diversified portfolio of products within the agri-sector through carefully selected expansion opportunities across the value chain. In April we highlighted a re-balanced approach to generating profitable growth and cash flow concurrently.

### CR&S highlights and challenges

We have continued to drive our focus on a comprehensive Sustainability Standard, building on the highly commended Olam Livelihood Charter, as well as a set of codes that align us in a systemic, enterprise-wide manner. Of note, the Olam Plantations Code, together with the Supplier Code, will play a significant role in building end-to-end sustainable supply chains.

In the past year we have reached out to our farming communities through the innovative use of technology. The cocoa team in Côte d'Ivoire has used mobile technology to create OFIS - Olam Farmer Information System. The OFIS database houses extensive farmer surveys (including social, economic and environmental questions), GPS mapping data of farms and provides detailed analytics on the 60 cooperatives (representing 4,500 farmers), which have signed up to the programme

to date. The handheld device provides farmer identification cards and will also permit faster payment. These instruments have contributed to promoting much greater traceability and transparency with our cooperative partners.

Externally there has been plenty of activity too. We were the first agri-business to be accepted for membership of the Fair Labor Association (FLA)<sup>2</sup> through which we will be examining the industry issues of labour practices, including child labour, in the cocoa and hazelnut supply chains. I have endorsed the UN CEO Water Mandate and we are signatories to the Public Statement on Land Governance which was tabled at the recent G8 meeting.

We have faced increased challenges this year in our plantation activity. Agriculture is key to the success of emerging nations - both from the point of view of food security and also for the economic opportunities it presents. We believe it is possible as a large industry player to collaborate with governments and their local communities as a responsible partner, but recognise there are many issues around land. Our due diligence procedures outlined on page 16 were developed with the social, economic and environmental potential impacts at the forefront. Chris Brett, our Head of Sustainability, was asked to address the annual World Bank meeting, as well as the G8 preparatory meetings, in recognition of our approach.

## Awards

This year we were recognised on two consecutive nights, first as a Sustainable Standard Setter by the Rainforest Alliance and then by Guardian Sustainable Business for the Olam Livelihood Charter in their Society Category.

**“The innovative use of technology is a value driver for the business and our community partners, helping us understand rural issues and keeping farmers better informed and swiftly paid.”**

<sup>1</sup> OECD & FAO

<sup>2</sup> FLA is a non-profit organisation established to protect workers' rights worldwide, believing all goods should be produced fairly and ethically



We have prioritised our focus issues, grouping them into six themes – Labour, Land, Water, Climate Change, Livelihoods, Food Security & Safety and have invested our resources to manage and measure our impact across the whole agri-value chain.

**“I am proud that the sustainability drive within Olam has seen a more significant increase in momentum this year compared to any other in Olam’s history.”**

**Sunny Verghese**

Group Managing Director & CEO

**CR&S targets**

We are achieving our quantitative and qualitative targets – from farmers in our Livelihood Charter increasing nearly fivefold over three years to completing footprinting for 90% of our locations for CDP reporting, including the Water and Forest Footprint programmes. Our progress is outlined in ‘Aspirations’ in this report.

In the coming year we will be looking to develop a formal framework for stakeholder engagement to further our sustainability efforts through partnership and a deeper understanding of the issues on the ground. We have committed to a

substantial investment in data software to ensure we have the necessary management information to track and report on our sustainability metrics.

**Growing Responsibly – Olam’s common purpose**

Our expansion across the value chain has led to new specialists being employed across environmental due diligence, community land rights and labour policies. It is encouraging to see the mainstreaming of CR&S within the business. A growing number of managers have CR&S deliverables.

Everyone in the company is increasingly aware of their impact on ensuring the right outcomes are achieved so that we can manifest our common purpose ‘Growing Responsibly’ for the long-term benefit of suppliers, customers, shareholders and everyone relying on Olam for a livelihood.

# Olam Sustainability Standard

The Olam Sustainability Standard is made up of a set of policies and codes addressing all of our business activities across the complete supply chain. These activities and their impacts in turn have helped us prioritise our six focus areas: **Labour, Land, Water, Climate Change, Livelihoods, Food Security & Safety.**

This framework will help us promote and develop our sustainability beliefs and actions through consistent alignment, so that we can work on building end-to-end sustainable supply chains. This drive is also reflective of the trend forming amongst our customers.



## Farmer Suppliers

**Small-scale Farmers –**  
Improving farmer wellbeing through the Olam Livelihood Charter

**Large-scale Farmers –**  
The application of Good Agricultural Practices to manage water, carbon and biodiversity

- Olam Livelihood Charter – application of 8 principles:
 

|                           |                               |
|---------------------------|-------------------------------|
| <b>1</b> Finance          | <b>5</b> Quality              |
| <b>2</b> Improved Yield   | <b>6</b> Traceability         |
| <b>3</b> Labour Practices | <b>7</b> Social Investment    |
| <b>4</b> Market Access    | <b>8</b> Environmental Impact |
- Supplier Code
- Large-scale producer contracts
- Olam Plantations Code



## Olam Plantations, Concessions & Farms

Sustainable stewardship of land and communities through our Land Development Process

- Internal CR&S due diligence guidance for new upstream developments and acquisitions
- Olam Plantations Code
- Olam Audit reporting process to ensure compliance
- Olam Human Resources Policy
- Where applicable, third party certification



## Sourcing & Trading

A set of comprehensive conditions to purchase and trade raw materials / products that are produced in a manner that is socially responsible, economically viable and environmentally sustainable

- Commercial contracts to include Olam Supplier Code
- Trading processes compliant with Exchange and Financial regulations





Tending seedlings in the palm nursery, Gabon



**Processing**

Environment, people and food safety through recognised processes and policies

- Olam due diligence guidance for new upstream developments and acquisitions
- Olam Capital Expenditure Policy
- QEHS management systems
- Olam Human Resources Policy



**Logistics**

Actively seeking logistic solutions to reduce transportation and handling. Seeking emission efficiency and supporting environmentally responsible logistic providers.

- Enhance Service Provider contracts to include sustainability practices
- Develop a Product Waste Reduction Policy
- Long-term contracting and direct management of more efficient bulk shipping



**Offices**

Championing sustainability in the workplace through behavioural change

- Growing Responsibly internal communications campaign
- Olam Sustainability Standard engagement
- Increase office recycling
- Increase awareness of renewable energy opportunities
- Code of Conduct
- Olam Human Resources Policy

# Aspirations

## Olam Sustainability Standard

## Performance Indicators

|   |  |
|---|--|
|  <p><b>Farmer Suppliers</b></p>                          | <p>Farmers linked to Olam supply chains</p> <p>Farmers in the Olam Livelihood Charter</p> <p>Olam volume from large-scale farmers compliant to Supplier Code</p>   |
|  <p><b>Olam Plantations, Concessions &amp; Farms</b></p> | <p>Surface &amp; ground water consumed (m<sup>3</sup>/MT product)</p> <p>GHG Intensity (MT CO<sub>2</sub>e/MT product)</p> <p>Lost Time Injury Frequency Rate (LTIFR)</p>  |
|  <p><b>Sourcing &amp; Trading</b></p>                  | <p>Olam volume covered by compliant suppliers</p>  |
|  <p><b>Processing</b></p>                              | <p>Lost Time Incident Frequency Rate (LTIFR) <sup>G</sup></p> <p>GHG intensity (MT CO<sub>2</sub>e/MT product) Tier 1 Facilities<sup>3</sup></p> <p>Process water intensity (m<sup>3</sup>/MT product) Tier 1 Facilities<sup>3</sup></p> |
|  <p><b>Logistics</b></p>                               | <p>Ocean logistics GHG Intensity (MT CO<sub>2</sub>e/MT product)</p> <p>Inland logistics teams trained in Safety &amp; Environment</p> <p>Reducing product loss across the supply chain</p>  |
|  <p><b>Offices</b></p>                                 | <p>Internal integration of Olam Sustainability Standard</p> <p>Managers with CR&amp;S deliverables</p>   |

**2013 Actuals**

**2015 Targets**

**2020 Targets**

|  |  |  |
|--|--|--|
| <p>3.9 million (1.5 million in 2011)</p> <p>313,476 (65,000 in 2011)</p> <p>Supplier Code signed off</p>   | <p>4 million</p> <p>600,000</p> <p>60% of tonnage compliant</p>        | <p>5 million</p> <p>800,000</p> <p>100% of tonnage compliant</p>         |
| <p>Baseline set at 5,532m<sup>3</sup> from 2013</p> <p>Baseline set at 7.31 MT from 2013</p> <p>New indicator for 2013/2014</p>                                      | <p>5% reduction</p> <p>5% reduction</p> <p>25% reduction</p>           | <p>10% reduction</p> <p>10% reduction</p> <p>50% reduction</p>           |
| <p>Supplier Code signed off</p>  | <p>50% of tonnage compliant</p>  | <p>100% of tonnage compliant</p>   |
| <p>1.0</p> <p>Baseline set at 0.29 MT from 2013</p> <p>Baseline set at 1.98m<sup>3</sup> from 2013</p>   | <p>25% reduction</p> <p>5% reduction</p> <p>10% reduction</p>          | <p>50% reduction</p> <p>10% reduction</p> <p>10% reduction</p>           |
| <p>Baseline set at 0.36 MT from 2013</p> <p>New indicator for 2013/2014</p> <p>New indicator for 2013/2014</p>   | <p>5% reduction</p> <p>50% trained</p> <p>5% reduction</p>             | <p>10% reduction</p> <p>100% trained</p> <p>10% reduction</p>            |
| <p>New indicator for 2013/2014</p> <p>New indicator for 2013/2014<br/>(Prioritising Olam Plantations, Concessions &amp; Farms plus Processing Tier 1 Facilities)</p> | <p>75% managers reached</p> <p>50% Olam managers in priority areas</p> | <p>100% managers reached</p> <p>100% Olam managers in priority areas</p> |

## Our Focus Areas

We have identified the six core themes we consider the priority material areas based on the nature of our business and its long-term value and impacts

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These focus areas were prioritised due to the opportunities and risks they present – not only from our own farming and processing activities, but also from those of our suppliers. Our multiple interactions with stakeholders also fed into this process through which we applied economic, social and environmental criteria.

