

# Investing Improving Innovating



# CEO perspective

Three words best capture our 2015 progress on sustainability: **investing, improving and innovating.**

We **invested in the future of our supply chains** at every level, from expanding the Olam Livelihood Charter so it covers 23% of all smallholder tonnage, to participating in the Paris COP21 events to help galvanise action on climate change. Our total investment in sustainable supply chain initiatives was US\$36 million FY15.

We continued to **improve our own practices**: we launched an updated Palm Policy with a third party sourcing road map; we listened to communities and NGOs, and we challenged ourselves to make every drop of water count. With the continuing roll-out of the Supplier Code, we sought to **improve sector practices** – stipulating environmental and social requirements for those suppliers in both our direct and indirect networks. By the end of December, the Code covered 30% of all 2015 tonnage – even though we missed the 50% target it was a significant achievement given the challenges involved, not least smallholder literacy. A particular focus for **improving smallholder livelihoods** and local food security over the year was training in crop diversification and food crop production.

Through the Olam Farmer Information System (OFIS) we truly **innovated to deliver enhanced services and connections to farmers and customers**. The OFIS data bank enables the creation of individual farm management plans for thousands of smallholders with the potential for a huge step-change in productivity.

We recognise however, that we operate in some perceived ‘high risk’ products – palm, tropical wood and rubber – so adhering to RSP0, FSC® and IFC standards provides a robust environmental and social framework. Reading through our goals and the ongoing challenges we face, 6 key points come to the fore:

#### **Our sustainability efforts must bring value to Olam**

We are not a charity. Every action we take must unlock value for Olam, as well as the communities where we operate concurrently. If not, programmes are financially unsustainable.

#### **We must continue to invest in research**

If we are to feed more than 9 billion people by 2050 without depleting the world’s natural resources, we must continue to prioritise agricultural research with leading institutions.

#### **We must invest in our people pipeline**

Businesses are nothing without their people. But agriculture is not considered a glamorous career, so we are partnering to encourage bright students excited by the challenge of producing more food from fewer resources.

#### **We must invest in technology**

Agriculture has much to gain from technological advances, both for our operations and to demonstrate progress and stewardship to stakeholders. If you read our full web-based report you can learn how Olam’s almond team in Australia is working with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to better understand the eco-system of bees through unique fitted Radio Frequency Identification tags.

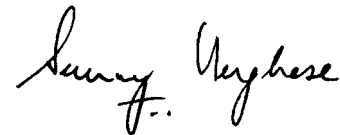
#### **We must collaborate**

Olam would not be where we are today without our partners – at the last count, we had over 50 active partnerships, each coming with their own capabilities and agenda, yet sharing common ground to develop effective solutions for the local community.

#### **We must be brave**

Brave means accepting we don’t have all the answers, but we’re not afraid to challenge the status quo. It means setting ambitious goals without always knowing how we’re going to achieve them. And admitting when we don’t. It means being prepared to lead on tough issues while always remaining humble.

Finally, while this Executive Summary covers key highlights and challenges from 2015, we urge you to read our in-depth report with its case studies, GRI table and provocative questioning to our sustainability leaders at [olamgroup.com/sustainability](http://olamgroup.com/sustainability).



**Sunny Verghese**  
Co-Founder and Group CEO



## Contents

Growing Responsibly	1
Materials areas and goals	2
Challenges and stakeholders	3
Material areas	4
Partnerships and memberships	16
External reporting, commitments and support for the SDGs	17

# Growing Responsibly

**Vision:** end-to-end sustainable supply chains by 2020.

Our purpose of 'Growing Responsibly' describes how we do business. We ensure profitable growth is achieved in an ethical, socially responsible and environmentally sustainable manner.

## Global highlights



4 million

smallholder farmers in the Olam network  
(344,466 in the Olam Livelihood Charter)



5<sup>th</sup> year

of the award-winning  
Olam Livelihood Charter (OLC)



1,263,228 MT

sustainable agricultural products  
in the Olam Livelihood Charter  
(23% of all our smallholder volume)



2.6 million

hectares of land stewarded under the  
Plantations, Concessions and Farms Code



US\$36 million

invested in sustainable supply  
chain initiatives



Pan Africa Healthy Living  
campaign launched



50

global partnerships with customers,  
donors, Development Finance Institutions,  
technical NGOs and trade bodies



215

ongoing community-based initiatives  
globally supporting productivity, education,  
health and rural infrastructure



80%

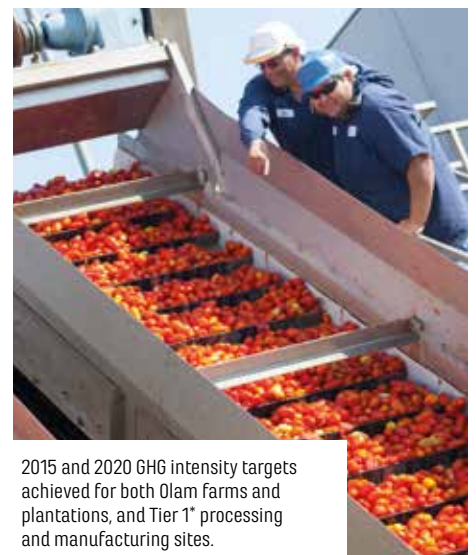
of employees trained on  
Behavioural Safety via our  
in-house programme: 'A Safe Olam'



Inaugural Olam Prize for Innovation in Food Security awarded to SRI-Rice, Cornell University, New York.



Olam Supplier Code covers 30% of all 2015 tonnage. Available on [olamgroup.com](http://olamgroup.com)



2015 and 2020 GHG intensity targets achieved for both Olam farms and plantations, and Tier 1\* processing and manufacturing sites.

\* Tier 1 large-scale secondary and mid-stream.

# Material areas and goals

In 2013, Olam identified 7 material areas: Livelihoods, Land, Water, Climate Change, Labour, Food Security and Food Safety. Following ongoing engagement with our colleagues and external stakeholders, these material areas remain the same for 2015 and 2016.

