Strategy and performance

Coffee nursery, Laos

In this section

Co-Founder and Group CEO's review

Sunny Verghese,
Co-Founder and Group CEO

> We have concentrated our effort on establishing a strong and stable shareholder base with like-minded long-term partners. This is key to building a resilient and sustainable business.

Shareholding structure

Shareholder	No. of Shares	Holdings (%)
Temasek Holdings	1,425,141,217	51.39
Mitsubishi Corporation	554,689,829	20.00
Orbis Funds	212,311,496	7.66
Management (Executive Committee)	176,216,250	6.35
Kewalram Chanrai Group	133,498,532	4.81
Others	271,591,818	9.79
Total (excluding treasury shares)	2,773,449,142	100.00

Strong progress in creating sustainable value through responsible growth

Olam has grown from a Company founded 26 years ago to a leading global agri-business operating from seed to shelf, supplying food and industrial raw materials worldwide. In the 2014 CEO review commemorating our Silver Jubilee, I traced several key milestones along our remarkable 25-year journey. In 2015, we celebrated another milestone, namely, our 10th anniversary of being listed on the Singapore Exchange (SGX). During these 10 years as a listed company, we have been tested and have emerged as a stronger company and a global leader in our sector.

In January 2015 we announced a change in our fiscal year, and consequently this review will cover the 18-month period from 1 July 2014 to 31 December 2015 (FY15).

Strong execution, solid operating results

During this period, the world has seen significant macro-economic volatility, declining global growth, collapsing resource prices, strengthening US Dollar, growing terrorism threat, rising geo-political tensions and escalating regional conflicts, mass migration and climate related disasters. Despite these considerable headwinds, we strengthened our core franchise, generated positive operational and financial outcomes and took decisive action to secure our long-term future. We improved our global leadership position in key platforms, selectively seized acquisition opportunities and enhanced our impact and influence on the communities where we operate by ensuring responsible and sustainable growth.

For the 12-month period between January and December 2015 (12M 2015), EBITDA grew by 1.5% to $1,122.8 million, while Operational PATMI, excluding exceptional items, grew by 20.1% to $346.2 million, compared to the 12 months in 2014. The strong operating results were driven by solid performances from the Edible Nuts, USA Spices and Vegetable Ingredients, Coffee, Cotton and Grains businesses. This was partly offset by the underperformance in the upstream dairy farming operations in Uruguay, lower margins in palm oil trading and refining, the adverse impact of currency devaluation on the Packaged Foods business in Africa and a lower contribution from the Special Economic Zone (SEZ) business.

We also took several measures during 2015 to reduce our overall borrowing costs and optimise our balance sheet. Firstly, in January 2015, we exercised our option to redeem all of the outstanding US$750.0 million 6.75% bonds due 2018. Secondly, in December 2015, we announced our intention to repurchase the US$500.0 million 6% Convertible Bonds due 2016 (see page 31).

In addition, we raised a total of US$2.04 billion of debt during 2015 to refinance existing loans and change the borrowing mix and tenor of our loans to significantly reduce interest costs.

A more detailed review of the results for the year and the operating performance of the Group is contained in the Group COO's financial and operating review on pages 32 to 45 of this report.

During the period, we executed and delivered on seven key priorities as shown in the diagram on page 23. Successful execution of these priorities has significantly strengthened our competitive position.

> "We improved our global leadership position in key platforms, selectively seized acquisition opportunities and enhanced our impact and influence on the communities where we operate by ensuring responsible and sustainable growth."

Stable shareholder base, strategic partnerships

One of our key objectives in the last two years has been to realign our shareholder base by attracting shareholders that better reflect the long-term tenor of our strategy. The first step in achieving this objective was the successful completion of the Temasek-led Voluntary General Offer (VGO) in May 2014 that made Temasek our majority shareholder. Our next step was to bring in Mitsubishi Corporation (MC) in September 2015 when they took a 20% equity stake in the Company through the issuance of new shares by the Company and the separate acquisition of secondary shares from the Kewalram Chanrai Group. We welcome MC as our second largest shareholder and more importantly, as a key strategic partner. Temasek Holdings continues to be Olam's majority shareholder with 51.4% stake.

The partnership with MC and the changes to our shareholding structure have helped us raise additional equity growth capital (S$915.0 million), strengthen our capacity to pursue selective investment opportunities in the future and has underpinned our long-term resilient shareholder base. This enhances our ability to take advantage of any opportunities that may arise in the current commodity down cycle, while maintaining a strong financial position.

In addition to becoming a major shareholder, MC and Olam are planning topursue a long-term strategic partnership that leverages the strengths of both companies to broaden participation in the Japanese market and collaborate in mutually beneficial business opportunities around the world that are consistent and aligned with our strategy.

Consistent long-term strategy

Our overarching strategic focus in FY15 remained consistent. We have been highly selective in completing specific initiatives that are in line with our strategy, allowing us to reinforce leadership in our six prioritised platforms (see cluster 1 on page 27).

During the year we also recalibrated our investment approach, focusing on fewer but bigger and more impactful acquisitions. Most notably we completed two major acquisitions – ADM's worldwide cocoa business at an enterprise value of US$1,204.0 million on a cash free and debt free basis, which was integrated with our cocoa business to create Olam Cocoa, and McCleskey Mills, an American peanut sheller, for a cash consideration of US$178.0 million (S$234.7 million). In March 2015, we announced our participation in the Republic of Gabon's (RoG) GRAINE outgrower plantation programme through a joint venture in which the RoG holds 51.0% equity ownership and Olam the balance 49.0%.

In November 2015, we announced that our Grains platform plans to expand into the animal feed and related businesses in Nigeria. The expansion involves investments in setting up poultry and fish feed mills, as well as hatcheries to produce day-old chicks. This expansion builds on Olam's existing strengths in origination of feed raw materials, sharing of port infrastructure, ocean freight capabilities and risk management skills. The Company is also very familiar with Nigeria and has strong execution capabilities there, having set up multiple green field and brown field projects in the country over the last 26 years.

Post 12M 2015, we announced the acquisition of Amber Foods, which owns the wheat milling and pasta manufacturing assets of the BUA Group in Nigeria, for a total enterprise value of US$275.0 million.

Temasek Holdings

Incorporated in 1974, Temasek is an investment company based in Singapore. Temasek owns a S$266 billion [1] portfolio mainly in Singapore and Asia. Temasek originally invested in Olam in 2002, and increased its ownership in 2014.

Temasek's investments centre on long-term trends: Transforming Economies; Growing Middle Income Populations; Deepening Comparative Advantages; and Emerging Champions. Its portfolio covers a broad spectrum of industries: financial services; telecommunications, media and technology; transportation and industrials; life sciences, consumer and real estate; as well as energy and resources.

Temasek has had a corporate credit rating of AAA/Aaa, since its inaugural credit rating in 2004 by rating agencies Standard & Poor's and Moody's, respectively.