We continue to embed education, as well as health and awareness programmes into our daily work on farms and factories. Together with championing gender equality, we support these essential rights in all the selected material areas as part of our commitment to the UN Millennium Development Goals.

**Labour**

Encompassing our duty of care to our staff and contractors – their health and safety, remuneration and rights, with special attention on child labour and gender equality. For business continuity, a company with a positive employer brand retains and attracts staff, as well as increases its productivity. Our extensive value chain necessitates industry-level standards (such as ILO) which we embed in our emerging origins.

**Land**

Given the location of many of our plantation and farm sites, in particular in the developing world, governance and reputational risk have been a material concern. NGOs and external experts have assisted us in developing a responsible approach to land selection and management with an emphasis on key environmental and social issues, such as biodiversity and land rights.

**Water**

This focus area is a must for all agri-businesses given that 70% of available freshwater is used for irrigation. (The majority of crops that Olam trades and grows, however, are rain-fed.) Industry consumes another 20%, making it a consideration for our processing plants globally. Water availability is a recognised increasing problem, further exacerbated by the impacts of climate change.

**Climate Change**

The effects of extreme weather patterns and temperature variability create uncertainty for farmers worldwide, presenting risk to all companies in the value chain, but also opportunities to those with forward thinking adaptation strategies. We are managing and mitigating our GHG footprint across our own operations and transparently reporting.

**Livelihoods**

Focusing on the 3.9 million smallholder farmers and their communities in our supply network, this is an area where Olam pioneers sustainability at the farm gate. The opportunity is to work with farmers to increase their revenues by maximising yield and quality. Our depth of partnerships with donors, customers and technical NGOs opens up shared learnings to guarantee the resilience of our supply through inclusive business models.

**Food Security & Safety**

Our activities in basic foods support growing and processing in many developing countries, providing cash generation and access to affordable food. On safety, Olam's expansion into more finished product brings with it the responsibility to apply the highest food standards.



# Labour

Our pledge: Providing a safe workplace where everyone's rights are respected



Staff in our garlic factory, China

As Olam has grown, so has our direct workforce – employed across our upstream operations in plantations, concessions and farming to our downstream processing. These employees and contractors are governed by the Olam Code of Conduct and ILO compliant labour standards.

We commit to the following labour practices across our supply chains:

- Compliance to relevant labour laws and international agreements (e.g. working hours and conditions, freedom of association, collective bargaining, gender and age equality)
- A grievance mechanism accessible to all workers without retribution
- An accessible communication framework of policies to the workforce
- The application of these requirements to contracted and migrant workers where relevant

## Child labour in agriculture – a complex issue

In 2012, the ILO and the FAO reported that, 'Worldwide, agriculture is the sector

where by far the largest share of child labourers is found, nearly 60%. Over 129 million girls and boys aged 5 to 17 years old work in crop and livestock production, helping supply some of the food and drink we consume and the fibres and raw materials we use to make other products'.<sup>4</sup> Almost 70% of these child labourers are unpaid family workers. When children work long hours, their ability to attend school or vocational training is limited, preventing them from escaping the poverty cycle. Girls are particularly disadvantaged, as they often undertake household chores following work in the fields.

However, in the context of small-scale family farming, it is important to recognise that some participation of children in productive, non-hazardous activities

is a fact of life and can be positive, contributing to inter-generational transfer of skills and therefore long-term food security. Age-appropriate tasks that do not present risks and do not interfere with a child's schooling or right to leisure, are generally a normal part of growing up in a rural environment in emerging economies.

We recognise that for some children, their work in agriculture goes beyond these limits and becomes forced child labour where long hours, hazardous or heavy tasks are expected of them. The prevalence of the worst forms of child labour in agriculture undermines decent work and sustainable agriculture.

**Industry partnerships**

We continue to participate in industry initiatives that focus on improving labour practices across our supply chains, including the elimination of child labour, a recent example is our joining of the International Cocoa Initiative.

Cotton sourced from Uzbekistan has been controversial due to its long-term association with child labour and more recently adult forced labour. In order to push for progress in improving labour standards, we are members of the Association of Cotton Merchants in Europe (ACME). Key stakeholders, such as the ILO, together with ACME, have actively promoted the importance of improving labour standards within the cotton sector to the Uzbek government. It has recently been announced that the government has agreed to external monitoring by the ILO for the current harvest - a critical step in beginning to address these issues.

**Fair Labor Association**

This year we joined the Fair Labor Association (FLA) in the lead category of a 'participating company' - the first

agricultural supply chain company to do so, thereby committing to their transparent practices of operation. This partnership will help Olam implement scalable solutions to the recognised labour issues within many of our supply chains. We are working initially with FLA in our cocoa and hazelnut supply chains in Côte d'Ivoire and Turkey respectively, selected due to their known labour practice challenges, including child labour. We will then roll out learnings to other prioritised products. A detailed supply chain assessment for both cocoa and hazelnut, clearly identifying the major issues and a specific remedial action plan, is in development.

**Supporting women in agricultural supply chains**

Women produce 50% of the world's food, yet earn only 10% of the income and own 1% of the property.<sup>5</sup> The situation is particularly acute for rural women who fare the worst against all the UN Millennium Development Goal indicators in areas as diverse as agriculture, nutrition, health and education.

Commonly women do not inherit land tenure rights and with the high level of female illiteracy, they cannot attempt to make a claim. Lack of land ownership in turn significantly obstructs their access to financial assets, including credit and saving. And, where women do have their own farms, culturally they are still expected to raise the family and run the home.

We support rural women's livelihoods in a number of ways. In Nigeria we trained over 1,500 female cocoa farmers last year in Rainforest Alliance's Good Agricultural Practices to improve quality and yield. In terms of Farmer Business school training, we committed to train a minimum of 10% women farmers in the World Cocoa Foundation's rejuvenation programme through our implementation partner, GIZ. We are the sole customer of an all-female company that shells and peels cashews in Côte d'Ivoire and 19.2% (60,190) of farmers in our flagship Olam Livelihood Charter initiatives this year are women.

For International Women's Day we surveyed nearly 6,000 of our female cashew employees from rural communities



<sup>5</sup> Organisation for Economic Co-operation and Development

in Africa and Asia who were asked to choose the single most important reason they value their job, beyond the obvious financial benefits. 36% identified that working ‘gives me independence and choices’. 33% singled out the impact on ‘status and confidence’, while 19% felt that ‘I learn useful information to take back to my family’. The research reflects Olam’s commitment to creating positive impacts in our communities.

**Health support**

For the past five years Olam has directly supported the UN World AIDS Day, reaching over 234,000 people across 10 origins and 29 initiatives, with an increasing focus on long-term programmes.

In the 20 Olam Livelihood Charter initiatives, we have built three health centres, a medical lab and a maternity unit. Upstream we continue to develop our health facilities with a particular focus on malaria and water-borne diseases.

**Growing Responsibly alignment**

Olam’s common purpose, Growing Responsibly, was launched last year. The internal awareness campaign reached all managers in the past 12 months and we will continue to deliver the strategy and messages through the company as part of our ‘One Olam’ commitment.



Supporting World AIDS Day, Tanzania



“New skills and mindsets are needed to survive and thrive in the complex world we are operating in. In this context, new skills, business models, processes, systems and structures must be deployed [...] Sumanta Kumar De [cocoa, Indonesia] is a great example of an employee – a Social Intrapreneur - thriving with these new skills and mindset. However, without the entrepreneurial culture and sustainable business mindset he experiences in Olam, he would not be as successful. How Olam achieve this, and how they attract talent such as Sumanta, is a valuable and rare asset.”

Nadine Exter, Head of Business Development, The Doughty Centre for Corporate Responsibility, Cranfield University and author of *Employee engagement in sustainable business: How to change the world whilst keeping your day job* (Routledge, 2013)



# Land

Our pledge: Selecting and managing land responsibly



Harvesting cotton, Australia

Land availability for agriculture poses a central dilemma – land development is necessary to feed growing populations and capitalise on global economic opportunities, often through partnership between governments and multi-national businesses. However, agricultural expansion can negatively impact local populations and the environment unless essential precautions are taken.

## Commitments

This year Olam publically endorsed the United Nations Guidelines on Responsible Land Tenure and we remain committed to manage our upstream operations according to the parameters set out in the declaration. These guidelines were adopted by the recent G8 summit as a further move to transparency of land management with particular emphasis on emerging economies.

## Land development process - applying the Olam Plantations Code

At present there is no single industry standard across all agri-products to which companies can comply. The palm and timber sectors have industry standards,

for example RSPO and FSC®, but other sector standards, such as rubber and rice, are still to be developed. We have developed the Olam Plantations Code which is designed to ensure compliance to recognised international practices such as the IFC Performance Standards on Environmental and Social Sustainability.