Sustainability goals							
Material areas	Livelihoods	Land	Water	Climate Change	Labour	Food Security	Food Safety
<b>Pledge</b>	Supporting thriving communities	Selecting and managing land responsibly	Responsible use of water for our own needs without impacting the needs of others	Adapting to climate risks and opportunities for Olam and communities	Providing a safe workplace where everyone's rights are respected	Improving access to affordable food	Improving food safety and quality across our business
<b>Goals</b>	<b>Goal 1:</b> Economic opportunity and inclusion  <b>Goal 2:</b> Good health and well-being	<b>Goal 3:</b> Sustainable development and use of land-based eco-systems	<b>Goal 4:</b> Sustainable water use	<b>Goal 5:</b> Reduced greenhouse gas emissions  <b>Goal 6:</b> Increased resilience to climate-related risks	<b>Goal 7:</b> Zero-harm workplace  <b>Goal 8:</b> Respect for workers' rights	<b>Goal 9:</b> Food security and nutrition	<b>Goal 10:</b> Safe and reliable foods for our customers
<b>Policies</b>	Community and Social	Environment	Environment	Environment	Health and Safety Human Resources	Community and Social	Quality and Food Safety
<b>Standards</b>							
<b>Farmers:</b> Olam Livelihood Charter	✓	✓	✓	✓	✓	✓	✓
<b>Plantations:</b> Olam PCF* Code	✓	✓	✓	✓	✓	✓	✓
<b>Suppliers:</b> Supplier Code	✓	✓	✓	✓	✓		✓
<b>Factories and worksites:</b> QEHS Standards		✓	✓	✓	✓		✓
<b>Delivering through partnerships</b>	Customers, Investors, Farmers, Donors/Foundation, NGOs, Governments, Industry Associations						

\* Olam Plantations, Concessions and Farms Code

# Challenges and stakeholders

We work across 70 countries in 47 supply chains. Within these many and varied landscapes we inevitably face challenges which our teams on the ground must address. We tackle many of these challenges with a wide range of specialist partners (see page 16 for a summary).

Our online report covers these challenges in detail but a snapshot includes:

## Roll-out of the Supplier Code

Although 30% of all tonnage in 2015 was under the Supplier Code, we are behind target.

Challenges include ensuring smallholders understand the issues and training cooperatives to enforce the Code among members.

## Climate change

As drought continues to challenge California, our teams must remain focused on water and soil management, while in emerging markets we must help equip smallholders with the knowledge and tools to mitigate or adapt.

## Land management

With 2.6 million hectares under Olam management, we must remain committed to upholding all international standards. In March 2015, we regained one of our FSC® certificates\* for our Republic of Congo concessions which had been temporarily suspended in October 2014.

## Inclusive business

With plantations and concessions in Africa, Asia, and South America, we must ensure communities feel the benefit from our operations through social contracts, employment opportunities and outgrower programmes. Historical land tenure issues for a community in Tanzania with the previous land owner required continuing engagement.

## Child and adult labour issues

Reports show that it is still a key issue for supply chains, such as cocoa and hazelnuts, and we therefore work closely with the Fair Labor Association, cooperatives and industry peers. The systems and processes put in place in our hazelnut supply chains in Turkey have proved invaluable in the face of the migrant crisis in Europe. Our online report provides an update on our work with fellow members in the Association of Cotton Merchants in Europe (ACME) with regard to labour issues in Uzbekistan.

## Implementing Water Access, Sanitation and Hygiene (WASH)

We recognise there is a corporate responsibility to conduct business operations consistent with the right to water, but also recognised a need to define what it means in practice for a company to act consistently with this right, and how to operationalise it on the ground, especially in emerging economies or in a farming or plantation environment. We have therefore defined our own WASH Standard and 2020 target.



Constructing the dispensary in Lipokela village, near our Aviv coffee plantation in Tanzania. The dispensary is an example of a Long-term Sustainable Plan (LTSDP) where communities both select and contribute to social investment projects to ensure they have a sense of ownership and want to see it succeed. Here the villagers have provided the bricks, while we provided everything else.

## Working with stakeholders

We listen to our stakeholders who include customers, investors, NGOs and governments (read more in our online report). Working in partnership enables us to scale up positive impacts and unlock mutual value. We also work with governments and national institutions to help enable policies that meet global standards.

*"The core purpose of the World Business Council for Sustainable Development (WBCSD) is to guide its members in designing business solutions to sustainable development challenges by seeking value in (cross-) sectorial partnerships. Self-organised in priority clusters, member companies identify collectively what will shape the enactment of their sustainability strategy."*

*"Since Olam joined as a member, its contribution in thought-leadership has been enormous. Actively participating in the Natural and Social Capital Protocol, the UN CEO Water Mandate, and the Climate-Smart Agriculture Working Group of the Low Carbon Technology Partnerships initiative (LCTPI), Olam continues to grow its system-thinking capacity, engaging on key issues to define new approaches on land, water, forestry and eco-system management, making the most of collaboration opportunities through the WBCSD."*

**Peter Bakker, President, WBCSD**

\* FSC® License numbers: CIB Kabo-FSC-C128941; CIB Pokola-FSC-C014998; CIB Loundoungo-FSC-C104637



# Livelihoods

Olam's business operates at the grass roots of global agriculture. Our sourcing network relies on 4 million smallholder farmers. Helping them to increase yields and incomes is at the centre of our business model.

## The Olam Livelihood Charter – now in its 5<sup>th</sup> year

Launched in 2010, the Olam Livelihood Charter (OLC) formalises our long-standing commitment to invest in the rural communities of emerging countries across the world. It is a commercial development framework that links farmers' and customers' needs resulting in a sustainable and reliable supply chain.

Based on 8 principles, we aim to bring prosperity to our farming and rural communities; build long-term relationships based on fairness and trust; and transfer skills and knowledge through partnerships. At the end of 2015, the OLC embraced 344,466 smallholders. Only sustainability programmes that fulfil all 8 principles can achieve OLC status.

2015 saw a significant step-change as we rolled out the Olam Farmer Information System (OFIS) developed by Olam Cocoa. By GPS mapping individual farms and completing survey data, Olam Cocoa has created a data bank that can currently produce tens of thousands individual farm management plans that tell the farmer, for example, exactly how much fertiliser they need and when to apply it based on their farm landscape.

This benefits the farmer by saving money; the environment by using less fertiliser and pesticides; and Olam Cocoa by helping to better forecast yields. OFIS is now being rolled out across other products, including coffee in Africa and South America, and palm in Gabon.

### 2015 highlights

23% of all smallholder tonnage in 2015 was under the Olam Livelihood Charter.



OLC Farmers



Sustainable Agricultural Products



Initiatives

US\$152 million  
in short-term financing

US\$24.8 million  
in medium-term financing

3%  
on 2014



Products\*



Countries



Smallholder Land

US\$527.38 million  
market access paid to farmers

12%  
on 2014



GPS Mapped farms for traceability



Received GAP training  
(63% of female farmers trained in GAP)



Sustainability Staff

US\$24.04 million  
quality premiums paid

16%  
on 2014

\* Black Pepper, Cashew, Cocoa, Coffee, Cotton, Chilli, Hazelnut, Rice and Sesame.

\* Number of countries updated.

## Prince Andrews Boampong, 65 years old, cashew farmer, Ghana

Prince Andrews Boampong is a 65-year-old father of 9. He joined the OLC initiative in its first year and was part of the first group of farmers that Olam trained in Wenchi. Thanks to the training he received on Good Agricultural Practices and the 4.5 hectares of grafted improved seedlings on his 14.5 hectare plantation, Mr. Boampong has seen his yield increase from 320 kg to 580 kg per hectare in the past 2 years.