1. As at 31 March 2015

Mitsubishi Corporation

Mitsubishi Corporation (MC) is a global integrated business enterprise that develops and operates businesses across virtually every industry, with business operations ranging from natural resource development to investment in retail businesses, infrastructure, financial products and manufacturing of industrial goods. MC develops business with a network of over 600 group companies in approximately 90 countries and employs a multinational workforce of over 70,000 people. MC aims to create sustainable corporate value by helping to solve global problems through business. MC holds a 20% share in Olam and has two representatives on the Board.

How are we measuring against **our priorities?**

Seven key priorities

1. Delivered targeted annual operational profits of S$346.2 million

2. Executed strategic growth initiatives
- Completed scale acquisitions in cocoa processing, peanut shelling and wheat milling
- Expanded upstream in tree nuts and coffee
- Established pepper plantations in Vietnam
- Scaled CFS organically

3. Ensured smooth integration of major acquisitions – ADM Cocoa and McCleskey Mills

4. Generated additional cash flow
- S$403.5 million cash released from divestments in 12M 2015
- Achieved positive net operating cash flow in 12M 2015

5. Reduced fixed capital or asset intensity
- Executed sale-and-leaseback structure for upstream assets
- Released cash of S$556.6 million

6. Secured additional equity capital of S$915.0 million for growth

7. Ensured success of senior management teams and related governance changes
- Expanded the ExCo [1] team
- Formed another senior management team Operating Committee (OpCo) [2] to drive operating performance and cross-functional initiatives
- Provided clear charters for both ExCo and OpCo
- Formed Communities of Practice around four themes – Owners' mindset; Trading; Upstream; and Customer Engagement

1. Executive Committee – See pages 16 and 17 for information
2. Operating Committee – See page 81 for Committee members

Strategy and performance

Transformational acquisition creates a globally integrated cocoa business

In October 2015, Olam successfully completed the acquisition of ADM's worldwide cocoa business at an enterprise value of US$1,204.0 million. This is a transformation of an already strong, prioritised Cocoa business platform (Olam Cocoa) with attractive market prospects that is poised to contribute an EBITDA of between US$180.0 and US$200.0 million including synergies by 2018.

As a top three integrated supplier of cocoa beans and cocoa products globally, the enlarged Olam Cocoa will benefit from operating leverage and scale by integrating and optimising its procurement, manufacturing, logistics, warehousing, trading and risk management systems, and working capital utilisation. Olam Cocoa is expected to derive a synergy impact of between US$35.0 and US$40.0 million by 2018.

Over 2,400 dedicated cocoa experts, of whom 1,500 have joined from ADM, are now based in 11 producing countries, across seven usines, 12 midstream processing facilities, six innovation centres, 20 marketing offices and more than 200 warehouses. Central to the combined business is sustainable sourcing and the iconic deZaan® brand, which will cater to the needs of its 2,150 customers, ranging from pure bean buyers to international chocolate and confectionery manufacturers.

The acquisition is expected to be earnings, returns and cash flow accretive in 2016. The return based on EBITDA on average invested capital is expected to be within Olam's target midstream value chain range of 13-16% in 2018.

Olam Cocoa offers a range of cocoa products as a result of the ADM Cocoa acquisition

> Achieving profitable growth sustainably is the engine for creating long-term value for our continuing shareholders.

As part of our objective to reduce asset intensity and generate additional cash flow, we executed specific dispositions and divestments during the year. This included the sale of a 25.0% stake in our Packaged Foods business to Sanyo Foods of Japan. The Company received cash proceeds of US$167.5 million (S$219.0 million) and generated a capital gain of S$106.2 million to reserves. Sanyo Foods has already created significant impact in strengthening the business by sharing their innovation capabilities in developing new products reflecting evolving consumer preferences in Africa. In December 2015, Olam Palm Gabon (OPG), the 60/40 joint venture company between Olam and the RoG, entered into a sale of long-term lease rights of land and a sale-and-leaseback of its palm plantation and milling assets for a cash consideration of US$130.0 million.

Total land area is 20,030 hectares in Awala, Gabon, including 6,502 hectares of planted area. OPG retains the right to operate the sustainable palm plantation and mill in Awala and will therefore continue to participate in the production economics of the palm plantation without the asset intensity.

Our success over the last 26 years is in large measure attributable to having a clear strategic direction, a differentiated business model, a well-diversified and balanced portfolio, the strength and depth of our talent pool, and our focus on sustainable and responsible growth.

Achieving profitable growth sustainably is the engine for creating long-term value for our continuing shareholders. In our view, profitable growth must meet four qualifying conditions: grow top-line; grow bottom-line; earn more than our cost of capital, and grow sustainably. All these four qualifying conditions need to be met concurrently to deliver consistent and sustainable profitable growth.

The acquired pasta manufacturing plant from BUA Group, Nigeria


Cherie Noodles PFB Nigeria, JV with Sanyo Foods

McCleskey Mills: Enhancing scale and scope of the Edible Nuts platform

In early 2015, Olam completed the acquisition of USA's third largest peanut sheller, McCleskey Mills (MMI), at an enterprise value of US$178.0 million. With a market share of approximately 12% and processing and storage assets at the heart of the peanut growing region in the Southeast, MMI enables us to participate in the attractive shelling segment of the USA peanut value chain. We are now the most vertically integrated player with shelling, blanching and ingredients presence in the country. MMI also enhances Olam's grower network and market intelligence on the ground, as proximity to the farmgate provides greater visibility on the local and global supply and demand trends.

High Oleic shelled peanuts

Our existing global network for marketing the range of Edible Nuts and experience in peanut shelling through operations in Argentina, India and South Africa also helps unlock the full growth potential of MMI. This has become a strategic imperative as the USA is the leading cost-competitive origin and exporter of peanut products in the world. The country is also expected to see a steady rise in production and exports in the future to meet the increased demand in emerging markets such as China and India.

Post the integration of MMI into the peanut business, Olam is now the only global player with sourcing and peanut shelling operations in all key peanut origins (USA, Argentina, India and South Africa) and presence in all main markets (EU, USA, China, India and Southeast Asia). It has transformed our competitive position in peanuts and further differentiated our customer offering globally, while adding to the scale and scope of the overall Edible Nuts franchise.

The acquisition of MMI was a return-accretive transaction. Its earnings contribution to the Group in 2015 was better than expected at the time of acquisition.

Unlocking value: the sale-and-leaseback model

Since 2013 Olam has adopted a sale-and-leaseback model for its upstream operations across the USA, Australia, Uruguay and Africa.

This asset-light model involves selling land, plantation assets, and related processing assets to investors who believe in their long-term value and then leasing them back for a rental fee over their remaining useful life.

Through this model, not only do we unlock the value of these assets at a premium, we also enhance our returns by reducing asset intensity, thereby releasing cash and lowering our gearing. We still retain the production economics of an upstream operation as we continue to operate these assets and realise their value of the production output.

This model has so far been adopted for our almond orchards in the USA and Australia, dairy farms in Uruguay and most recently for our palm plantations and milling assets in Gabon – the first of its kind in Africa, setting the template for us to do similar transactions to optimise our balance sheet going forward. We have also recently increased our almond acreage in Australia by 3,500 hectares on a similar model.