## Land selection

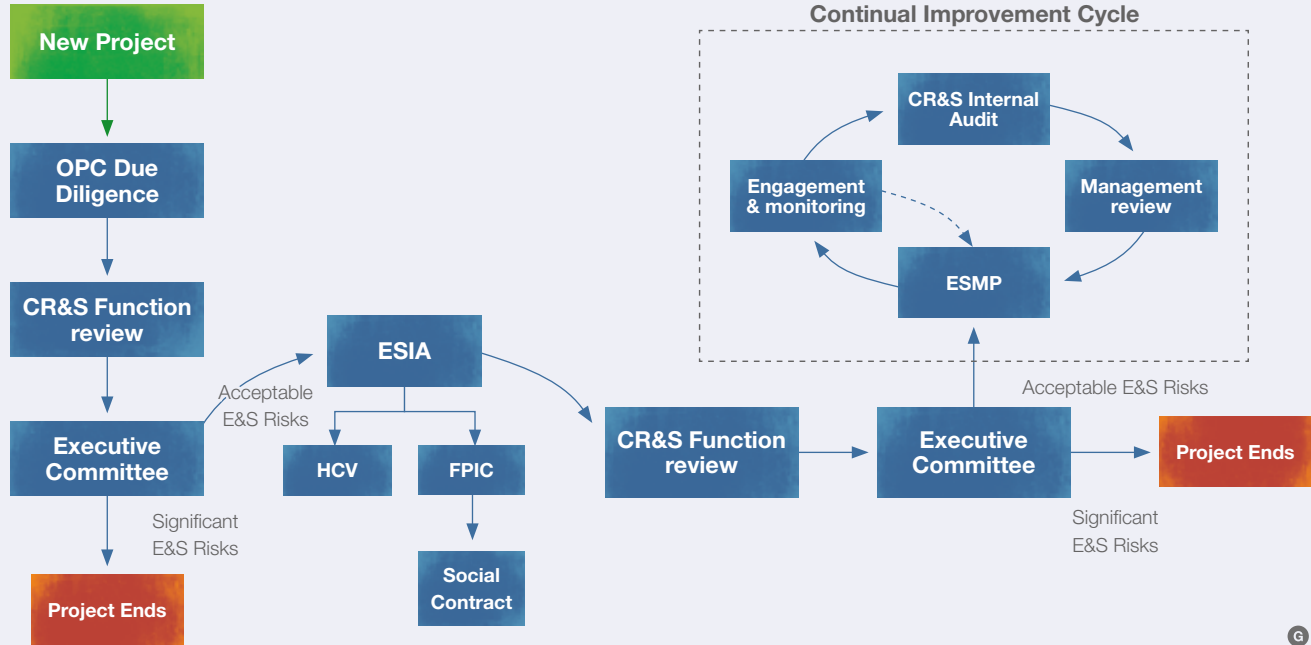
The location of farms and plantations is the single most important factor in determining social and environmental impacts. Site selection is critical to sustainable land development and is usually the respective government's responsibility, ideally guided by national land use plans. However, we still conduct

additional due diligence processes to ensure that we only develop appropriate land areas.

## Stakeholder engagement

As outlined, large-scale upstream investments are a contentious issue as evidenced by ongoing campaigns by international NGOs, particularly under the banner of 'land grabbing'. We rarely acquire land, favouring lease arrangements. The concept of acquiring or leasing land that we do not intend to develop – 'land banking', has no place in our company. Where there is a lack of clarity within the national laws and weak governance, it is our responsibility to clearly demonstrate our commitment to

## Land Development Process Applying the Olam Plantations Code (OPC)



credible standards and ensure there is an established process of continued engagement and dialogue with local communities.

Throughout the year we have engaged with stakeholders through a range of methods including meetings we have hosted; participating in conferences and workshops; direct responses to specific

questions about our operations, and increased information placed on our website.

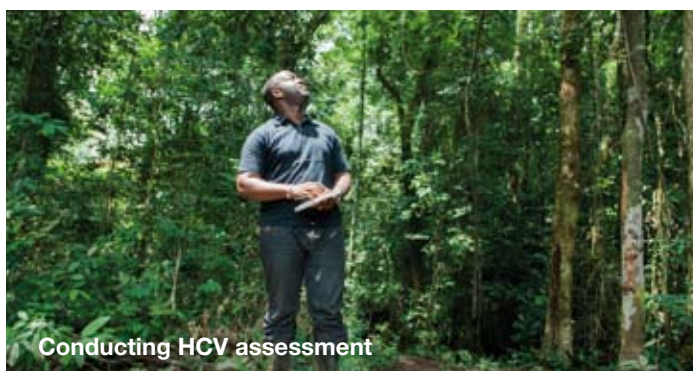
These processes yield genuine results – for example, having recognised the valid grievances of local communities around one of our coffee estates in Laos over the land allocation process and their customary land rights, we have worked

directly with the communities, local and national government to seek an open and transparent resolution. This dispute is now in the final stages as we wait for the national government to endorse a solution that has been agreed by the communities and Olam.

These learnings have been incorporated into our Land Development Process.



Coffee plantation workers, Laos



Conducting HCV assessment



Collecting water

## Palm in Gabon

From the outset, we have been committed to sustainable palm plantation development in Africa, as defined by the Roundtable on Sustainable Palm Oil (RSPO). Prior to commencing development on over 100,000 ha of potential land, we screened and rejected several unsuitable sites and carried out intensive assessments of the remaining areas according to RSPO's highly demanding New Planting Procedure. We engaged national and international experts, consulted with NGOs and negotiated with local communities through a Free Prior Informed Consent process. Olam committed 9-12 months per site to complete this process.

Across the two plantation concession areas that we are developing, Awala and Mouila, our due diligence processes identified 25,493 ha of land suitable for planting and 25,709 ha of high conservation value (HCV) land. We have set this aside to provide habitat for wildlife, maintain ecosystem services (including steep slope and water catchment protection), and preserve local people's access to traditionally important sites such as fishing grounds, graveyards and other sacred spaces.

We place the highest importance on obtaining the consent of local communities for plantation development. Our concessions are state-owned land, and there are no villages or dwellings within them, however we carried out detailed social participatory mapping

with the villagers on surrounding land to identify areas communities want to protect, and negotiated their consent through a transparent and documented process to develop other areas.

Mutually agreed benefits were defined on a village by village level in our Social Contracts, including continued access to the site for subsistence activities, the development of infrastructure (rural lighting schemes, schools, dispensaries and sports fields), support for agriculture and land allocation. In Mouila, for example, we reserved 950 ha within the site boundaries for agriculture and other uses.

One of our main environmental concerns is to preserve the abundant biodiversity characteristic of Gabon's landscapes. Our core HCV areas protect large tracts of high-quality habitat and are connected with vast areas of natural ecosystems in the wider landscape. Within our sites we have linked habitat blocks together via broad natural 'corridors' to ensure the safe passage of animals. This year we have been conducting intensive supplementary faunal surveys, led by an independent scientist, which have already been instrumental in revising our plantation planning and development schedules (including the addition of around 1,000 ha of HCV areas in Mouila), and which will inform our long-term Faunal Management Plans. In addition, we are working with local partners to prevent illegal poaching, develop sustainable alternatives to hunting and fishing, and

raise awareness of protected species. As our developments progress, our dedicated HCV teams work hand-in-hand with the operations team to ensure that the HCV areas and buffer zones are respected, and continuously monitor and manage our conservation areas.

Site-based ESIA's are vital for sustainable development, but they do not provide the landscape context within which to manage cumulative development impacts. Therefore we have worked with the Gabon National Parks Agency (ANPN) to develop a systematic site selection methodology using data from national databases and field assessments, prioritising areas with the highest agronomic potential and social/economic benefits, and lowest biodiversity and environmental risk, including above ground carbon stock. The results are being fed back to the Government of Gabon to inform national land use planning processes to satisfy Gabon's needs for agricultural development and conservation.

To date in our plantations we have invested the following:

- One-off due diligence costs for our plantations currently being developed US\$1,093,118, comprising LIDAR Surveys, ESIA & HCV assessments
- On-going annual environmental & social investments for current plantations US\$1,512,093

# Water

Our Pledge: Establishing landscape level water management

Coffee after the rain, Colombia

Changing climatic conditions and rapid alterations in land and water use in many regions, driven by intensifying demand from population growth, dietary changes and economic growth, has given rise to increasing threats to the supply, quality and reliability of water resources.

Water plays a critical role in global food security and is essential for the resilience of Olam's international agri-supply chains.

Approximately 70% of the world's surface is covered with water. However 97% is salty leaving just 3% as freshwater. Of that 3%, roughly 2% is frozen, leaving only a tiny 1% available, of which 0.7% is used for agriculture.

Successful companies of the future will therefore be those which plan their ongoing operations and investments with water at the centre – costing it into their business plans, modelling future availability and collaborating with local stakeholders for equitable access and usage.

## Olam's water footprint

This year we completed the first water footprint of Olam's business, encompassing our 55 Tier 1 facilities, our own plantations, concessions and farms, as well as our farmer suppliers.

The water consumption this year at our 55 Tier 1 facilities was measured as 4.6 million m<sup>3</sup>.

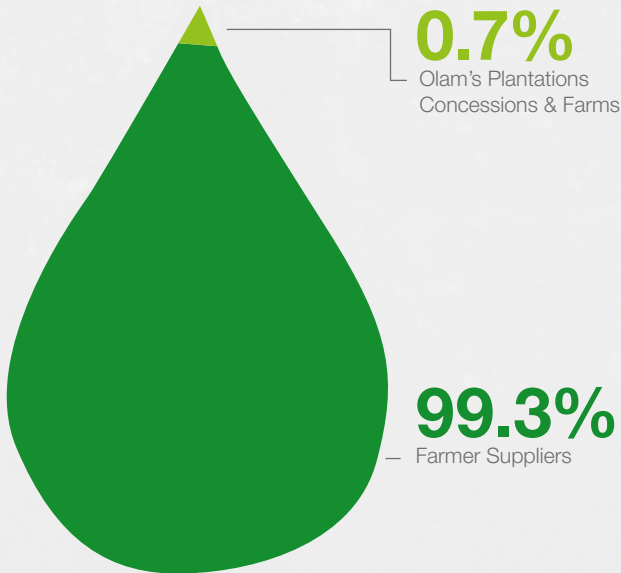
Olam's company farms and plantations had a water footprint measuring approximately 350 million m<sup>3</sup>, largely from our almond orchards and rice farm. Other farms and plantations are still in the early stages of development but will significantly increase as they mature in their absolute water footprint, of which more than

90% will be rainwater. Our challenge will be to increase efficient water utilisation by maximising rainwater and implementing effective soil and moisture conservation measures. When irrigating, we will look to minimise water quality impacts as a result of water abstraction or surface water run-off.