With his improved revenues and an interest-free loan from Olam, Mr. Boampong has started an agrochemical shop in Asuano, providing further income security and a new lifestyle.

*"I hope my success story will entice other cashew farmers and the community youth to take cashew farming seriously; especially with increasing global demand for cashew."*



2016 - 2020 Objectives	2015 Target	Achieved against 2015 target	2020 Target	Outlook for 2020 target
<b>GOAL 1. Economic opportunity and inclusion (Material area: Livelihoods)</b>				
<b>1.1. Smallholder farmers are supported through the Olam Livelihood Charter (OLC) principles</b>	450,000 farmers in the OLC.	344,466 farmers by end of 2015. Target 77% achieved due to business restructuring. Refer to Livelihoods Q&A section of our online report.	Bring 1 million hectares under the OLC with an estimated 500,000 farmers. Metric revised in line with business restructuring. Refer to Livelihoods Q&A section of our online report.	🎯
<b>1.2. Suppliers comply with the Supplier Code</b>	Connected to our network of partners via the Supplier Code: 50% overall tonnage (of which 60% is from large-scale farmers).	Progress behind schedule. 30% of overall tonnage now under the Supplier Code (of which 60% is from large-scale farmers). For challenges in implementation see Supplier Code section under 'How We Do It' of our online report.	100% of priority products covered by the Supplier Code: cashew, cocoa, coffee, cotton, hazelnut, palm and rubber.	🟡
<b>1.3. Women are economically empowered within our supply chain</b>	Train 50% of Olam Livelihood Charter (OLC) female farmers.	Target achieved. 63% of female OLC farmers (67,708).	Support 100,000 women to access economic opportunities, including female farmers, processors, distributors, and workers supported or employed by Olam. Metric expanded to support women across our supply chain, in addition to OLC farmers.	🎯
<b>1.4. Elimination of child labour</b>	As new objective, no target set in 2015.		No breaches in compliance reported or observed in audits.	+
<b>1.5. People have improved livelihoods potential through enhanced skills, economic resources and infrastructure</b>	As new objective, no target set in 2015.		750,000 beneficiaries, including estimated 500,000 smallholders, plus other beneficiaries of capacity-building, cooperative support, school support, access to finance, producer goods, and economic infrastructure initiatives.	+
<b>GOAL 2. Good health and well-being (Material area: Livelihoods – some overlap with Labour)</b>				
<b>2.1. Workers have access to health, water, and sanitation infrastructure</b>	As new objective, no target set in 2015.		100% of Olam's direct operations are compliant to the Olam WASH Standard.	+
<b>2.2. People have improved health and well-being</b>	As new objective, no target set in 2015.		Olam Healthy Living Campaign positively impacting on 250,000 people, including community beneficiaries of health, water, and sanitation infrastructure, health education campaigns, HIV testing, health check-ups, access to insurance initiatives, and similar services.	+

Olam is committed to selecting and managing land responsibly. Although land development is necessary to feed growing populations, expansion can negatively impact local populations and the environment unless essential precautions are taken.

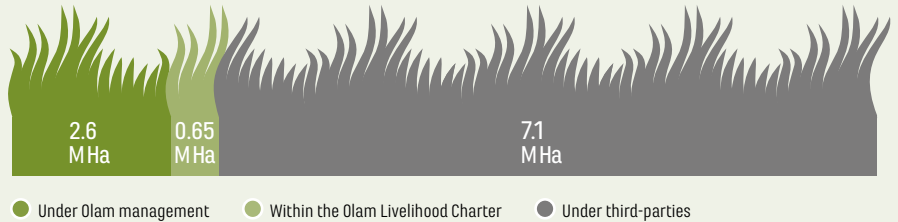
## 2015 highlights

- Supplier Code roll-out continuing, covering 30% of all tonnage, including cocoa, hazelnut and major coffee origins
- Participated in the development and subsequent road-testing of the Natural Capital Protocol (NCP)

## Palm

- Updated our Sustainable Palm Oil Policy with our Commitment to Forest Conservation
- First company globally to complete a High Conservation Value assessment according to the HCV Resource Network for palm
- First company to field test the HCS+ methodology for palm (featured in the High Carbon Stock Study Group Report in December 2015)
- Supplier Code now covers all third-party palm suppliers

## Estimated breakdown of land footprint



## Olam-managed land

- Natural forest concessions (Republic of Congo)
- Almond orchards (Australia and USA)
- Dairy (pasture and grain in Russia and Uruguay)
- Planted coffee High Conservation Value (HCV) set asides (Tanzania, Zambia, Laos and Brazil)
- Planted palm plus HCV set asides (Gabon)
- Planted rubber plus HCV set asides (Gabon)
- Cocoa plantation (Indonesia)
- Rice farm (Nigeria)

Today 2.6 million hectares (ha) of land is under Olam management (greater than the size of Wales). All of this land area is subject to relevant international best practice standards (RSPO, FSC®, IFC etc.) and to the Olam Plantations, Concessions and Farms Code.

Of this, however, the majority of the land under our direct management is under leasing contracts. This is because we have received concessions from the national government (e.g. Republic of Congo) or because we have engaged in an innovative strategy of sale-and-leaseback\*.

\* Read more about our sale-and-leaseback strategy in our 2015 Annual Report.

2016 - 2020 Objectives	2015 Target	Achieved against 2015 target	2020 Target	Outlook for 2020 target
<b>GOAL 3. Sustainable development and use of land-based eco-systems (Material area: Land)</b>				
<b>3.1. Protection of eco-systems, High Carbon Stock forests, and High Conservation Value forests</b>	Mitigation of greenhouse gas emissions from development on Olam-managed plantations, concessions and farms by ensuring no conversion of High Carbon Stock.	Target achieved. Due diligence, Environmental Impact Assessments (EIA) and third-party verified audits completed.	100% of Olam-managed plantations, concessions and farms to have implemented their Land Management Plan.	🎯
<b>3.2. No community based conflict on Olam-managed plantations, concessions and farms</b>	As new objective, no target set in 2015.		100% of Olam-managed plantations, concessions and farms to have implemented their Free, Prior and Informed Consent (FPIC) process and their Social Action Plan.	+
<b>3.3. Reduce indirect land impacts from third-party farmers and suppliers</b>	Connected to our network of partners via the Supplier Code: 50% overall tonnage (of which 60% is from large-scale farmers).	Progress behind schedule. 30% of overall tonnage now under the Supplier Code (of which 60% is from large-scale farmers).  For challenges in implementation visit our 'Supplier Code' section under 'How We Do It' of our online report.	100% of priority products covered by the Supplier Code: cashew, cocoa, coffee, cotton, hazelnut, palm and rubber.	🕒



## Supporting smallholders to overcome soil degradation

For many smallholders, soils are exhausted due to poor soil management practices, population pressure on land, expensive chemical fertilisers, and labour-intensive organic nutrients. In many cases Olam is supporting smallholders through an integrated

soil fertility management programme to improve access to fertilisers and soil management techniques to improve yields and at the same time help the farmer save money.