Where we have unlocked value

Asset description	Year	Cash released (S$m)	P&L impact (S$m)
Almond orchards, USA: 1,900 planted hectares	2012	68.6	17.4
Almond orchards, Australia: 12,000 planted hectares	2013	233.2	65.4
Dairy farm, Uruguay: 7,771 hectares	2014	70.4	21.0
Palm, Gabon: 6,502 planted hectares	2015	184.4	20.2
Total		**556.6**	**124.0**

Palm nursery, Gabon

The key to achieving these demanding goals is to first differentiate our business before we attempt to scale it. To this end, Olam has over the years built six points of differentiation:

1. A focus on niche commodities and niche businesses with leadership positions (e.g. Edible Nuts, Cocoa, Coffee, Spices and Vegetable Ingredients, Cotton, Rice, Packaged Foods and Rubber)
2. Defensible niche strategies in mainstream commodity categories (e.g. Grains: Africa Milling; Sugar: Refining, Indonesia and Milling, India; Palm: leadership in West Africa)
3. A unique Africa footprint and operating capabilities (e.g. direct presence in 24 countries in Africa)
4. A model to out-origin our competition – buying from growers and village level agents at the farmgate (e.g. built a network of four million farmers)
5. Value-added solutions and services to customers (e.g. providing traceability guarantees, sustainable and certified raw materials, vendor managed inventory solutions, risk management solutions and proprietary market intelligence)
6. A uniquely shaped portfolio – selective and diversified upstream, supply chain core, mid and downstream participation across products and geographies.

At Olam, we plan across two three-year cycles, updating and refreshing these plans on an annual basis. In developing a winning strategy we need to answer two critical questions: 1) Where to play? and 2) How to win? In the last of the two three-year planning cycles (FY10-FY15), we deliberately chose the strategy of moving away from being a pure supply chain manager (asset light) to a selectively integrated player across the value chain (asset medium), in order to participate in the more attractive profit pools in the agri-value chain and improve overall portfolio margins and returns. As anticipated, this has led to increased fixed capital intensity, negative free cash flows and lower returns in the near-term. Performance has also been impacted by significant gestation (especially for upstream), as well as the steep learning curve on project execution and in building new organisational capabilities. While some of our investments have not gone as per plan and we have had to contend with their underperformance, overall, our investment track record has been good. Many of our investments have been concluded at attractive valuations (especially in the aftermath of the global financial crisis), which has given us access to attractive parts of the value chain and significantly improved our competitive position in the industry.

In 2013, we laid out a strategic plan with a focus on the twin goals of pursuing profitable growth and improved free cash flow. Since then we have successfully optimised the portfolio and released cash. We concluded 21 strategic initiatives in the last three years, releasing S$1,150.5 million cash and realising total capital gain of S$304.9 million.

In six short years (FY10-FY15), we have built a differentiated and uniquely shaped portfolio in terms of products, geographic participation and selective value chain integration. We have also built a strong and experienced team with a proven track record, a strong entrepreneurial culture and distinctive capabilities, in particular in origination, plantation, manufacturing and a unique footprint in Africa. We are now well-positioned to grow and deliver strong returns over the next several years.

As we refreshed our Strategic Plan for the next two three-year cycles (2016-2021), we began with a scan of the major trends in our industry which revealed no significant shifts in the agri-sector over the past three years, though some trends are accelerating (e.g. sustainability). Overall, agri is a slow but steady growth sector. Within this, the larger players are growing because of globalisation and consolidation of supply chains. To drive growth, the industry has employed five growth vectors: new products, new value chain steps, M&A, new geographies and market share gain. The competitive landscape includes different archetypes of agri-players in the industry – global diversified players, smaller diversified players, focused single commodity players and Asian diversified food companies. The global diversified majors continue to derive most of their earnings from traditional mainstream commodity markets (grains and oilseeds markets in the Americas).

Africa remains an attractive opportunity for us – the market has strong underlying demand growth and also an important supply source for our commodities. We have a strongly differentiated and well-established competitive position in Africa.

Overall our business model is what makes us unique and differentiates us in the sector – leadership positions in niche categories, defensible niche positions in mainstream categories, unique Africa footprint and capabilities, and a broader upstream participation.

For the 2016-2021 plan period, we used six criteria to inform our judgement on how to prioritise our portfolio and the basis for making key investment choices and capital allocation decisions between the various businesses:

1. Address areas where performance has been inconsistent or did not meet expectations
2. Double down on strong Business Units (BU) to scale up and strengthen leadership positions
3. Be selective and focus new investments on areas where we have the highest winnability and returns
4. Further streamline our portfolio and release cash from divestments
5. Find the right investment balance between contributing and gestating businesses
6. Assess and manage portfolio risks

Based on this approach, we have prioritised our portfolio into four clusters as shown opposite. Cluster 1 contains the six prioritised platforms – Edible Nuts, Cocoa, Grains, Coffee, Cotton and Spices and Vegetable Ingredients (SVI), all of which are in attractive markets where Olam has a strong competitive position. We intend to accelerate our investments in these six platforms to build global leadership.

Cluster 2 consists of five platforms – Packaged Foods business (PFB), Palm, Rubber, Dairy and Commodity Financial Services (CFS) all of which are in attractive markets, but our investments in these platforms are still gestating and therefore the model is still to be proven. We intend to scale up these platforms once we have more proof of concept.

Cluster 3 consists of three platforms – Rice, Wood, Sugar and Sweeteners which are smaller businesses (in terms of size of profit) for us, but with very high returns.

Cluster 4 consists of two platforms – Fertilisers and SEZ that are non-core, and therefore we intend to deconsolidate these businesses and partially monetise these investments at the appropriate time.

Each platform in the four clusters has mapped out specific strategic pathways that they intend to execute over the next two three-year cycles as shown opposite in the 'Portfolio of the future: Strategic Plan'.

How have we **prioritised** our portfolio?

Our Business Unit prioritisation

Cluster 1	Cluster 2	Cluster 3	Cluster 4
Business units in attractive markets where Olam has a strong position	Strategic business units in attractive markets, gestating, model to be proven	Small size of profits but high returns, accretive to portfolio	Non-Core restructure/ Deconsolidate
Edible Nuts, Cocoa, Grains	PFB	Rice	Fertilisers
SVI, Coffee, Cotton	Palm	Wood Products	SEZ
	Rubber	Sugar and Sweeteners	
	Dairy		
	CFS		
Accelerate investments to achieve leadership	**Prove model, then scale**	**Ensure minimum profit size and high returns**	**Restructure/ Deconsolidate/Monetise**

Portfolio of the future: Strategic Plan

1. Accelerate investments to achieve leadership

Edible Nuts: Extend leadership across Edible Nuts categories

Grow almond acreage (with low capital intensity); expand peanuts USA midstream; enter pistachios, walnuts; explore other nuts upstream (pecans)

Cocoa: Be the leading confectionery ingredients supplier

Build leading, globally integrated cocoa business leveraging ADM Cocoa acquisition – combining breadth, depth and scalability across value chain