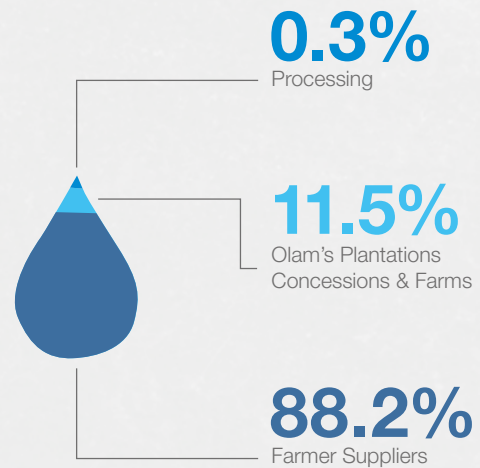
Water consumption last year by Olam's farmer suppliers was estimated<sup>6</sup> at 26.3 billion m<sup>3</sup> per year, comprising 25 billion m<sup>3</sup> of rainwater and 1.3 billion m<sup>3</sup> of surface and ground water. Olam's greatest business-related water impacts and risks therefore clearly exist in our upstream supply chain rather than in our direct operations. It is increasingly

## Olam's Water Footprint

### Rainwater 25.2 billion m<sup>3</sup>



### Surface & Ground Water 1.5 billion m<sup>3</sup>



important for our business that we work with our suppliers to understand these risks and opportunities.

#### Olam's direct operations

To drive continual improvement at our processing sites, our Manufacturing and Technical Services (MATS) function has delivered water improvement tools and techniques through their Extracting

Efficiency workshops, resulting in an Improvement Roadmap for each site. For example, our tomato paste factory in Lagos, Nigeria, has reduced approximately 10% of their annual water consumption by making modifications to their water treatment plant filtration system, allowing for the recovery of 2,268 m<sup>3</sup>/annum of water which was previously discharged.

The WBCSD Global Water Tool has been used to assess water availability at our Tier 1 facilities. The tool is also being used by the CR&S function to assess water availability at our current and future upstream farming operations. The results will enable us to continue to prioritise our future water management efforts.

#### Olam's farmer suppliers

Although the vast majority of our suppliers' crops are rain-fed, we recognise that some of our origins experience seasonal water availability risks and these risks are expected to increase. As part of Good Agricultural Practices training programmes, farmers are being encouraged to utilise rainwater more productively.

**“We wish to thank you and to applaud your vision and leadership in endorsing the UN Global Compact’s CEO Water Mandate. You are among a select group of business leaders who recognize the ever-growing importance of sound water management and water sustainability.”**

**Georg Kell**  
Executive Director, UN Global Compact

We have prioritised India as being a country with high water-related risks. The Indian Government's

own 5-year plan estimates their water demand in 2031 could be 50% greater than today, of which only a fifth can be delivered through additional supply – agriculture is currently responsible for 85% of their consumption. In response, our Indian sugar business is working on a two-year project with WWF and IFC to address water availability risks in the sugar cultivation supply chain. This initiative will lead the way in creating an environmental sustainability roadmap – not only for our business, but we also hope for the sugar sector in India.

### Collective action

As a part of our ongoing commitment to effective water management and stewardship at a watershed level, our CEO has recently endorsed the UN Global Compact's CEO Water Mandate. We also voluntarily reported to the Carbon Disclosure Project Water programme for the first time this year.

Olam is already active in several watershed stakeholder groups – managers from Olam's Australian almond orchards participate in the National Irrigators' Council (NIC), and in Tanzania we supported the creation of the Upper Ruvuma Catchment Basin Steering Committee where our coffee farm is located.

### Future plans

To address the use of water in our direct operations, we have set the following targets:

- 10% reduction per tonne of product by 2015 of fresh water in our processing operations
- 10% reduction per tonne of product by 2020 of fresh water usage for irrigation in our own farming operations

As this is the first year we have measured our water performance, we will report our progress towards our targets in next year's CR&S Report.

## Know your onions

### California, USA

To deliver agricultural sustainability in regions of the world where water is scarce requires innovation.

Over the last decade our agricultural R&D team in California has been driving a business transformation in dehydrated onions. Onions require large quantities of water in both the field and the dehydration phase.

Using traditional plant breeding techniques, the R&D team has developed elite breeding lines for hybrid onion seeds to produce high solid content and high yield onions. Over the course of this ten-year project, the benefits of being able to increase the onion solids content by 17% have been:

- A combined reduction in irrigation and processing water requirements of 65 million m<sup>3</sup>, equating to a reduction of 748 m<sup>3</sup> water/tonne dehydrated onion
- Accumulated cost savings of over US\$88m
- Reduced land requirement by almost 7,500 hectares



Harvesting high yield onions, USA

# Climate Change

Our Pledge: Adapting to risks and opportunities for Olam and communities

Our REDD+ project, Republic of Congo

The climate is changing and impacts on businesses and the communities they work in are already being felt. More severe weather events, rising temperatures and changing rainfall patterns are being observed globally.

Climate change is not an exact science but current forecasts do indicate a global temperature rise of more than 2°C is likely by the end of the 21<sup>st</sup> century. While this may be positive in some regions, it will also bring potentially severe consequences in others. Olam's challenge is to manage this uncertainty and build climate resilience into our supply chains.

Agriculture releases significant amounts of the greenhouse gases CH<sub>4</sub>, N<sub>2</sub>O and CO<sub>2</sub> with global agri-emissions having increased by 13% over 1990 emissions. However, agricultural production has increased by 23%, demonstrating increased efficiency in the agriculture sector.<sup>7</sup>

In response to our climate challenges, Olam has prioritised three key activities:

1. Improving the intensity of GHG emissions from our own farming and processing operations
2. Adapting our own farming operations to build in climate resilience
3. Encouraging our farmer suppliers and logistics providers to improve their GHG emissions intensity and build in climate resilience

### Olam's carbon footprint

This year we again reported on our GHG emissions, strategies and actions to CDP. The measurements cover 90% of our business operations.

**G** **Direct Scope 1:** 2.3 million MT CO<sub>2</sub>e  
**Indirect Scope 2:** 0.2 million MT CO<sub>2</sub>e  
**Indirect Scope 3:** ≈ 20 million MT CO<sub>2</sub>e

### Olam's direct operations

As we continue to expand our own farming, plantation operations and processing capacity, we expect our absolute GHG emissions to increase, but we will drive efficiencies across our business to reduce our GHG intensity, as well as building adaptation plans for the future.

### Olam plantations & farming

To ensure both current and future climate change impacts are addressed, our Plantations Code includes GHG mitigation actions through energy efficiency and Good Agricultural Practices.

<sup>7</sup> FAO

**G** Refer to glossary



Reservoir supporting almond drip irrigation, Australia

This year we will implement the RSPO Palm GHG Calculator to estimate and monitor our life cycle Palm GHG emissions and identify the GHG hotspots to guide emission reduction opportunities so that next year palm will be included in our overall footprint.

The ongoing REDD+ Project in North Pikounda, Republic of Congo, consisting of 94,000 hectares of tropical rainforest, is in the final stages of independent third party auditing. This project is expected to generate 4.9 million Voluntary Carbon Units (VCU) over a 20-year period.

#### Olam processing

Olam's MATS function has developed a 'Simple Solutions' programme - a comprehensive range of GHG reduction initiatives linked to improving energy awareness and implementing operational energy efficiency solutions. The programme to date has been shared through workshops attended by staff from 35 of the Tier 1 facilities with plans for the remaining sites to attend by the end of 2013.

At Olam's flour mills in Nigeria, an Energy Management Committee was formed with the mandate to improve energy performance. Focusing on high energy consuming areas like the compressed

air system and lighting, the initiatives improved the GHG intensity by almost 10%, from 63 kg CO<sub>2</sub>e/MT to 57 kg CO<sub>2</sub>e/MT of finished product. Additional actions identified for 2013 are estimated to deliver a further 10% improvement. Olam is one of the first agricultural companies to receive SEP (Superior Energy Performance) and ISO 50001 certification for their energy management programme. Through this process, Olam's garlic plant in California identified and acted on several opportunities, from rebalancing production and maintenance management improvement to implementing projects to reduce natural gas and electricity consumption. These actions have resulted in 9.8% energy intensity improvement, saving more than 4,000 MT CO<sub>2</sub>e per year.

Our cashew factories in Côte d'Ivoire, Nigeria and Vietnam, sugar factories in India, and coffee factory in Vietnam all use biomass to generate a part of their energy requirements. The Vietnam coffee factory uses spent coffee grounds (SCG) to replace a proportion of the coal used in the steam boilers. This project qualified to claim carbon credits under the United Nations Clean Development Mechanism (CDM) in 2012. A tripling of production capacity will now increase the amount of SCG which can be used, reducing their annual GHG emissions by 44,483 MT CO<sub>2</sub>e.

#### Olam's indirect operations

Olam's suppliers are the major source of emissions associated with our business. Rice cultivation, land use,

**“We fully support Olam’s Pikounda Nord REDD+ Project and believe initiatives like these will help unlock the full range of values of natural tropical forests in the region by providing alternative sources of revenue to the local government & communities, supporting the conservation of wildlife and encouraging responsible management of standing forests, while creating additional carbon sinks in a rapidly warming world.”**

**Minister Henri Djombo, Forest Minister of the Republic of Congo**



fertiliser application and ocean logistics are the four major emission sources requiring mitigation.

We participate in the Sustainable Rice Platform (SRP), co-convened by United Nations Environmental Programme (UNEP) and the International Rice Research Institute (IRRI) to reduce the environmental impact of rice production.

We support our farmer suppliers through training in Good Agricultural Practice, such as minimum tillage, efficient fertiliser use and energy efficiency in line with principles of the Olam Livelihood Charter and third party sustainability certification schemes.

Our farmer suppliers will also need to adapt to climate change impacts to support their future livelihoods and local environment.