This is achieved by training and supporting farmers in 3 activity areas:

- (1) Increasing organic matter through compost, household waste, rotting leaves, and pulp;
- (2) protecting the soil through mulching (to reduce evaporation and increase organic matter), planting agroforestry trees for shade and leaf fall, and intercropping with leguminous trees and food crops, and
- (3) appropriate application of inorganic fertilisers, coupled with access to these fertilisers on both cash and credit.



A Colombian coffee farmer incorporating compost into the soil.

## Collaboration with the World Resources Institute's Global Forest Watch Commodities Programme

In 2015 we developed a Memorandum of Understanding to help detect and reduce tropical forest deforestation in our upstream and third party supply chains. This MoU was signed in February 2016. Key elements include helping Olam to further develop and

refine supplier risk assessments, as well as helping us to build supplier capacity and understanding of the issues by using the Global Forest Watch (GFW) platform. GFW also includes a satellite alert system that tracks deforestation in near-real time. In as little

as 8 days after a tree has been felled, Olam would receive an email alert enabling us to investigate and take appropriate action.

Read more about our approach to land management in our detailed online CR&S report at [olamgroup.com/sustainability](http://olamgroup.com/sustainability).

We are committed to the sustainable use of water resources. Changing climatic conditions and rapid alterations in land and water use in many regions have increased the threat to the supply, quality and reliability of water for people across the world.

### 2015 highlights

#### Plantations and farms

- 2020 water targets for Olam plantations and farms achieved by end of 2015 (>10% improvement in blue water intensity)
- Olam Aviv coffee estate in southern Tanzania is the first African business to be audited against the Alliance for Water Stewardship (AWS) Standard

#### Supporting smallholders

- 120,000 cocoa, coffee, cotton, rice and sugar OLC farmers trained in sustainable water management
- Drip irrigation promoted to 7,000 farmers growing chillies, coffee, and sugar in India and black pepper in Vietnam

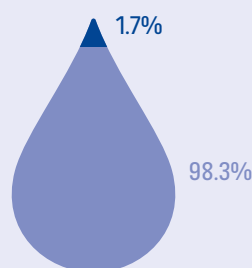
#### Global

- Olam WASH Standard developed for implementation in 2016 by all Olam-managed operations
- Completed 2 year term on Steering Committee of UN CEO Water Mandate, also co-sponsoring the Sustainable Agriculture section in the Water Action Hub

### FY2015

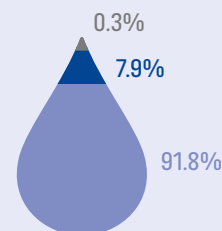
Total water intensity reduced by 10.4% from 4,758\* m<sup>3</sup> per tonne of product in FY2014 to 4,265 m<sup>3</sup> per tonne of product in FY2015.

**Rainwater:**  
58.6 billion m<sup>3</sup>



- 0% processing
- 1.7% Olam-managed plantations, concessions and farms
- 98.3% supply chain

**Surface and Groundwater:**  
3.2 billion m<sup>3</sup>



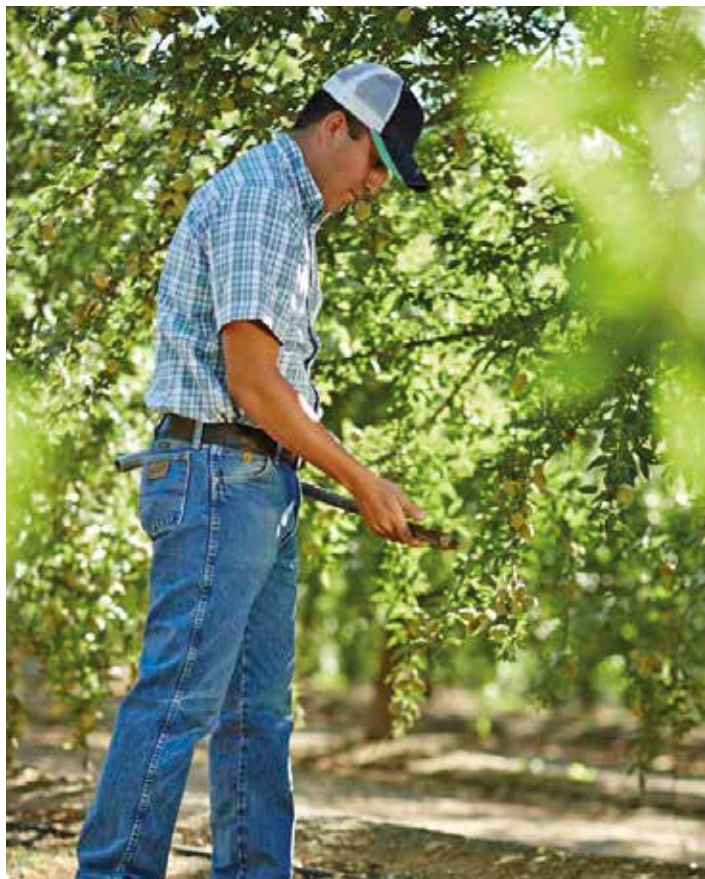
- 0.3% processing
- 7.9% Olam-managed plantations, concessions and farms
- 91.8% supply chain

\* Typo corrected from print version.

2016 - 2020 Objectives	2015 Target	Achieved against 2015 target	2020 Target	Outlook for 2020 target
<b>GOAL 4. Sustainable use of water resources (Material area: Water)</b>				
<b>4.1. Increased water use efficiency in Olam's direct operations</b>	5% reduction in surface and groundwater intensity in Olam-managed plantations, concessions and farms from 2013 baseline.	2015 target achieved.	2020 target achieved. Revised 2020 target to be determined in 2016.	🎯
	10% reduction in process water intensity in Olam Tier 1 factories from 2013 baseline.	Progress behind schedule. Improved water metering at 100% of factories. Baseline and target to be reviewed in light of improved data from metering and business restructuring.	10% reduction in process water intensity in Olam Tier 1 factories from 2013 baseline. 2020 target to be determined during 2016 following improved water metering and business restructuring.	🕒
<b>4.2. Increased water use efficiency in priority supply chains</b>	Establish baseline and set target for third-party suppliers.	Progress behind schedule. Olam Livelihood Charter programme water risk mapping in progress.	100% of priority supply chains to have Water Resource Management Plans.	🕒
<b>4.3. Improved water discharge quality from Olam's direct operations</b>	Establish baseline to minimise the impact of water discharges.	Water discharge limits in place for Olam Tier 1 factories. Olam's Plantations and Farming Community of Practice established to support the development of erosion prevention, nutrient and integrated pollution management programmes.	100% compliance with wastewater discharge limits.	🕒
<b>4.4. Long-term equitable water access and usage</b>	As new objective, no target set in 2015.		100% of Olam's direct operations in high water risk areas to participate in a water stewardship programme.	+

## Improving water efficiency in the face of drought

Our California teams continue to grow and source high quality almonds, onions, tomatoes and garlic in the face of drought. This reduced water availability for agriculture has impacted crop yields, raised costs for growers and changed crop competitive dynamics.