Grains: Deepen existing niche positions and expand into animal feed business

Grow origination and trading in Black Sea, Middle East and Africa; expand milling in Africa (e.g., Nigeria M&A); and enter Animal Feed business in Nigeria

Coffee: Be the leading coffee ingredients supplier

Successfully execute integrated value chain strategy; selectively expand upstream and midstream and optimise working capital

Cotton: Consolidate position in trading

Continue to strengthen trading capabilities with focused investments (Africa integrated ginning model, USA trading, China marketing, India trading and Brazil trading and contract farming)

SVI: Maintain USA leadership and selectively expand footprint

Scale up dehydrated business; expand spices and blends value-added processing and pepper plantation; improve the Tomato Paste business

2. Prove model before scaling

Palm and rubber: Leverage Africa as a globally competitive supply source

Successfully execute palm and rubber upstream plantation and selective midstream investments in Africa; Explore palm expansion in Indonesia

PFB: Participate in African consumer story

Double down on Nigeria and Ghana and drive profitability

Dairy: Improve performance to extract full value from existing investments

Improve performance for Uruguay/Russia farming operations; Grow supply chain/ midstream profitability

CFS: Leverage existing capabilities to scale and build strong business

Leverage market intelligence, risk arbitrage skills to grow RMS and third party funds businesses

3. Ensure minimum profit size and high returns

Rice: Deepen position in Middle East and Africa; selectively expand sourcing in South East Asia, focus on Nigeria farming

Wood Products: Low investment Latin America model, grow in Republic of Congo; continue to run optimised model with low overheads and low capital intensity in other origins/markets

Sugar and Sweeteners: Maintain asset light supply chain model and trading focus

4. Deconsolidate/Monetise

Fertiliser: Sell-down and deconsolidate

SEZ: Partial sell-down/Monetise

Prioritise Africa

Leverage Africa as a globally competitive supply source

Palm and rubber: Successfully execute palm and rubber upstream plantation expansion and selective midstream investments

Edible nuts, cocoa, coffee, cotton, SVI: Continue to expand most attractive Africa-based sourcing and midstream processing of these products

Supply food staples and ingredients into Africa

Grains: Expand milling in Nigeria (M&A) and other African countries; enter Animal Feed business

Rice: Maintain position in Africa

Dairy and sugar distribution

Participate in African consumer story

PFB: Double down on Nigeria and Ghana to drive profitability

Invest in Africa ag logistics infrastructure

African agri-infrastructure (warehouses, silos, ports)

Growing Responsibly

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.

The Olam Way

Olam is today recognised as a serious contender in the global agri-sector, having achieved leadership positions in many of our businesses. This success in a strongly contested industry did not come from following a conventional approach. At Olam, we do things differently and have succeeded in disrupting the status quo.

In 2015, we took the opportunity to align how we understand and communicate Olam to employees and external partners by launching 'The World of Olam' outlining who we are, our spirit and culture, what we stand for and what we do (and equally important, what we do not do). Within the World of Olam, there is a section called 'The Olam Way' which comprehensively guides us through our Governing Objective (Mission), Our Vision, Our Purpose, Our Spirit and Our Values. It also outlines our strengths and competencies, our competitive strategy, portfolio strategy, growth strategy and the importance of our people.

This will serve as a good reference and helpful guide for the current Olam team and for our prospective employees.

The key elements of 'The Olam Way' are highlighted on the opposite page.

Growing Responsibly, engaging on global issues

Our strategy and differentiation extend to how we achieve profitable growth. Growing Responsibly is part of our DNA and describes how we do business.

We ensure profitable growth is achieved in an ethical, socially responsible and environmentally sustainable manner and in this reporting period we have brought this focus to life in many distinct ways.

During our Silver Jubilee year we announced and implemented further meaningful initiatives to demonstrate responsible growth in action. Highlights included the inaugural Olam Prize for Innovation in Food Security and the official launch of the Olam Scholarship Programme for African Change Catalysts.

We were also active at the COP21 meeting in Paris at the end of the year, demonstrating how global businesses can make a difference by calling on world leaders and our own sector to take up measures to tackle climate change and deliver food security. Olam is calling for world leaders to commit to a global carbon tax; support robust carbon off-set mechanisms; make Green Bonds attractive and cost-competitive investments; develop national land use plans; recognise the role of Public Private Plural Partnerships in helping emerging nations, particularly in terms of mobilising finance; and engage non-state actors to actively contribute to national de-carbonisation targets.

Our forest concession in the Republic of Congo (CIB) is supporting the Congolese Government in developing its Emission Reductions Programme to be submitted to the Forest Carbon Partnership Facility's (FCPF) Carbon Fund, of which the World Bank is a trustee. The Programme will realise value from the country's standing forests. CIB has been chosen by the Republic of Congo to be its strategic partner and key implementer thanks to Olam's commitment to sustainable forest management.

As a global agri-business, addressing food security is one of the main developmental challenges that Olam is concerned about. Too often, the issues surrounding food security are tackled by different groups of experts in siloes. As a result, they can seem insurmountable, so we are looking to build a Global Agri-business Alliance to work together on common, 'real world' solutions, to be launched at our 'Building Sustainable Futures' Forum in September 2016.

2015 was a pivotal year with global agreements reached on both Climate Change and Sustainable Development. The United Nations 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 four goals to focus on as a Company – SDG 1, 2, 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; 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.

What is the **Olam way?**

Olam is now considered a major player on the global agri-sector stage and we have achieved leadership and defensible positions in many of our platforms.

We have formally laid out the structure behind this achievement, which we call The Olam Way.

Governing objective: Why are we in business?

To maximise long-term intrinsic value for our continuing shareholders

Vision: What is our Aspiration?

To be the most differentiated and valuable global agri-business by 2040

Purpose: How do we do business?

'Growing Responsibly': We ensure profitable growth is achieved in an ethical, socially responsible and environmentally sustainable manner. This is integral to our business model

Values: What are our desirable modes of conduct?

Our six values and everyday behaviours build a distinctive culture, shaping how we work and set the standard for what it means to be part of Olam

Entrepreneurship
We dare to dream

Stretch and Ambition
Our passion for doing more

Mutual Respect and Teamwork
We treat each other the way we want to be treated

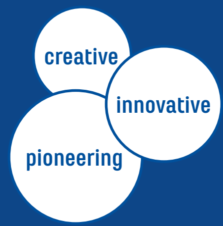
Ownership
We take responsibility as if we were the founders of the business

Integrity
We stay true to what we believe, say and do

Partnerships
We strive to develop positive and long-term relationships with our partners

Spirit: What do we stand for?