Olam and Rainforest Alliance's 3-year landscape level project, "Climate Cocoa Partnership for REDD+ Preparation" in Bia-Juabeso, Ghana, focuses on developing an agri-business model which breaks the link between cocoa production and deforestation. The partnership has so far trained 804 cocoa farmers, who together own 1,280 farms covering an area of 2,312 hectares, on building cocoa production areas that are more resilient to the impacts of climate change.

With a sea freight footprint of two million MT CO<sub>2</sub>e, we must consider fuel efficient ships wherever practical for our business. Our shipping desks in Durban and Melbourne use RightShip to inform their selection of vessels. RightShip has developed an Existing Vessel Design Index (EVDI™) and a GHG Emissions Rating to compare 60,000+ vessels currently in service which emit over 1 billion MT CO<sub>2</sub>e annually.

**Future plans**

We have set targets to:

- Improve GHG emissions in our own Tier 1 facilities 5% by 2015 and 10% by 2020 per tonne of product
- Improve our GHG intensity 10% in our own plantations and farming operations by 2020 per tonne of product

We are committed to improving our climate impacts and see clear business opportunities which will serve as differentiating factors and enable us to grow responsibly.



Training cocoa farmers, Ghana

**Olam's Carbon Footprint**

Scope 1 = 2.3 million MT CO<sub>2</sub>e

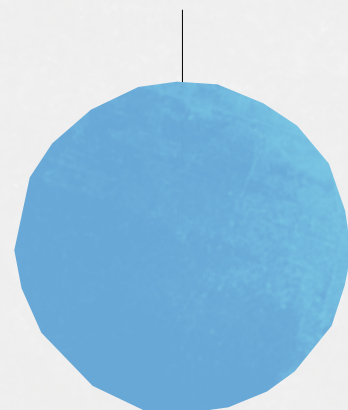
Scope 2 = 0.2 million MT CO<sub>2</sub>e

Scope 3 = 20 million MT CO<sub>2</sub>e

Plantations, Concessions & Farms / Processing

Processing

Rice / Logistics / Land use / Fertiliser



# Livelihoods

Our Pledge: Supporting thriving communities

Coffee farmers, Colombia

Olam's business operates at the grass roots of global agriculture. We are the interface between international brands and those who grow the products that feed, clothe and shelter the growing population. Even today, the majority of the world's farmers are smallholders – 90% of farms in Africa average 1.6 hectare plots.

Our direct relationship with 3.9 million small-scale farmers forms the backbone of our direct sourcing operations. The eight principles from Olam's Livelihood Charter cement our commitment to transform these rural farmers into commercially viable partners through productivity and improved quality thereby ensuring longevity of supply.

The resilience of our supply chains depends on incentivising our farmer partners to keep farming in the family. Future pastoral generations need to see their parents being financially secure, maintaining a reasonable quality of life with access to clean water and energy, motivated and learning, investing back in their farms, using the technology that is changing their commercial landscape.

Only then can communities thrive. Inclusive businesses recognise the value of such communities and look to share economically, while at the same time maintaining local natural ecosystems.

### Olam Livelihood Charter flagship initiatives

In this, the third year of our Charter, there were 20 initiatives that achieved full Olam Livelihood Charter (OLC) status by attaining all eight of the principles. Since launch, we have increased the number of farmers by nearly five times to 313,476, who brought 200,000 tonnes of product to market on farms covering 500,000 ha.

These 20 initiatives provide cocoa, cotton, cashew, coffee and sesame from Africa, Asia and South America to our global

customers. In terms of this year's specific highlights, we provided US\$117m of interest free short-term finance; conducted 5,583 training days; GPS mapped 10.6% of farms and supplied 7.6 tonnes of seeds.

### Olam and Blommer Chocolate's commercial collaboration – GrowCocoa

GrowCocoa, established in 2012, focuses on ensuring a healthy and equitable cocoa value chain for generations to come, from the origin to the customer. There are currently 42,364 farmers involved, who have received over US\$9 million in premiums and awards for high yields and quality.

**“The judges felt that, while this category [Society] had many inspirational and exciting examples of the positive roles business can play in society, the Olam Livelihood Charter stood out. [It] was the most inspirational idea in the whole pack. It’s a ground breaking idea which is likely to make a huge difference as Olam are tackling the hardest thing of all in the supply chain – keeping smallholders in business.”**

## Guardian Sustainable Business Award Panel, 2013

### Walmart Foundation backs Olam and TechnoServe to support cashew farmers in Nigeria

Olam is working with TechnoServe in Nigeria on a programme sponsored by the Walmart Foundation to improve cashew yields by 20%. An estimated 125,000 Nigerian households are engaged in cashew farming but their yields could be significantly increased, in turn improving their quality of life.

Nearly half of the 6,000 farmers who will be impacted are women. The training will scale up the programme run by Olam over the last two years in good agronomic practices, improved harvest and post-harvest methods, as well as a comprehensive series of farmer-trainer courses.

### Helping farmers fight coffee rust in Honduras

Honduras is one country that has suffered a severe attack of La Roya (coffee leaf rust disease) in the last season, causing damage to approximately a quarter of the planted coffee area (70,000 hectares) with devastating impact on farmer livelihoods and prompting the government to declare a national emergency.

Olam’s Education through Model Farm project uses a diagnostic tool on selected plots of coffee land from which an agronomic management plan can be built. The project is participatory so that technology and learnings can be transferred, helping farmers to learn to live with the rust disease, increase productivity and improve the quality of their coffee.

### Cocoa re-ignitation, Papua New Guinea, in partnership with the World Bank

Many farmers abandoned cocoa after the moth, Cocoa Pod Borer, infested Papua New Guinea in 2007. This partnership between Olam, World Bank and the Cocoa Board of PNG aims to renew interest in cocoa farming by increasing productivity and better market access for the farmer. The total project investment is US\$800,000.

The partnership will train 500 farmers through a network of 12 Farmer Field Schools focusing on ‘learning through doing’, as well as rehabilitating 500 ha of existing cocoa farms, by re-planting the

Cotton farmers weeding, Côte d’Ivoire



**“Olam has been operating at the farm gate for nearly 25 years. Our procurement infrastructure and business approach enable us to ensure traceability along our entire supply chain. Certification schemes alone, in our view, lack criteria which are key to improving sustainable livelihoods in agriculture, especially those where traceability to source is not encapsulated. We believe our Livelihood Charter principles are a more holistic and practical approach.”**

**Gerard Manley, Global Head Cocoa, Chairman CR&S Executive Committee**

farms with high yielding, Pod Borer tolerant clonal seedlings. The aim is to help these farmers achieve Rainforest Alliance certification, providing access to a premium market for their produce.

accounting for 50% of their cash income. A clear opportunity in the cotton sector for poverty reduction and commercial development exists.

This year we joined Phase 2 of the COMPACI (Competitive African Cotton Initiative). Olam will provide

Women (20% minimum) and youth in the community will also be targeted in a crop diversification programme (Galip nut will be planted as shade trees), plus training on ‘back garden food cropping’ and other commercially viable crops.

#### **Sustainable ‘Cotton made in Africa’ (CmiA)**

80% of African cotton farmers have an income of less than US\$1.5 day, with the sale of cotton

matched-funding for US\$1.57m, to be drawn in part from agricultural field extension costs. This will help 30,000 farmers in Côte d’Ivoire and Ghana to improve their revenues by producing cotton under the Cotton made in Africa (CmiA) label.

There are already 435,000 verified CmiA farmers under the project and 20 million CmiA garments were sold in 2012. The phase we have joined will focus on three areas:

- **Economic Capacity Building** - understanding basic agri-techniques, conservation techniques for soil fertility, integrated pest management and Farmer Business School training
- **Gender Equity** - ensuring female farmer capability building and support for their cooperatives/associations
- **Safety and Child Labour** - effective use of pesticide, training hours and materials in line with CmiA child labour criteria

## **Sustainable sugarcane production**

### **Collaboration with IFC and Solidaridad in India**

This three-way partnership aims to address sugarcane sustainability through training, efficient use of irrigation, the development of rural entrepreneurs and capability building for Sustainable Sugarcane Standards (e.g. Bonsucro Certification), with a shared project investment of US\$2m over three years. The goal is to increase sugarcane productivity by 15% across two local Olam mills, being supplied by 16,000 farmers.

This project will build on the work Olam has been carrying out in Madhya Pradesh state, India since 2008. The major challenges were twofold - poor ground water resources/ lack of irrigation canals plus competing crops like cotton, chillies and papaya. We have had success through the following activities:

- **Yield improvement** – introduced a new planting method ‘trench planting’ to utilise soil moisture and sunlight and reduce inter-row crop competition, thereby improving yield by up to 10-15%

- **Land use efficiency & profitability** – planted ‘companion’ short duration crops (onion, garlic, red gram, soybean) to improve overall profitability and seasonal cash flow. Farmers who conducted this intercropping earned an additional US\$504 /ha this season
- **Irrigation infrastructure** – reduced the use of irrigation water through a drip irrigation programme. Where necessary, also provided loans for generators to access river water
- **Communication & shared learnings** – supported the Lab to Land learning programme through material such as newsletters (105,000 distributed this season) and village seminars

The project’s success is demonstrated by the increase in farmer income due to sugarcane cultivation which has more than tripled since the baseline year 2008/09 to US\$5,860 per capita. This in turn has encouraged and motivated farmers to grow sugarcane, resulting in an increased cane area of 220% since 2009/10 and higher crush tonnage by the factory.

# Food Security & Safety

Our Pledge: Improving access to safe and affordable food



Rice workers gleaning on Olam's farm, Nigeria

## Food Security

Substantial gains in agricultural productivity can be realised through investment, innovation, policy and other improvements. Such gains will require an exceptional level of collaboration among stakeholders in the agricultural value chains, including governments, companies, multi-lateral and civil society organisations, farmers, consumers and entrepreneurs.