Soil testing in our almond plantation, USA.

### Measures taken by the teams include:

- **Taking a forward-looking approach to crop sourcing.** Olam Spices and Vegetable Ingredients (SVI) worked with growers in regions that had the best outlook for water security and moved quickly to secure the crops they needed to meet customer demand.
- **Maximising technology.** For better management of orchard water stress, the Almond team continually takes aerial imagery surveys to measure stress levels and the biomass density of the orchard. The images captured help pinpoint any tree stress so they can audit and fix the irrigation design and practices for those specific fields.
- **Investing in long-term industry research.** The almond industry has independently been heavily involved in water efficiency research since 1992 (well before the current cycle of water shortages). Olam is proud to be part of the Almond Board of California industry group. Its research and recommendations have informed our approach to optimising water efficiency across our 3,300 hectares (ha) of almond orchards, plus 81 ha of pistachios and 121 ha of walnuts in California. These have also been adapted into our almond operations in Australia (over 12,000 ha). Olam is committed to its 2 key recommendations:
  - (1) Demand-based irrigation: this tracks farm inputs and characteristics such as soil moisture, tree status water and weather conditions. Almond growers in California (which includes Olam) have improved their water use efficiency by approximately 33% since the 1990s.
  - (2) Micro-irrigation: this looks at a precise timing and rate of irrigation to eliminate runoff and ensure that the tree is receiving water directly in its root zone. It has been adopted by 70% of almond growers in California including Olam.
- **Collaborating with multiple stakeholders.** Olam SVI has also been an active voice in industry-wide water conservation movements, including support of the UN CEO Water Mandate and collaboration with local California signatories, NGO working groups, and universities.



# Climate Change

We are committed to reducing greenhouse gas emissions and increasing resilience to climate-related risks for our own operations, and for those of our suppliers.

## 2015 highlights

- 2015 and 2020 targets for Olam farms and plantations achieved (52% GHG\* intensity reduction against 2013 baseline)
- 2015 and 2020 GHG\* intensity targets for Olam Tier 1 processing and manufacturing achieved (28% reduction against 2013 baseline)
- 15% of Olam's Tier 1 processing and manufacturing energy mix is from renewables
- 3.5% reduction in factory energy and fuel costs through improvement activities
- 5<sup>th</sup> year of Carbon Disclosure Project Reporting
- Olam calls for a global carbon tax to be set initially at US\$35 – US\$50 per tonne
- Olam, as Co-Chair with PepsiCo, Kellogg Company and Monsanto, present at COP21 events to launch the WBCSD's<sup>†</sup> Climate-Smart Agriculture Action Plan
- In addition, at COP21, Olam CIB<sup>Δ</sup> and the Government of the Republic of Congo outlined the country's advancement toward implementing REDD+<sup>\*\*</sup>, including its readiness process.

<sup>\*</sup> Greenhouse Gas <sup>†</sup> WBCSD's World Business Council for Sustainable Development  
<sup>Δ</sup> CIB Congolaise Industrielle des bois  
<sup>\*\*</sup> REDD Reducing Emissions from Deforestation and Forest Degradation

## Olam's global carbon footprint

### Olam-managed plantations, concessions and farms

- FY12 baseline = 7.3 tonnes CO<sub>2</sub>e/tonne product
- 2020 target = 10% improvement
- FY15 result = 3.54 tonnes CO<sub>2</sub>e/tonne product
- FY15 result = 51% improvement
- New 2020 target to be determined in 2016
- Long gestation projects starting to deliver increased yields e.g. almonds, coffee, rice etc.

### Olam's processing

This excludes processing facilities through the ADM acquisition which only transferred towards the end of 2015.

- FY12 baseline = 0.36 tonnes CO<sub>2</sub>e/tonne product
- 2020 target = 10% improvement (to give 0.324 tonnes)
- FY15 result = 0.2 tonnes CO<sub>2</sub>e/tonne product
- FY15 result = 45% improvement
- New 2020 target to be determined with MATS\*

\* Manufacturing, Innovation and Technical Services internal Olam function

2016 - 2020 Objectives	2015 Target	Achieved against 2015 target	2020 Target	Outlook for 2020 target
<b>GOAL 5. Reduced greenhouse gas emissions (Material Area: Climate Change)</b>				
<b>5.1. Increased energy efficiency</b>	Reduce GHG intensity from fossil fuels by 5% from 2013 baseline.	Target achieved. Achieved target GHG intensity reductions in Olam's direct operations. Implemented GHG intensity vetting of marine vessels.	2020 target achieved. Revised 2020 target to be determined in 2016.	⊙
<b>5.2. Avoided GHG emissions</b>	As new objective, no target set in 2015.		All Olam farms, plantations and Tier 1 factories to have implemented their 2020 GHG reduction plans to increase (1) Operational efficiency (2) High Carbon Stock approach to land development (3) Climate-Smart Agricultural practices.	+
<b>5.3. Increased share of renewable energy</b>	As new objective, no target set in 2015.		25% of energy derived from renewable and biomass sources at Olam's Tier 1 factories (from 2015 baseline - 15%).	+
<b>GOAL 6. Increased resilience to climate-related risks (Material Area: Climate Change)</b>				
<b>6.1. Reduced agricultural vulnerability to climate risks for OLC farmers and Olam-managed plantations, concessions and farms</b>	Increase business resilience through adaptation: identify and develop adaptation programme for top 3 Olam products at risk.	Progress behind schedule. Olam 2020 Climate-Smart Agriculture Programme in development.	Implement the Olam 2020 Climate-Smart Agriculture Programme.	○

## Sustainable Rice Platform

More than 3.5 billion people depend on rice for their staple; for hundreds of millions of smallholder farmers in developing countries, rice is their livelihood and sustenance, and trends show that rice consumption will only increase. At the same time, however, rice production uses more than 30% of the world's irrigation water and is responsible for 5 - 10% of global methane emissions (IRRI).