Our spirit is to be an insurgent in our industry. We are not afraid to disrupt the status quo. We are pioneers, inventing and innovating to create solutions for our suppliers and customers



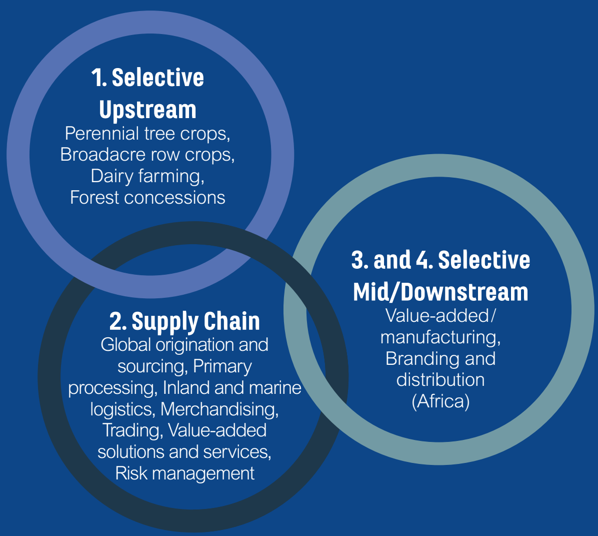
Our Portfolio Strategy:
Where do we participate?

We focus on building leadership positions in niche commodities.

We selectively integrate across the agricultural value chain. We are one of the world's largest farmers growing 21 crops in 26 countries (upstream) and have invested in 199 processing facilities.

We have a strong African footprint and operating capability. Our on-the-ground assets, team and know-how across our 24 country network on the Continent is unrivalled.

A combination of these elements has resulted in us having a uniquely shaped portfolio.



Our Competitive Strategy:
How do we win?

At the grower end we 'out origin' our competitors by buying from the lowest level of aggregation possible. Today we source directly from the farmgate, originating crops from a network of four million farmers, village level agents and farmer co-operatives.

At the customer end we offer value-added solutions and services in order to gain stronger loyalty and command a premium. These services include traceability, customised product grades and qualities, risk management solutions, vendor-managed inventory solutions and proprietary market intelligence.

Our Growth Strategy: What is our logic for growth?

Our logic for growth is to find adjacent business opportunities closely linked to our core business. We identify and expand into adjacent opportunities that share customers, costs, capabilities and channels with our existing businesses. For example, we started our Edible Nuts business by first trading cashews before expanding into other adjacent edible nuts over time, including today, almonds, cashews, hazelnuts, peanuts, pistachios and walnuts.

We are also working with the World Business Council for Sustainable Development (WBCSD) and Co-Chairing their working group on Climate Smart Agriculture (CSA) and an active participant in their Low Carbon Technology Partnership Initiative (LCTPI).

Olam brand refresh

After extensive consultation with key stakeholders, we carried out a brand refresh exercise and re-launched the Olam brand towards the end of 2015. The new Olam logo shows a plant growing out of nutritious soil, held in a circle representing the world. The re-branding has created positive energy and excitement across the organisation and I am delighted with the consistent application of the new brand that I have seen during my travels to our various operations across the world. The new Olam brand confers a distinct identity that reflects the soul and essence of the company of being outward looking and always seeking to challenge the status quo.

Looking ahead

While we expect tough trading conditions going forward, given the volatility and uncertainty in both the capital markets, as well as in the real economy, I have full confidence in the strength of our differentiated business model and strategy, combined with the high calibre of our Leadership and Management Team and the support of our Board to successfully navigate through these challenging times. I believe that every Olam business today rests on a strong foundation of deep competence, talent, a good configuration of privileged assets and a strong competitive position. This should stand us in good stead as we confront these major challenges and remain focused on delivering long-term value to our continuing shareholders in a sustainable and responsible way.

Sunny Verghese
Co-Founder and Group CEO

How are we leveraging **our brand?**

Our Brand Positioning

We want to be known for these three things:

Our Brand Strategy

Our brand is our public face, our reputation – it is the sum of everything we do, every day. It is also one of our most valuable assets.

Brand reputation is based on a combination of factors including our visual presentation and messaging; our everyday behaviour and the experience our customers and suppliers have with us; always living up to our promises; our product quality and the accuracy of our market insight.

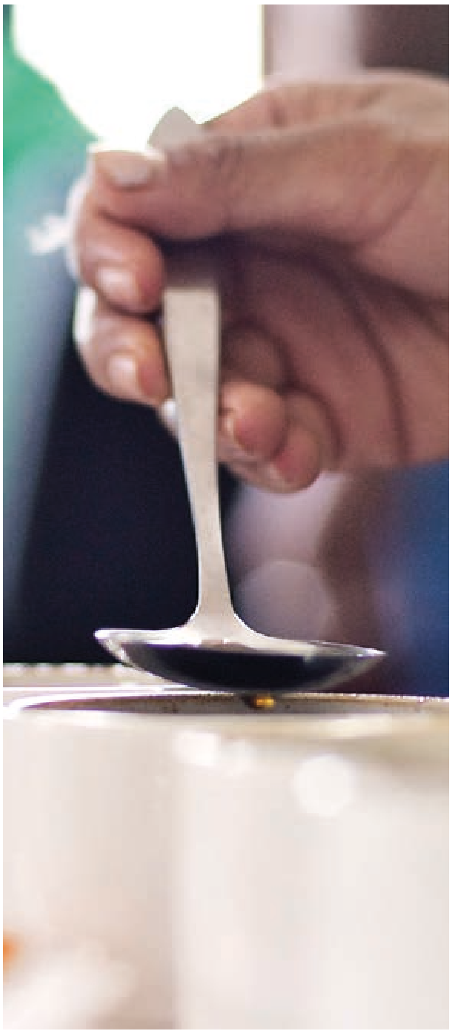
Consistency across every level of Olam is critical to our sustained success and the achievement of our long-term goals. Our brand strategy is a powerful enabler of collaboration and a key facilitator of future growth.

The New Olam Brand

Olam

Our green symbol shows a plant growing out of nutritious soil, held in a circle representing the world.





Optimising our debt portfolio

Our ongoing debt optimisation efforts, which started in 2014 and continued in 2015, helped lower our borrowing cost from 5.2% to 4.8% in 2015. This resulted in a reduction in interest expense of S$25.6 million despite an increase in net debt of S$2.2 billion during the year. Various initiatives were taken to optimise the tenor and cost of debt by buying back higher-cost debt and by reducing the overall tenor of the debt portfolio.

We reduced our credit spread across all tenors. Spreads across short term bilateral banking lines and revolving credit facilities came down while higher-cost, medium term debt was repurchased. For example, the US$750.0 million 6.75% bonds due 2018 which were issued at a discount in January 2013 had an effective interest cost of 8.08%. We exercised the early redemption option, bought back all of these bonds at 103.375% of the principal amount and replaced these with short and medium term borrowings at an effective cost of approximately 2.0% to 2.5% per annum. While we took a one-time charge of S$100.6 million in 2015 for the early redemption, we will also save approximately S$55.0 to S$60.0 million of interest per annum over the next three years.

We also successfully brought down the proportion of working capital funded by medium and long-term debt from 58.1% in 2014 to 33.7% in 2015. This is in line with meeting our target of covering 25.0% to 35.0% of working capital needs through medium and long-term sources of funds.