### Scaling-up productivity

Small-scale farmers have a primary role to play in helping nations meet the challenge of domestic food security, as they have a guaranteed and growing market for staple crops. In reality though, they are starting from a very low productivity base. The key question therefore is how can governments, banks and companies work directly with the 500 million global smallholders to bolster their productivity?

In short, they need co-ordinated support to scale-up their agri-production enterprises – legal land tenure, global

**“Olam’s rice nucleus programme in Nigeria was selected as part of a showcase of practical and scalable ways to strengthen African agricultural markets and value chains to benefit economies and smallholder farmers. Olam’s approach to its Nigerian rice operation is unique for large corporations, and goes beyond standard corporate social responsibility practices. Through effective partnerships and innovative models, [...] we can transform African agriculture from a development problem to an economic opportunity.”**

**C.D. Glin**  
Associate Director,  
The Rockefeller Foundation

policies that provide a level playing field, access to capital and markets, structured training (both agriculture and business development), and investment in technology and infrastructure.

### Olam's contribution to food security

There is a clear business case for Olam to operate in food production and processing domestically in the emerging markets where we are active, but there is also a mutual dependency. We need the communities in our supply chains to thrive in order to guarantee long-term supply.

### Connected to smallholders

3.9 million small-scale farmers supply Olam with a range of products, the majority of which are 'cash crops' (e.g. cocoa, cashew, cotton), through our procurement systems and direct initiatives. Selling these crops enables farmers to finance not only food and investment on their farms, but also their social requirements, such as family health and educational needs.

### Investment in rural growth

The IFC reviewed a range of our policies, procedures and management initiatives applying their performance standards throughout our supply chain.

The resulting finance of US\$120 million will benefit local communities by generating rural employment and creating new market opportunities for smallholder farmers to sell their crops.

### Integrating outgrowers into Olam's upstream production

Over the past four years we have been investing in a large-scale rice farm of 10,000 ha in Nasarawa State, Nigeria. The farm's objective is to produce good quality rice for the local market, supporting the government's policy of moving to rice self-sufficiency and reducing its dependence on imports. We are initiating an outgrower programme reaching 16,000 smallholders by the end of 2016. These farmers will be given full production support under the set of eight principles from the Olam Livelihood Charter.

This model gives both the smallholders and Olam the opportunity to reach a significantly higher level of productivity and profitability, whilst increasing the amount of rice available in the national market. The farm was recently recognised by the Rockefeller Foundation as one of the case studies in their 'Catalytic Innovations for Growth' series.

### Processing imported raw materials locally to feed growing urban markets

We are significant importers of agricultural materials and processors of staple foods into emerging economies - this is our 'low cost packaged foods business'. One of the primary markets for these affordable products is economic migrants, former producers, now consumers living in urban cities.

### Providing for those in our supply chains

Many of our plantations and farms require a substantial labour force. It is our responsibility to ensure the communities who settle there have adequate social conditions, including access to affordable food.

In June our CEO committed to become a signatory of the Global Nutrition for Growth Compact to be presented at the UN General Assembly in September. Our commitment is based on the belief that improving nutrition within our workforce is a key driver to improving work force productivity and can help make a meaningful difference in the communities where we operate.

### Olam in the community

The Central Valley of California is the most productive agricultural region in the country, yet suffers from food insecurity. 68 employees from our spices and vegetable ingredients team hosted a volunteer day at the Fresno Community Food Bank which serves 160,000 people every month to distribute over 11.5 tonnes of food to local families.

In Mozambique we support women and children through 'Criansa Nosso Futuro' (Children – Our Future), a charity of the First Lady's Office, by donating rice to orphanages and contributing US\$0.06 per bag of rice sold.

### Genetically Modified crops

At this point Olam does not encourage Genetically Modified crops entering our food supply chains.

Olam's packaged food in the market, Côte d'Ivoire





Lab technician in our IQ Centre, USA



Worker in our noodle factory, Nigeria

## Food Safety

Olam is committed to meeting or exceeding our customer expectations for consistent quality and safe products through the implementation of our robust quality and compliance programmes that apply from the field to the customer.

### In the field

Pesticides are the only chemicals deliberately made to be toxic and introduced directly into the environment. They are used in agriculture to control insects, weeds and diseases, resulting in higher yields and allowing farmers to meet quality standards. If pesticides are not applied with due care, they can build up within the localised environment giving rise to unsafe residues in the harvested products.

We work with our smallholder farmers, training them to apply only approved pesticides in a manner that is safe for them and for their crops.

Our large-scale farmers and Olam's own farms develop a biodiversity action plan to maintain and monitor the environmental balance between the control of pests and a healthy crop for the consumer. Products are routinely tested for pesticide residues to ensure food safety standards are maintained.

### In our processing and manufacturing

Olam continues to expand its presence in supplying its ready-to-eat consumer food products and ingredients as Olam brands, as well as to major regional and global manufacturers and retailers. Our product range covers coffee, cocoa, dairy, edible nuts, spices and vegetable ingredients (such as onions and garlic) and packaged foods (such as tomato paste, biscuits and noodles). Food safety is a key quality parameter for those businesses.

Olam has adopted the systematic preventative approach called Hazard Analysis Critical Control Point (HACCP). It addresses physical, chemical, and biological hazards across the operation as a means of prevention rather than relying on finished product inspection.

Some of the hazards we manage in this way include the adulteration of raw materials, processing contamination by foreign bodies or pathogens and labelling errors. This approach has significant

benefits to Olam as it enables us to determine key controls over processes and concentrate resources on activities that are critical to ensuring safe food.

Additionally we also employ a proven framework of good manufacturing practice for operational improvement, and we regularly train our workforce and audit our processes to ensure that we exceed our customers and regulatory requirements.

We continue to demonstrate our commitment through accreditation to BRC or ISO 22000 (the global quality and food safety certification programmes). In the last two years, we have doubled the number of plants with certification to approximately 60% of our Tier 1 facilities across 11 countries. Our target is to achieve 100% certification by the end of 2015.

# Olam's Global Presence



| Africa  |  |
|---|--|
| <b>Countries</b>                                      | <ul style="list-style-type: none"> <li>• Algeria</li> <li>• Burkina Faso</li> <li>• Burundi</li> <li>• Cameroon</li> <li>• Côte d'Ivoire</li> <li>• Ethiopia</li> <li>• Gabon</li> <li>• Gambia</li> <li>• Ghana</li> <li>• Guinea</li> <li>• Guinea Bissau</li> <li>• Liberia</li> <li>• Madagascar</li> <li>• Mauritius</li> <li>• Mozambique</li> <li>• Nigeria</li> <li>• Republic of Congo</li> <li>• Senegal</li> <li>• Tanzania</li> <li>• Togo</li> <li>• Uganda</li> <li>• South Africa</li> <li>• Sudan</li> <li>• Zambia</li> <li>• Zimbabwe</li> </ul> |
| <b>Platforms</b><br>(Produced, Sourced & Marketed)    | Edible Nuts, Spices & Vegetable Ingredients, Coffee, Cocoa, Dairy, Grains & Oil Seeds, Rice, Sugar / Sweeteners, Palm, Packaged Foods, Natural Fibres, Wood Products, Rubber, Fertiliser   |
| <b>Employees</b>                                      | 9,268  6,469  2,799  |
| <b>Sales Revenue</b><br>(S\$ million)                 | 4,756.9  |
| <b>Sourcing Volume</b><br>('000 MT)                   | 2,520  |
| <b>Farmers</b>  | 2,760,630  |
| <b>Hectares</b>                                       | 2,950,000  |
| <b>Processing Facilities</b><br>(Tier 1) <sup>8</sup> | 25   |

| Asia & Middle East                                    |   |
|---|---|
| <b>Countries</b>                                      | <ul style="list-style-type: none"> <li>• Australia</li> <li>• Cambodia</li> <li>• China</li> <li>• Egypt</li> <li>• India</li> <li>• Indonesia</li> <li>• Japan</li> <li>• Laos</li> <li>• Malaysia</li> <li>• New Zealand</li> <li>• Papua New Guinea</li> <li>• Singapore</li> <li>• Thailand</li> <li>• United Arab Emirates</li> <li>• Vietnam</li> </ul> |
| <b>Platforms</b><br>(Produced, Sourced & Marketed)    | Edible Nuts, Spices & Vegetable Ingredients, Coffee, Cocoa, Dairy, Grains & Oil Seeds, Rice, Sugar / Sweeteners, Palm, Natural Fibres, Wood Products, Rubber, Fertiliser, CFS   |
| <b>Employees</b>                                      | 9,089  4,772  4,317   |
| <b>Sales Revenue</b><br>(S\$ million)                 | 8,486.5   |
| <b>Sourcing Volume</b><br>('000 MT)                   | 6,509   |
| <b>Farmers</b>  | 936,200   |
| <b>Hectares</b>                                       | 1,200,000   |
| <b>Processing Facilities</b><br>(Tier 1) <sup>8</sup> | 14  |





| Total   |   |
|---|---|
| <b>Countries</b>                                      | <b>65 Countries</b>   |
| <b>Platforms</b><br>(Produced, Sourced & Marketed)    | <b>16 Platforms</b>   |
| <b>Employees</b>                                      | <b>22,638</b> <span style="color: blue;">M</span> 13,705 <span style="color: red;">F</span> 8,933 |
| <b>Sales Revenue</b><br>(S\$ million)                 | <b>20,801.8</b>   |
| <b>Sourcing Volume</b><br>( <sup>1</sup> 000 MT)      | <b>15,953</b>   |
| <b>Farmers</b>  | <b>3,900,000</b>  |
| <b>Hectares</b>                                       | <b>5,762,000</b>  |
| <b>Processing Facilities</b><br>(Tier 1) <sup>8</sup> | <b>55</b>   |