Olam recognised current rice production was unsustainable in many locations. To counter this risk, Olam partnered with UNEP, International Rice Research Institute (IRRI), GIZ, Mars, and others to establish the first international scientifically verifiable rice standard; the Sustainable Rice Platform (SRP). Olam continues to sit on the Advisory Committee of the SRP, guiding the Standard to reduce the environmental footprint of rice

and reduce farmers' costs, thereby increasing incomes for smallholder farmers. SRP released the first version of the Standard in 2015.

To ensure that SRP relates to farmers' lives, Olam has partnered with GIZ and the Thai Rice Department to roll out a trial project in Ubon Ratchathani. The project will focus on growing rice under the SRP guidelines in order to reduce water, GHG, and input costs and improve farmers' incomes in the region. Olam, with the SRP, GIZ, and the Thai Rice Department, will seek to verify that the Standard is scientifically credible on the ground while working with farmers to improve it, so that the Standard meets its dual aim of reducing the environmental and monetary costs of producing rice. The project is expected to reach 17,500 farms and sustainably produce 100,000 MT of rice per year within 5 years.



Rice farming in Vietnam.

## Working with nature

Cocoa grows in a narrow equatorial belt around the world and is therefore at risk from climate change impacts. During 2015 in Côte d'Ivoire, the Cocoa teams distributed 20,000 Glyricidia leguminous trees which, when planted, help to maintain a permanent shade over the cocoa to avoid excess moisture loss during the dry season. The Glyricidia has further benefits:

- Through decomposition it provides vital nitrogen and other nutrients to the soil, improving the soil fertility which in turn improves water retention
- Through the shade cover, it reduces weeds and significantly extends the productive life of the trees
- At the same time it helps to reduce the farmer's need for additional fertilisers
- And it helps to reduce deforestation as branches are also used for firewood.



# Labour

Olam depends on the engagement and motivation of our workforce to create profitable growth responsibly, so we are committed to providing a safe workplace where everyone's rights are protected. We also need our 4 million farmer-suppliers to understand and uphold good labour practices.

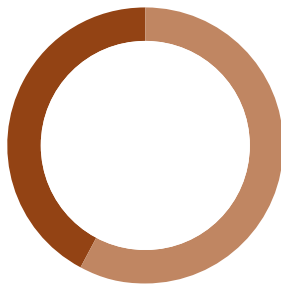
## 2015 achievements

- A 50% reduction in Lost Time Injury Frequency Rates (LTIFR), from our 2014 baseline, was achieved in Olam processing operations
- 80% of employees trained on Behavioural Safety via our in-house programme: 'A Safe Olam'
- Olam Scholarship Programme for Change Catalysts in Africa supports postgraduates at Harvard, INSEAD, LSE and The Lee Kuan Yew School of Public Policy
- 30% of all tonnage is covered by the Olam Supplier Code and its labour standards
- Olam's 3<sup>rd</sup> year of being an affiliate member of the Fair Labor Association. Cocoa and hazelnut external audit systems, particularly for child labour, established and reported publicly via the FLA website

## Full-time employees

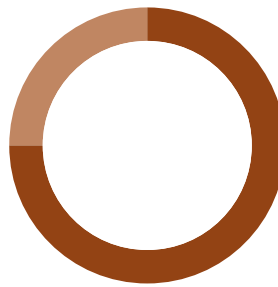
**Total employees**  
62,500

- Full-time employees  
26,300 43%
- Seasonal, contract or temporary  
36,200 56%



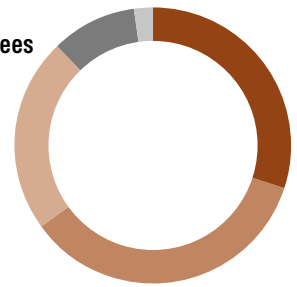
**Gender diversity of full-time employees**

- Men 75%
- Women 25%



**Age profile of full-time employees**

- 18 – 30 30%
- 31 – 40 35%
- 41 – 50 23%
- 51 – 60 10%
- 60+ 2%



2016 - 2020 Objectives	2015 Target	Achieved against 2015 target	2020 Target	Outlook for 2020 target
<b>GOAL 7. Zero-harm workplace (Material area: Labour)</b>				
<b>7.1. Eliminate serious incidents</b>	Reduce Lost Time Injury Frequency Rate (LTIFR) in Olam processing operations by 25% to 0.9 (from 2014 baseline of 1.2).	Target exceeded: 50% reduction to 0.6.	Reduce LTIFR to 0.3 in Olam processing operations (a further 50% reduction from 2015 actual).	🎯
	Strengthen reporting procedures and establish baseline safety indicators, including LTIs*, to reduce LTIFR in plantations, concessions and farms.	All locations, including plantations, concessions and farms have been included in safety training, including incident reporting, so baseline safety metrics will be available in 2016.	Reduce LTIFR in Olam-managed plantations, concessions and farms by 50% from baseline determined in 2016.	🎯
<b>7.2. Sustain health and safety behaviour change programme</b>	Introduce a behavioural safety approach.	2015 baseline: 80% employees have been trained on Behavioural Safety via an in-house programme 'A Safe Olam'.	All locations routinely report unsafe acts and unsafe conditions, and near misses.	+
<b>GOAL 8. Respect for workers' rights (Material area: Labour)</b>				
<b>8.1. Olam complies with ILO principles</b>	As new objective, no target set in 2015.		No moderate and severe breaches of compliance reported or observed in audits.	+
<b>8.2. Diversity strategies are implemented</b>	As new objective, no target set in 2015.		100% of businesses with >100 employees to have a documented and reported diversity strategy.	+

\* Lost Time Incidents

🎯 On target    🟡 Started    + New

## Not just jobs for the men!

Our Zambian coffee subsidiary Northern Coffee Corporation Limited (NCCL) is championing workplace diversity by introducing a training programme for women tractor drivers in the coffee estates.

Based in Kasama, Northern Zambia, this programme is aiming to promote economic development and create role models whilst also tracking the progress towards women empowerment and gender equality.

The training programme lasts 2 weeks, with its main focus being on how to train these women to operate the heavy duty tractors safely. With practical instructions being a key component of the training, the women learn to handle and understand the maintenance aspects of the machines.

The coffee estates now have 5 fully trained women drivers (and another 10 in 2016), with Paul Bebbington, General Manager at NCCL saying, *"When we hired the first female tractor driver on the farm, there were a few raised eyebrows from men working at the estate... By launching the tractor driver training programme, we created an opportunity for women to become role models and become an inspiration to their peers."*



Prisca, one of our tractor drivers at our Zambia coffee plantation.

## How we tackle child labour

Olam is against all forms of child exploitation and the use of forced or trafficked labour, respecting and abiding by ILO\* Conventions.