Gradual reduction in cost of debt for new issuances

Date	Description	Tenor	Coupon
15 January 2015	US$50.0 million senior notes	5-year due 2020	4.0%
17 March 2015	A$150.0 million senior notes	5-year due 2020	3.975% (US$ post-swap)
29 April 2015	A$30.0 million senior notes	5-year due 2020	3.6% (US$ post-swap)
12 August 2015	US$400.0 million RCF	2- year due 2017	–
	US$400.0 million RCF	3-year due 2018	–
31 August 2015	¥6.2 billion (US$51.2 million) senior notes	5-year due 2020	3.75% (US$ post-swap)
28 October 2015	US$850.0 million RCF	1-year due 2016	–
	US$150.0 million term loan	5-year due 2020	–

Bonds buy-back

28 January 2015	US$750.0 million bonds	5-year due 2018	6.75% (effective cost of 8.08%)
9 December 2015	US$500.0 million convertible bonds	7-year due 2016	6.0% (effective cost of 10%)

A. Shekhar,
Executive Director
and Group COO

"We continue to make progress on our Strategic Plan. To date, our initiatives have released cash of S$1,150.5 million, generated a P&L gain of S$1.150.3 million and added S$154.6 million to our capital reserves."

"We are pleased with the continued broad-based growth in operational earnings during the year. Our debt optimisation programme has reduced our effective cost of borrowing. We continue to be disciplined in executing our Strategic Plan to generate positive free cash flow as we growour earnings."

Strong operating performance despite challenging market conditions

Key highlights [1]

Financial performance

S$ million	2015	2014	% Change
Volume ('000 MT)	**12,506.7**	14,021.9	(10.8)
Revenue	**19,052.6**	19,771.9	(3.6)
Net loss in fair value of biological assets	**(14.4)**	(19.5)	(26.3)
EBITDA	**1,122.8**	1,106.6	1.5
Depreciation & amortisation	**(237.1)**	(209.8)	13.0
Net finance costs	**(448.9)**	(474.5)	(5.4)
Taxation	**(105.9)**	(94.9)	11.6
Exceptional items	**(397.0)**	302.9	N.M.
PAT	**(66.0)**	630.3	N.M.
PATMI	**(64.3)**	**591.0**	**N.M.**
Operational PATMI	**346.2**	**288.1**	**20.1**

In 2015, Olam achieved strong Operational PATMI growth of 20.1% year-on-year to S$346.2 million, compared to S$288.1 million in 2014.

Our headline results were negatively impacted by exceptional items totalling S$397.0 million, with reported PATMI declining to negative S$64.3m. The net exceptional loss was primarily on account of the S$192.6 million fair value losses on our equity investment in PureCircle Limited (PCL), which was due to a conservative interpretation of an accounting treatment. There was no change to total equity (including reserves) or cash flow.

Other exceptional items resulted from deliberate actions to optimise operations for future growth – the buy-back of higher cost debt, restructuring cost for the Dairy operations in Uruguay and ADM Cocoa transaction expenses, which were partly offset by the gain on the sale-and-leaseback of Palm plantations in Gabon.

Sales volumes and revenue were lower year-on-year by 10.8% and 3.6% respectively as we continued to execute on our business strategy to grow in prioritised platforms while reducing volumes or exiting lower-margin businesses.

Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) grew by 1.5% to S$1,122.8 million in 2015 compared to S$1,106.6 million in 2014 with growth across three of our segments – Edible Nuts, Spices and Vegetable Ingredients (up 16.3% from S$335.5 million to S$390.2 million), Confectionery and Beverage Ingredients (up 16.7% from S$278.3 million to S$324.9 million) and the Commodity Financial Services business (up from a loss of S$17.9 million to positive S$10.6 million). This was partly offset by reduced contributions from the Food Staples and Packaged Foods (down from S$295.2 million to S$212.1 million) and Industrial Raw Materials segments (down from S$215.6 million to S$185.1 million).

Garlic processing, China

1. As part of the transition to the new financial year from January to December, the financial performance of the Group is reported for the period from January 2015 to December 2015, against the previous corresponding period from January 2014 to December 2014.

> We executed various initiatives to optimise debt tenors and reduce the overall cost of borrowing, which included the buyback of expensive bonds. This resulted in a decline in the relative share of debt capital market instruments in our overall portfolio.

Overall EBITDA and invested capital

The invested capital increased by over S$2.87 billion, primarily from the McCleskey Mills (MMI) and ADM Cocoa acquisitions which are expected to deliver strong EBITDA growth going forward. In spite of this significant increase, EBITDA to average invested capital (EBITDA/IC) declined by only 100 basis points to 8.6%, in testament to our sharp focus on prioritised platforms, as well as balance sheet optimisation.

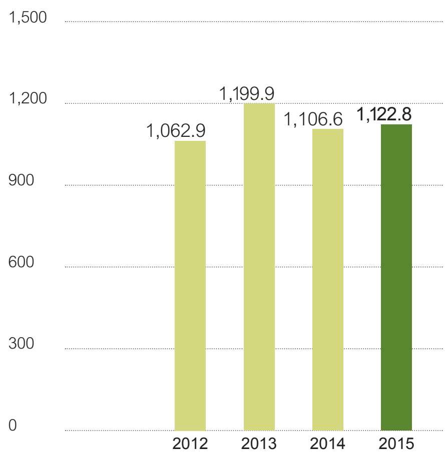
Strategic partnership and transformational acquisitions

This year, we had several transformational developments. On 28 August 2015, the Company entered into a subscription agreement with international conglomerate Mitsubishi Corporation (MC), setting up a long-term strategic partnership to collaborate in mutually beneficial business opportunities in Japan and across the world.

As part of this agreement, we raised approximately S$915.0 million of additional equity capital by issuing 332.73 million new ordinary shares to MC at an issue price of S$2.75 per new share, which represented approximately 12.0% of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company immediately after completion of the subscription agreement. In a separate and independent transaction, MC also acquired approximately 222.0 million secondary shares from the Kewalram Chanrai Group, representing approximately 8.0% of the enlarged issued and paid-up share capital (excluding treasury shares) of Olam immediately following the issuance of the new shares. Post the completion of both of these transactions, MC is now Olam's second largest shareholder with 20.0% shareholding of the Company.

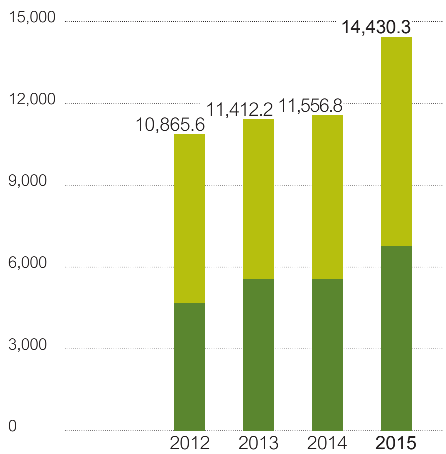
We completed two major acquisitions in the year which will position us for further growth. With the acquisition of ADM Cocoa, Olam Cocoa is now among the top three integrated suppliers of cocoa beans and products. With the acquisition and integration of leading peanut sheller MMI, our peanut platform is now integrated across the value chain.