| Europe  |   |
|---|---|
| <b>Countries</b>                                      | <ul style="list-style-type: none"> <li>• Italy</li> <li>• Kazakhstan</li> <li>• Netherlands</li> <li>• Poland</li> <li>• Russia</li> <li>• Spain</li> <li>• Switzerland</li> <li>• Turkey</li> <li>• Turkmenistan</li> <li>• Ukraine</li> <li>• United Kingdom</li> </ul> |
| <b>Platforms</b><br>(Produced, Sourced & Marketed)    | Edible Nuts, Spices & Vegetable Ingredients, Coffee, Cocoa, Dairy, Grains & Oil Seeds, Sugar / Sweeteners, Natural Fibres, Wood Products  |
| <b>Employees</b>                                      | <b>1,806</b> <span style="color: blue;">M</span> 937 <span style="color: red;">F</span> 869   |
| <b>Sales Revenue</b><br>(S\$ million)                 | <b>4,368.8</b>  |
| <b>Sourcing Volume</b><br>( <sup>1</sup> 000 MT)      | <b>4,212</b>  |
| <b>Farmers</b>  | <b>Olam managed farm</b>  |
| <b>Hectares</b>                                       | <b>62,000</b>   |
| <b>Processing Facilities</b><br>(Tier 1) <sup>8</sup> | <b>3</b>  |

| Americas  |  |
|---|--|
| <b>Countries</b>                                      | <ul style="list-style-type: none"> <li>• Argentina</li> <li>• Brazil</li> <li>• Canada</li> <li>• Colombia</li> <li>• Costa Rica</li> <li>• Ecuador</li> <li>• Guatemala</li> <li>• Honduras</li> <li>• Mexico</li> <li>• Panama</li> <li>• Paraguay</li> <li>• Peru</li> <li>• United States of America</li> <li>• Uruguay</li> </ul> |
| <b>Platforms</b><br>(Produced, Sourced & Marketed)    | Edible Nuts, Spices & Vegetable Ingredients, Coffee, Cocoa, Dairy, Grains & Oil Seeds, Rice, Sugar / Sweeteners, Natural Fibres, Wood Products   |
| <b>Employees</b>                                      | <b>2,475</b> <span style="color: blue;">M</span> 1,527 <span style="color: red;">F</span> 948  |
| <b>Sales Revenue</b><br>(S\$ million)                 | <b>3,189.6</b>   |
| <b>Sourcing Volume</b><br>( <sup>1</sup> 000 MT)      | <b>2,712</b>   |
| <b>Farmers</b>  | <b>203,170</b>   |
| <b>Hectares</b>                                       | <b>1,550,000</b>   |
| <b>Processing Facilities</b><br>(Tier 1) <sup>8</sup> | <b>13</b>  |

# Relationships

As a listed agri-business with operations from plantations to packaged foods, and a footprint across 65 countries, there are many people and organisations with an interest in our operations, and to whom we are accountable. We value our many stakeholder groups for their ideas and perspectives, as well as their checks and balances.

This year we have hosted a number of roundtable meetings for international NGOs, customers and banks to inform our approach to the six focus areas. Christopher Brett (CR&S SVP) hosted a side event in Washington DC where he was a panellist at the World Bank Land and Poverty Conference; the palm team shared a Q&A evening with 20 guests during the annual RSPO conference; the President of the Fair Labor Association addressed our breakfast gathering in

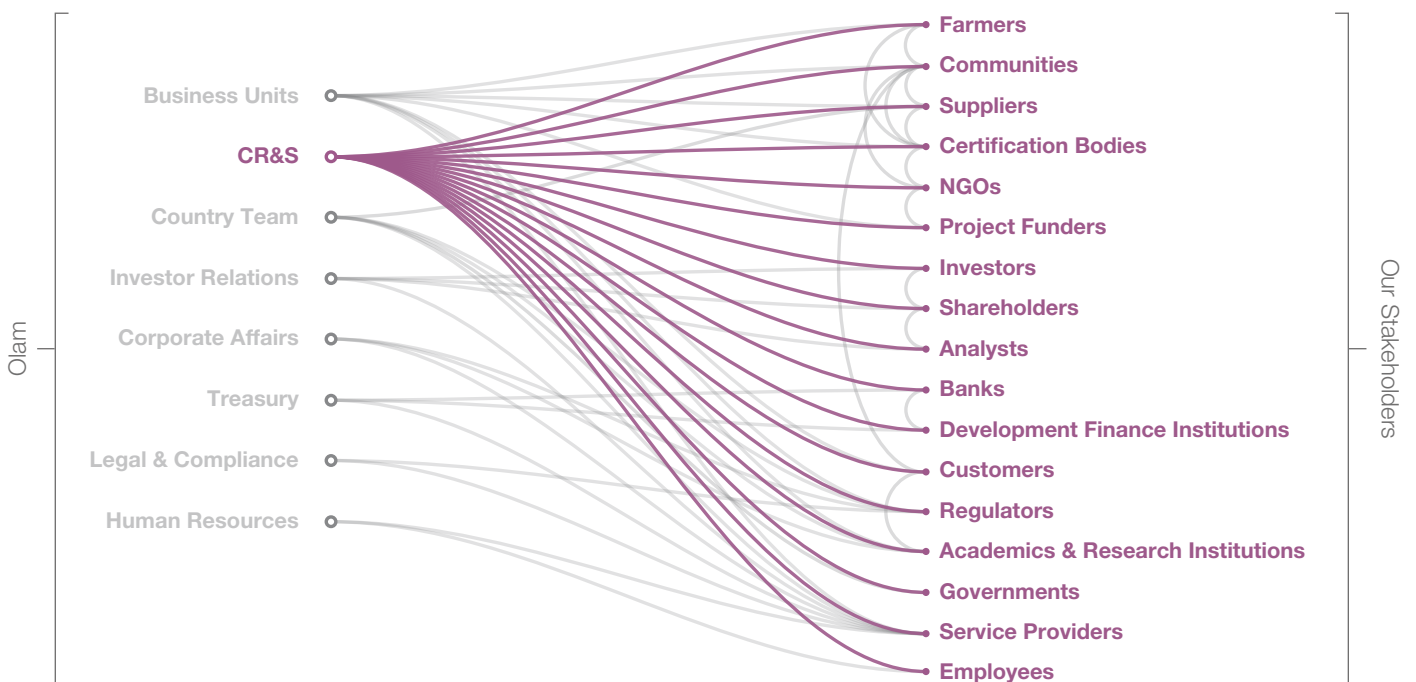
New York; and in parallel at the Economist conference in Johannesburg our event debated the role of small-scale farmers in global food security.

In addition to responding directly to questions from organisations, which this year have included Greenpeace and Rainforest Foundation UK on palm and from pension funds on Uzbek cotton, we also use our website to host key documents.

These include our Environmental & Social Impact Assessments for our plantations and the certificates and audit reports for our wood operations. This is particularly important in light of the new EU Timber Regulations and includes a Q&A section.

Our aim is to foster understanding and collaboration through transparency and debate and we welcome feedback in how we might improve this process.

## Stakeholder Connections



# Corporate Governance

Olam continues to observe a high standard of corporate governance in keeping with its overarching philosophy of delivering consistent financial performance with integrity. It strongly supports the principles of openness, integrity and accountability as set out in the Code of Corporate Governance 2005. The Board comprises of both Non-executive and Executive Directors and holds regular meetings to review the operations, business and performance of the Company.

## Corporate Responsibility & Sustainability Governance

Olam has two tiers of governance to implement, monitor and evaluate the delivery of the CR&S strategy as an intrinsic part of the daily business operations.

## Board CR&S Committee

Our dedicated Board CR&S Committee is made up of three independent non-executive directors - Jean-Paul Pinard (Chairman), Mark Daniell and Robert Tomlin, plus two executive directors – A. Shekhar and Sridhar Krishnan. The Board Committee has oversight over the Executive CR&S Committee and works to detailed terms of reference, documented in the Annual Report.

The Board meets at least four times during the year and representatives of the Board Committee conduct an annual site visit which took place in Gabon this year. The Board monitors and evaluates progress made by the Executive CR&S Committee.

## Executive CR&S Committee

The Executive CR&S Committee embeds sustainability from strategy through to daily activities. The Committee also plays an internal audit role – monitoring and evaluating corporate and product-level operations to ensure sustainable and responsible business practices across all operations.

Our Executive CR&S Committee comprises eight senior managers, representing a cross-spread of Olam's products, geographies and operational functions. The Committee is chaired by Gerard Manley, Executive Committee Member and Managing Director of cocoa, specialty fats, sugar and sweeteners, and its activities are managed by Christopher Brett, CR&S Senior Vice President.



# About this Report

## Report boundaries

This CR&S Report published by Olam in October 2013 is our seventh successive report. It covers the period from July 1st 2012 to June 30th 2013, and is available in English and French. The copy deadline for established content relevant to the Report was June 30th 2013.

## Audiences

The CR&S report is aimed at a broad range of audiences including employees, customers, suppliers, communities, investors, governments and opinion formers in the fields of sustainability and business responsibility. Feedback from the different user groups is continuously evaluated to support the development of our CR&S strategy.

## Report format

The report follows a similar format to our 2012 report to allow for comparison against the previous year. The first part of the report contains senior management commentaries on our progress and targets along with an overview of Olam's business and its CR&S strategy. The second part of the report provides an update on the specific challenges and progress we have made in relation to six core themes which we consider our priority material areas.

The CR&S report relates to Olam International Ltd wholly owned companies and its subsidiaries, excluding joint ventures and suppliers, as defined in the 2013 Annual Report. Any exceptions to this are marked accordingly. A wide range of social and environmental risks exist which could have an impact on our business either directly or indirectly through our supply chains. We therefore have to manage an ever-evolving set of issues. We strive to ensure balanced reporting of the environmental, social and commercial aspects of our business activities. As we do so, we feel it is important to present a transparent overview of our strengths and any negative occurrences.

We have therefore taken the decision to continue to report using the Global Reporting Initiative (GRI) G3.1 Guidelines. One of the world's most prevalent standards for sustainability reporting, GRI promotes transparency and good governance. In 2013, GRI G3.1 was superseded by GRI G4. GRI will continue to recognize reports based on the G3 and G3.1 Guidelines until 31 December 2015. We are assessing the changes brought in through G4 and plan to report in accordance with them before the end of GRI's transition period.