This is clearly stated in the Olam Supplier Code which is currently being rolled out across our supply chains, setting out certain minimum and non-negotiable standards to which all our suppliers must adhere. Signing the Olam Supplier Code represents a commitment to follow the fair employment practices in compliance with all applicable local government rules and regulations regarding Child Labour Laws, and an understanding that regular auditing will be carried out.

In addition, Olam undertakes a raft of measures to mitigate the risk of child labour.

These include:

- Training farmers in good labour practices through the Olam Livelihood Charter
- Helping farmers to increase yields through the provision of pre-finance, agri-inputs and training in Good Agricultural Practices, thus enabling them to hire adult labour
- Through the Olam Farmer Information System (OFIS), surveying the community to identify where schools are lacking, and in turn working in collaboration with the governments and partners for their establishment, as well as ensuring long-term provision of teaching staff by the government
- Providing adult literacy courses for farmers, not only to improve farm management capability but to demonstrate the value of education for their children
- Scaling-up initiatives by working with partners including customers, foundations, governments and NGOs.

[Read more about how we combat child labour in our hazelnut and cocoa supply chains at olamgroup.com/sustainability](http://olamgroup.com/sustainability)

\* International Labour Organization

“There is more than enough food produced today to feed everyone in the world, yet close to 800 million are chronically hungry. As the affordability of food largely relates to income, ensuring access to food remains one of the key pillars of food security and the wider anti-poverty agenda.” (UN Food and Agricultural Organization).

At Olam we are committed to improving access to affordable and nutritious food.

## 2015 highlights

### Investing in research

- Inaugural Olam Prize for Innovation in Food Security, in Association with Agropolis Foundation, awarded to the SRI International Network and Resources Center housed at Cornell University, New York, for game-changing rice production methodology

### Supporting smallholder production

- One of Africa's most ambitious outgrower models, GRAINE\*, is launched with the Republic of Gabon for palm and other cash/food crops like cassava, banana, tomatoes and pepper
- 13,387 cocoa and cotton farmers (of whom 11% are women) trained on nutrition and crop diversification as part of the 'Farmer Business School' curriculum in Côte d'Ivoire.

### Helping to prevent malnutrition

- Over 24 billion servings of micronutrient fortified foods manufactured and sold across West Africa through our Packaged Foods and Grains Businesses

### Assessing future needs

- Olam initiates industry landscape gap analysis with the World Business Council for Sustainable Development (WBCSD) to help companies be better informed when undertaking sustainability programmes for food security and to activate collaboration.

\* GRAINE stands for Gabonaise des Realisations Agricoles et des Initiatives des Nationaux Engages - Gabonese initiatives for achieving agricultural outcomes with engaged citizens.

Large-scale commercial farms/plantations working hand-in-hand with smallholders, catalysing food production in the region.

In March 2015 we announced a new Joint Venture with the Republic of Gabon (49% Olam: 51% RoG), with whom we already have JVs for our palm and rubber plantations.

Aimed at skilling rural communities and bringing them into the formal economy of food production, the GRAINE\* Project identifies, allocates and transfers parcels of land (with title certificates) that are environmentally and socially suitable for plantation development to cooperatives of Gabonese citizens who will undergo training to grow and manage plantations for palm oil and cash/food crops like cassava, banana, tomatoes and pepper. The Joint Venture effectively acts as a Public Private Partnership where RoG provides land and financial resources for developing the smallholder plantations and logistics infrastructure, while Olam leads in the development and management of the nucleus and smallholder plantations.



Receiving the Cooperative land tenure certificate for Project GRAINE in Gabon.

2016 - 2020 Objectives	2015 Target	Achieved against 2015 target	2020 Target	Outlook for 2020 target
<b>GOAL 9. Food security and nutrition (Material area: Food Security)</b>				
<b>9.1. Workers are educated on, and can access, nutritious foods</b>	Develop internal standard to apply Global Nutrition for Growth Compact to Olam's workforce.	Standard to be finalised. Launched Healthy Living campaign across 20 businesses in Africa. This initiative targets disease prevention, food security, and nutrition for workers.	Conduct nutrition education or access initiatives for the workplace for 100% of target businesses, to be determined in the Standard.	○
<b>9.2. Increased availability of micronutrient fortified foods</b>	As new objective, no target set in 2015.	Baseline = 24 billion servings in 2015.	Produce 40 billion servings of micronutrient fortified foods.	+
FY15 target to reduce product loss across the supply chain now incorporated in Goal 2.				



Olam is committed to improving food safety and quality across our business. We strive to meet and exceed our customers' expectations for consistent quality, and food-safe products, through the diligent application of our robust quality and compliance programmes, from plantations and farms through to our value-adding processes, and a 'right first time' culture.

## 2015 highlights

- 67% of the top 61 processing units have now achieved FSSC\* 22000 or BRC<sup>†</sup> certification (due to acquisitions in 2015 number of Tier 1 processing units increased from 50 to 61)
- New Nigeria sesame hulling plant goes into production, reducing processing water by 95% and significantly reducing contamination risk as a consequence
- Olam SVI Innovation and Quality team brings out its first scientific research paper on 'The Effect of Storage Conditions on Rate of Colour Degradation in Paprika based Products'
- Olam Americas Coffee Marketing Office opens a coffee cupping laboratory certified by the Specialty Coffee Association of America (SCAA)

\* Food Safety Systems Certification <sup>†</sup> BRC Global Standards

## Improving quality and traceability in emerging market supply chains

**Quality:** as well as helping smallholder farmers to improve their yields, we advise on quality and reducing post-harvest losses. This is critical because good quality means they can command a premium, whilst preventing wastage means they improve their incomes.

In 2015, in addition to training 254,146 farmers in Good Agricultural Practices, we invested in 7 farmer resource centres, 12 warehouses, 40 drying floors and 310 solar driers. Drying floors or mats prevent contamination from the soil, yet many smallholders do not have the funds to buy one.


**Traceability:** smallholders live in some of the most remote parts of the world where often roads are nothing more than dirt tracks. Collecting 1 sack of cocoa or coffee from every farmer is highly inefficient. We therefore work with farmers to help them form farmer groups or cooperatives where they bring their crop to a central warehouse. Here the crop is weighed and stamped, ready for collection by Olam.

Under the OLC in 2015, 1,263,228 tonnes of product were traceable to group level (16% increase on 2014). Of this, 324,671 tonnes were externally certified (UTZ, Rainforest Alliance, Fairtrade, Organic, Cotton Made in Africa, Better Cotton Initiative and 4C).

In many cases, thanks to our investment in processing in origin countries, the product then travels directly to our processing units. We call this being 'fully backward integrated'. Here the products go through rigorous food safety testing.



Chilli testing at our factory in India.