EBITDA
(S$ million)



	2012	2013	2014	2015
EBITDA/IC (%)	10.7	10.8	9.6	8.6

Invested capital
(S$ million)



	2012	2013	2014	2015
Working Capital	6,202.2	5,840.2	6,017.2	7,652.8
Fixed Capital	4,663.4	5,572.5	5,539.5	6,777.5

Strategic Plan update

We continue to make progress on our Strategic Plan. To date, our initiatives have released cash of S$1,150.5 million, generated a P&L gain of S$150.3 million and added S$154.6 million to our capital reserves. Our focus continues to be on delivering on six priorities:

1. **Recalibrate the pace of investments**
   We incurred gross Capex of S$2,339.5 million in 2015 as compared to S$455.7 million in 2014. The Capex for 2015 includes an investment of approximately S$1,855.4 million for the acquisitions of MMI and ADM Cocoa which were not part of the Strategic Plan Capex guidance.
2. **Optimise balance sheet**
   Several initiatives have been undertaken towards optimising working capital utilisation across the supply chain, including a reduction in inventory levels, receivable factoring, securing higher supplier credit and prioritisation of higher margin transactions within each business unit.

   In addition, various initiatives to optimise the balance sheet and improve returns have also been completed. These include the sale-and-leaseback of dairy farming land in Uruguay, almond plantation assets in the USA and Australia, palm plantations in Gabon, the repurchase of long-term unsecured bonds of US$30.0 million issued by NZ Farming Systems Uruguay Limited (NZFSU) and the repurchase of 7.0% perpetual capital securities and 6.0% fixed rate notes due 2022 aggregating S$54.2 million.
3. **Pursue opportunities for unlocking intrinsic value**
   We have completed several initiatives, including the sale of our basmati rice mill in India, the sale of the Dirranbandi cotton gin and the partial sale of the Collymongle gin in Australia, the sale of a 50.0% stake in our Grains origination operation – Olam Lansing Canada, the sale of 9.8% equity stake in our Dairy processing operation – Open Country Dairy (OCD), New Zealand, the sale of 20.0% stake in the SEZ to the Republic of Gabon, the sale of 80.0% stake in our Australian Grains business to Mitsubishi Corporation, sale of equity in our upstream Palm and Rubber joint ventures in Gabon to the Republic of Gabon (RoG) and the sale of 25.0% stake in our Packaged Foods business to Sanyo Foods of Japan.
4. **Optimise shape of portfolio and reduce complexity**
   In addition to the partial divestment of our Wood Products business in Gabon, we sold our Timber subsidiary Compagnie Forestière des Abeilles in Gabon. We also exited from the rice distribution business in Côte d'Ivoire, announced the sale of our Australian wool business and closed a vegetable dehydrates facility in the USA.

   These transactions will help bring a sharper focus to the business and are expected to reduce operating costs going forward.

Summary of completed strategic plan initiatives

S$ million	Number of Initiatives	P&L impact	Addition to capital reserves	Cash flow impact
Closed in 2012	**1**	**17.4**		**68.6**
Closed in 2013	**4**	**18.2**	**14.2**	**65.5**
Sale-and-leaseback of almond plantation assets, Australia		65.4		233.2
Divestment of Olam Lansing JV, Canada				6.8
Sale of timber assets, Gabon		(14.6)		22.8
Repurchase of Bonds and Perpetual Securities		1.0	2.3	
Sale of 9.8% stake in OCDL, New Zealand		(0.6)		35.1
Australian grains JV with Mitsubishi Corporation		28.8		79.8
Sale of timber subsidiary in Gabon		(22.6)		7.5
Sale of Collymongle Cotton Gin, Australia		6.0		9.9
Sale of 20% stake in SEZ to RoG, Gabon				74.8
Sale of dairy processing plant, Côte d'Ivoire		17.7		32.7
Sale of 10%/20% stake in Palm/Rubber JV to RoG, Gabon			31.9	40.0
Sale-and-leaseback of dairy farm land, Uruguay		21.0		70.4
Sale of Australian wool business		(2.7)		
Closure of dehydrates facility, USA		(4.9)		
Closed in 2014	**14**	**94.5**	**34.2**	**612.9**
Sale of 25% stake in Packaged Foods to Sanyo Foods			106.2	219.1
Sale-and-leaseback of palm plantations, Gabon		20.2		184.4
Closed in 2015	**2**	**20.2**	**106.2**	**403.5**
Total	**21**	**150.3**	**154.6**	**1,150.5**

Summary of financial and operating results

Balance sheet analysis

Our total assets of S$17.7 billion comprised S$2.1 billion of cash, S$8.3 billion of working capital and S$6.7 billion of fixed assets. These were funded by S$5.2 billion of equity, S$5.5 billion of short-term debt and S$6.8 billion of long-term debt. Of the S$3,518.6 million increase in overall balance sheet size as compared to end-December 2014, S$2,425.9 million was on account of the acquisition of ADM Cocoa.

On working capital efficiency, our overall cycle increased from 121 days as at end-December 2014 to 149 days at end-December 2015. This was primarily due to the ADM Cocoa acquisition which increased inventory days and was partly offset by the increase in trade creditor days.

Cash flow analysis

We generated positive net operating cash flow of S$154.9 million in 2015. However, free cash flow to the firm was negative S$2,062.6 million primarily on account of an investment of S$1,855.4 million for the MMI and ADM Cocoa acquisitions.

Borrowing mix

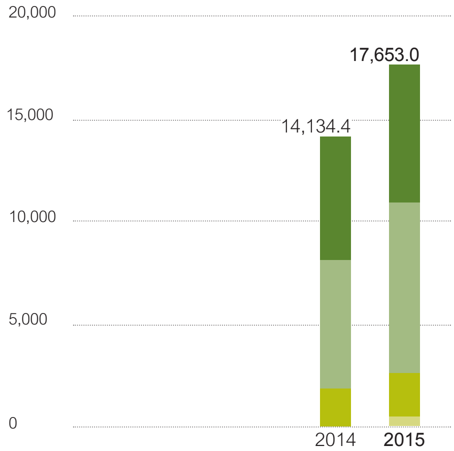
We executed various initiatives to optimise debt tenors and reduce the overall cost of borrowing, which included the buyback of expensive bonds. This resulted in a decline in the relative share of debt capital market instruments in our overall portfolio.