## Materiality

This CR&S report is focused on the six most important material areas across the Olam value chain; Labour, Land, Water, Climate Change, Livelihoods and Food Security & Safety. Addressing the progress in these six focus areas is important to help us achieve our aspirations. We need to measure and analyse data arising from our activities in order to assess our impacts across the economic, environmental and social parameters. This in turn will be incorporated into our ongoing strategic development and the setting of meaningful targets to help as we undertake our journey.

The reporting structure for Olam covers 16 business platforms in 65 countries. We intend to build on this platform in order to deliver the necessary steps to pioneer sustainable supply chains from seed to shelf.

# Global Reporting Initiative (G3.1) Index Level C

|  | GRI References   | Location   |
|--|--|--|
| <b>Strategy &amp; Analysis</b>                                   | 1.1  | 2, 4, 5, AR  |
| <b>Organisational profile</b>                                    | 2.1, 2.4<br>2.2, 2.5, 2.8<br>2.3, 2.6, 2.7, 2.9<br>2.10                    | BC<br>30, 31<br>AR<br>4, W                         |
| <b>Report parameters</b>   | 3.1, 3.2, 3.3<br>3.4<br>3.5<br>3.6, 3.7<br>3.8, 3.10, 3.11<br>3.12         | 34, AR<br>BC<br>6, 7, 10, 11<br>34, AR<br>AR<br>35 |
| <b>Governance, Commitments and Engagement</b>                    | 4.1, 4.2, 4.3<br>4.4<br>4.14, 4.15   | 33, AR<br>AR<br>32                                 |
| <b>Economic performance indicators</b>                           | EC1  | 3, AR  |
| <b>Environmental performance indicators</b>                      | EN3, EN4, EN5<br>EN8<br>EN11, EN13, EN14<br>EN16, EN17, EN18<br>EN23, EN28 | 21, 22, W<br>18, 19, W<br>17, W<br>22, 23, W<br>W  |
| <b>Labour practices &amp; decent work performance indicators</b> | LA1<br>LA2, LA10, LA13, LA14   | 2, 30, 31<br>W                                     |
| <b>Human Rights performance indicators</b>                       | HR4<br>HR6   | W<br>4, 12, 13                                     |
| <b>Society performance indicators</b>                            | SO9, SO10  | 16, 17, W  |

AR = Annual Report  
BC = Back cover  
W = Website

# Memberships, Partnerships and Sustainable Volumes

| Key member associations   |  |  |
|---|--|--|
| <b>African Cashew Alliance</b><br>(Executive Board Member)                          | <b>Cocoa Merchants' Association of America</b><br>(Committee Member) | <b>International Cocoa Initiative</b><br>(Board Member)                    |
| <b>Almond Board of Australia</b><br>(Board Member)                                  | <b>Combined Edible Nuts Trade Association</b><br>(Vice Chairman)     | <b>International Cotton Association</b><br>(Associate Director)            |
| <b>American Spice Trade Association</b><br>(Board Member)                           | <b>European Cocoa Association</b><br>(Board Member)                  | <b>International Nuts and Dried Fruits Council</b><br>(Board of Directors) |
| <b>Association of Cotton Merchants in Europe</b><br>(Executive Board Member)        | <b>European Spice Association</b>                                    | <b>International Peanut Foundation</b><br>(Chairman)                       |
| <b>Association Technique Internationale des Bois Tropicaux</b><br>(Board Member)    | <b>Fair Labor Association</b>  | <b>Istanbul Hazelnut Exporters Union</b><br>(Chairman)                     |
| <b>Australian Cotton Shippers Association</b><br>(Chairman & Director)              | <b>Federation of Cocoa Commerce</b><br>(Chairman)                    | <b>Rountable Sustainable Palm Oil (RSPO)</b>                               |
| <b>Australian Council of Wool Exporters &amp; Processors</b><br>(Committee Member)  | <b>Forest Stewardship Council</b><br>(General Assembly)              | <b>Smallholder Acceleration and REDD+ Program (SHARP)</b>                  |
| <b>Better Cotton Initiative</b><br>(Board Member)                                   | <b>Green Coffee Association</b><br>(Executive Board Member)          | <b>Tropical Forest Foundation</b><br>(Board Member)                        |
| <b>California League of Food Processors</b><br>(Executive Committee & Board Member) | <b>Imported Wood Products Association USA</b><br>(Committee Member)  | <b>World Cocoa Foundation</b><br>(Board Member)                            |
| <b>Cocoa Association of Asia</b><br>(Deputy Chairman)                               | <b>International Cocoa Association</b><br>(Executive Board Member)   | <b>World Processing Tomato Council</b>                                     |

| Sector collaboratories                           |
|--|
| <b>African Cashew Initiative</b>                 |
| <b>Africa Cocoa Initiative</b>                   |
| <b>Cocoa Livelihoods Programme</b>               |
| <b>COMPACI</b>                                   |
| <b>ECHOES Alliance</b>                           |
| <b>IDH</b>                                       |
| <b>Sustainable Rice Platform (UNEP&amp;IRRI)</b> |

| Technical partners   |
|--|
| <b>ACDI-VOCA</b>   |
| <b>Anader</b>  |
| <b>Bureau Veritas</b>  |
| <b>Cambridge Programme for Sustainable Leadership (CPSL)</b> |
| <b>GIZ</b>   |
| <b>Socco-Devi</b>  |
| <b>TechnoServe</b>   |

| Private sector and funding partners |
|-------------------------------------|
| <b>Blommer Chocolate</b>            |
| <b>COSTCO</b>                       |
| <b>Douwe Egberts Foundation</b>     |
| <b>Ferrero</b>                      |
| <b>General Mills</b>                |
| <b>Mondelez</b>                     |
| <b>Nestlé</b>                       |
| <b>Unilever</b>                     |
| <b>Walmart Foundation</b>           |

| Sustainable product volume     |                                       |   |
|--------------------------------|---------------------------------------|---|
| <b>Rainforest Alliance</b>     | Cocoa and coffee                      | <b>67,043 MT</b>  |
| <b>UTZ Certified</b>           | Cocoa and coffee                      | <b>24,846 MT</b>  |
| <b>Fairtrade</b>               | Cocoa and coffee                      | <b>3,609 MT</b>   |
| <b>Organic</b>                 | Cocoa, coffee and cashew              | <b>17,515 MT</b>  |
| <b>4C Association</b>          | Coffee                                | <b>16,713 MT</b>  |
| <b>C.A.F.E.</b>                | Coffee                                | <b>192 MT</b>   |
| <b>FSC®</b>                    | Wood                                  | <b>17,750m<sup>3</sup> logs</b><br><b>54,000m<sup>3</sup> lumber and/or lumber products</b> |
| <b>Olam Livelihood Charter</b> | Cocoa, coffee, cashew, cotton, sesame | <b>200,000 MT</b>   |

# Glossary

|                        |   |
|------------------------|---|
| <b>ACME</b>            | Association of Cotton Merchants in Europe   |
| <b>CDM</b>             | Clean Development Mechanism   |
| <b>CDP</b>             | Carbon Disclosure Project   |
| <b>CmiA</b>            | Cotton made in Africa   |
| <b>COMPACI</b>         | Competitive African Cotton Initiative   |
| <b>CO<sub>2</sub>e</b> | Universal unit of measurement that allows the global warming potential of the six GHGs to be compared   |
| <b>CR&amp;S</b>        | Corporate Responsibility and Sustainability   |
| <b>E&amp;S</b>         | Environmental & Social  |
| <b>ESMP</b>            | Environmental & Social Management Plan  |
| <b>ESIA</b>            | Environmental & Social Impact Assessment  |
| <b>FAO</b>             | Food and Agriculture Organization (UN)  |
| <b>FLA</b>             | Fair Labor Association  |
| <b>FPIC</b>            | Free, Prior & Informed Consent  |
| <b>FSC®</b>            | Forest Stewardship Council  |
| <b>GHG</b>             | Greenhouse gas; carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF <sub>6</sub> ) |
| <b>GPS</b>             | Global Positioning System   |
| <b>GRI</b>             | Global Reporting Initiative   |
| <b>ha</b>              | Hectare   |
| <b>HACCP</b>           | Hazard Analysis & Critical Control Points   |
| <b>HCV</b>             | High Conservation Value   |
| <b>IFC</b>             | International Finance Corporation   |
| <b>ILO</b>             | International Labour Organization   |
| <b>LIDAR</b>           | Aerial remote sensing used as a technology to make high resolution maps   |
| <b>LITFR</b>           | The number of lost-time injuries per 200,000 hours worked   |
| <b>MATS</b>            | Manufacturing & Technical Services  |
| <b>MT</b>              | Metric Tonne  |

|                          |  |
|--------------------------|--|
| <b>NGO</b>               | Non-Governmental Organisation  |
| <b>OFIS</b>              | Olam Farmer Information System   |
| <b>OLC</b>               | Olam Livelihood Charter  |
| <b>OPC</b>               | Olam Plantations Code  |
| <b>OSS</b>               | Olam Sustainability Standard   |
| <b>QEHS</b>              | Quality, Environment, Health & Safety  |
| <b>REDD+</b>             | Reducing Emissions through Deforestation & Degradation                               |
| <b>RSPO</b>              | Roundtable on Sustainable Palm Oil   |
| <b>SCG</b>               | Spent Coffee Grounds   |
| <b>Scope 1</b>           | Direct GHG emissions from sources owned or controlled by Olam                        |
| <b>Scope 2</b>           | Indirect GHG emissions from the generation of purchased electricity consumed by Olam |
| <b>Scope 3</b>           | All other indirect GHG emissions that occur in Olam's value chain                    |
| <b>Tier 1 Facilities</b> | Excludes cotton gins and primary processing  |
| <b>WBCSD</b>             | World Business Council for Sustainable Development                                   |

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