2016 - 2020 Objectives	2015 Target	Achieved against 2015 target	2020 Target	Outlook for 2020 target
<b>GOAL 10. Safe and reliable foods for our customers (Material area: Food Safety)</b>				
<b>10.1. Food processing facilities meet international quality and food safety standards</b>	Achieve ISO 22000 or BRC certification in 75% of our top 50 processing facilities.	67% of the top 61 processing facilities have now achieved FSSC 22000 or BRC certification (due to acquisitions in 2015 number of top processing units increased from 50 to 61).	100% of relevant processing facilities to be FSSC 22000 or BRC certified.	

# Partnerships and memberships

Customer Partners	Financing Partners	Donors/Foundations	Technical Partners
Blommer Chocolate Co. Costco Wholesale Jacobs Douwe Egberts Ferrero Hershey's Hindustan Unilever Lindt Sprungli Mars Inc Mondelēz International Nestlé Nespresso Starbucks Storck	DEG FMO IFC/World Bank Proparco	Bill & Melinda Gates Foundation IDH Sustainable Trade Initiative IFAD USAID	Action Health Inc Ag Econ Plus Caritas COMPACI FairMatch Support FELDA Fortify GIZ New Holland PharmAccess Proforest Solidaridad Tanzania Association of Environmental Engineers TechnoServe Terra Global West Africa Rice Development Association Wildlife Conservation Society World Resources Institute WWF

Audit/Certification Bodies	Research Institutions/Universities
4C Association Cotton Made in Africa Fairtrade FLA Forest Stewardship Council® Intertek Organic Rainforest Alliance	RSPO Starbucks C.A.F.E. UTZ Certified Agropolis Fondation California State University, Fresno Center for Land-Based Learning CIRAD CSIRO London School of Economics and Political Science Harvard Business School INSEAD Business School Lee Kuan Yew School of Public Policy Temasek Life Sciences Laboratory The National University of Singapore University of California, Davies University of California, Merced

Sector Collaborations and Active Memberships			
African Cashew Initiative Steering Group Member	Better Rice Initiative Asia Steering Committee Member	International Cocoa Initiative Board Member	Sustainable Natural Rubber Initiative Member of Standard Working Group
African Cashew Alliance Board Member	Bonsucro Board Member	International Cocoa Association (ICA) Director	Sustainable Nut Initiative Board Member
African Cotton Association Steering Committee Member	California League of Processors Executive Committee and Board Member	International Nuts and Dried Fruits Council Executive Committee and Board Member	Sustainable Rice Platform Board Member
Almond Board of Australia Deputy Chair	CocoaAction Founding Member	Natural Capital Coalition Member	Sustainable Spice Initiative
Almond Board of California Board Member	Cocoa Association of Asia Member	RSPO Alternate Board Member	The Nut Association Board Member
American Peanut Council Board Member	Cocoa Livelihoods Programme	Solyouzmoloko National Dairy Producers Union of Russia Board Member	Tropical Forest Foundation Board Member
American Spice Trade Association Board Member and Chair of Food Safety Committee	Cocoa Merchants Association of America Committee Member	Smallholder Acceleration and REDD+ Program (SHARP) Executive Board Member	USDA Elimination of Child Labour Project
Association of Cotton Merchants (AMCE) Board Member	European Cocoa Association Board Member	Sustainable Coffee Program Steering Committee Member	World Business Council for Sustainable Development (WBCSD) CSA Co-Chair
Association Technique Internationale des Boix Tropicaux Board Member	Federation of Cocoa Commerce		World Cocoa Foundation Board Member
Better Cotton Initiative (BCI) Steering Committee Member	Green Coffee Association Board Member		World Spice Organisation Executive Committee Member
	Hazelnut Promotion Association		

# External reporting, commitments and support for the SDGs

Olam is committed to transparent reporting and to public statement of our commitments:

## Reporting

- 9<sup>th</sup> Sustainability Report
- 5<sup>th</sup> year GRI reporting
- 5<sup>th</sup> year Carbon Disclosure Project (CDP)
- 3<sup>rd</sup> year completing CDP water module
- 3<sup>rd</sup> year completing Forest Footprint Disclosure

## Commitments

- UN CEO Water Mandate
- UN Guidelines on Responsible Land Tenure
- UN Global Nutrition for Growth Compact
- Fair Labor Association affiliate member
- In 2016, we will become a signatory to the UN Global Compact.

## United Nations Sustainable Development Goals

2015 was a pivotal year with global agreements reached on both Climate Change and Sustainable Development. The UN launched 17 Sustainable Development Goals (SDGs) to be achieved by 2030, and Olam is an early leader in providing a private sector contribution in achieving these goals. We have chosen 5 goals to focus on as a Company which relate closely to our material areas – SDG 1, 2, 12, 13 and 17.

We recognise that Olam is in a strong position to influence how these challenges can be tackled. We are working hard to do our part – increasing productivity and yield for smallholder farmers; reducing post-harvest losses; contributing to nutrition through education; crop diversification and production of fortified packaged foods; improving water usage and irrigation efficiency including in areas where our operations face drought conditions, and being active in Public Private Partnerships that help to shape policy frameworks supporting inclusive and sustainable growth.



## About this report

This document is an Executive Summary of our full sustainability report which can be found at [olamgroup.com/sustainability](http://olamgroup.com/sustainability)

The web report contains more information on our progress and challenges, as well as case studies. Full detail on the reporting boundaries and audiences can also be found in the online version.

We continue to report using the Global Reporting Initiative (GRI). In 2014 we submitted GRI G3.1 Index at Level C. This year our report contains Standard Disclosures from the GRI (G4) Sustainability Reporting Guidelines. The online version of our report contains the GRI Content Index which shows, as far as possible, how we have aimed to meet the requirements of 'in accordance – core' of G4.

We will continue to work towards this for our 2016 reporting.



# Leading agri-business

Growing, sourcing, trading, processing, distributing food and industrial raw materials

## EST. 1989

Olam began by trading cashew from Nigeria to India

## 16,200 customers

Just 26 years later, and headquartered in Singapore, we have become a global agri-business, operating from seed to shelf, and supplying food and industrial raw materials to over 16,200 customers around the world

## 70 countries

Our team of 62,500 people across 70 countries, have built leadership positions in products such as cashew, cocoa, coffee, cotton and rice

## Top 30 companies

We are listed on the Singapore Exchange (SGX) and are among the top 30 companies by market capitalisation.

### For more information:

#### Company Head Office

Olam International Limited  
9 Temasek Boulevard  
11-02 Suntec Tower Two  
Singapore 038989

Telephone: +65 6339 4100  
Facsimile: +65 6339 9755  
olamgroup.com  
Twitter: @olam

#### Corporate Responsibility and Sustainability

Olam International Limited  
New Zealand House  
80 Haymarket  
London SW1Y 4TQ

Telephone: +44 (0)20 7389 6464  
Facsimile: +44 (0)20 7389 6465  
crs@olamnet.com