deZaan® cocoa powder, added to our portfolio through the ADM Cocoa acquisition

Cash flow analysis

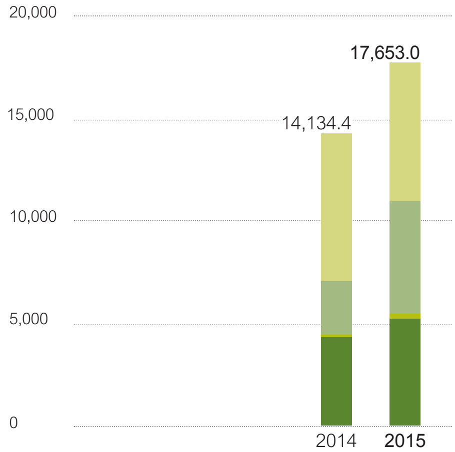
S$ million	**2015**	2014	2013	2012
Operating cash flow (before interest & tax)	**1,150.8**	1,148.3	1,144.9	969.3
Changes in working capital	**(995.9)**	(766.2)	(98.2)	(55.0)
Net operating cash flow	**154.9**	382.1	1,046.7	914.2
Tax paid	**(127.8)**	(65.6)	(64.3)	(44.1)
Capex/ investments	**(2,089.7)**	12.7	(817.6)	(1,462.9)
Free Cash Flow to Firm (FCFF)	**(2,062.6)**	329.2	164.9	(592.8)
Net interest paid	**(478.4)**	(411.5)	(485.0)	(434.6)
Free Cash Flow to Equity (FCFE)	**(2,540.9)**	(82.3)	(320.1)	(1,027.4)

Use of funds
(S$ million)



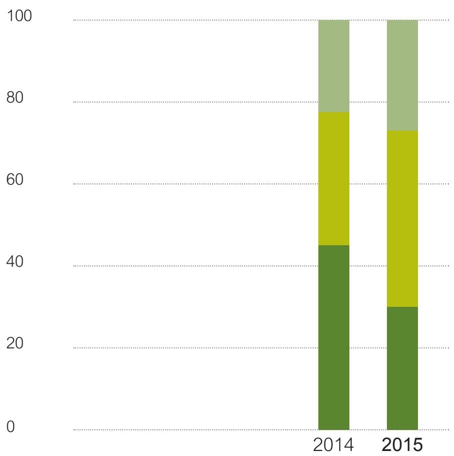
	2014	2015
Fixed capital	6,056.3	6,730.5
Working capital	6,259.4	8,317.2
Cash	1,845.8	2,143.2
Others	(27.1)	462.1

Sources of funds
(S$ million)



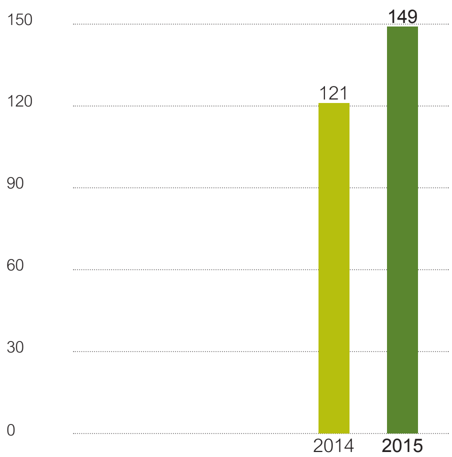
	2014	2015
Long-term debt	7,217.0	6,781.7
Short-term debt	2,623.7	5,512.2
Non-controlling interests	126.3	240.6
Equity and reserves	4,320.1	5,226.4
Fair value reserve	(152.7)	(107.9)

Borrowing mix
(%)



	2014	2015
Bilateral banking lines	22.0	27.0
Bank syndication	32.0	41.0
Debt capital markets	46.0	32.0

Cash-to-cash cycle
(Days)



Gearing

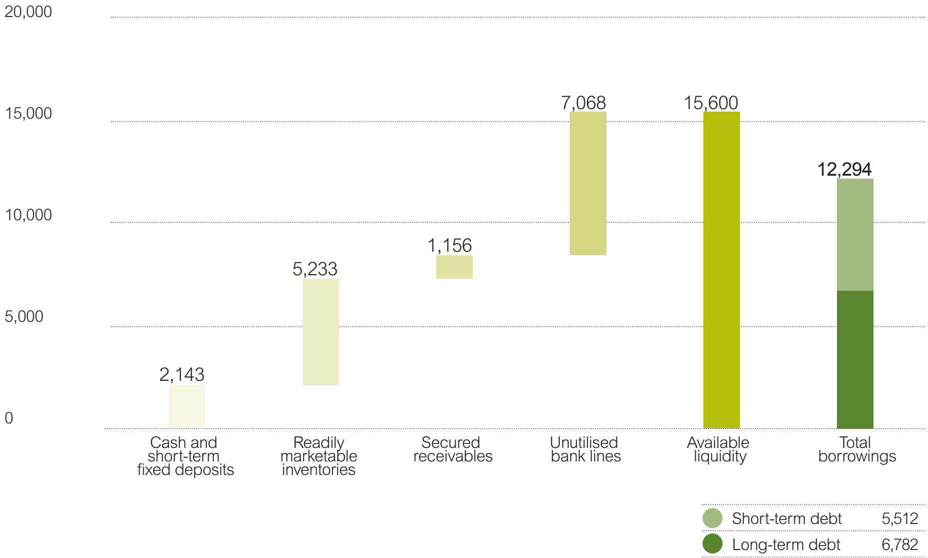
S$ million	2015	2014	Change
Gross debt	**12,293.9**	9,840.7	2,453.2
Less: Cash	**2,143.2**	1,845.8	297.4
Net debt	**10,150.7**	7,994.9	2,155.8
Less: Readily marketable inventory	**5,232.9**	3,947.9	1,285.0
Less: secured receivables	**1,155.8**	1,030.4	125.4
Adjusted net debt	**3,762.0**	3,016.6	745.4
Equity (before fair value adjustment reserves)	**5,226.4**	4,320.1	906.3
Net debt/Equity (times)	**1.94**	**1.85**	**0.09**
Adjusted Net debt/Equity (times)	**0.72**	**0.70**	**0.02**

Net debt increased by S$2,155.8 million as compared to 2014 primarily due to the acquisition of ADM Cocoa. Net gearing of 1.94 times as at end-December 2015, was higher than the 1.85 times as at end-December 2014, but remained within the Strategic Plan target of at or below 2.0 times.

Liquidity

We maintained sufficient liquidity to meet our working capital and capital expenditure requirements, with a total of S$15.6 billion in available liquidity as at end-December 2015, including unutilised bank lines of S$7.1 billion.

Liquidity
(S$ million)



Segmental review and analysis

Segment S$ million	Sales volume ('000 MT) 2015	Sales volume ('000 MT) 2014	Revenue 2015	Revenue 2014	EBITDA 2015	EBITDA 2014	Invested capital (IC) 2015	Invested capital (IC) 2014	EBITDA/IC (%) 2015	EBITDA/IC (%) 2014
Edible Nuts, Spices and Vegetable Ingredients	**1,549.2**	1,527.2	**4,227.2**	3,692.3	**390.2**	335.5	**3,480.9**	3,356.6	**11.4**	9.6
Confectionery and Beverage Ingredients	**1,689.5**	1,437.1	**6,859.6**	5,721.8	**324.9**	278.3	**5,717.9**	3,249.6	**7.2**	9.9
Food Staples and Packaged Foods	**7,904.9**	9,356.4	**5,391.2**	7,187.3	**212.1**	295.2	**3,231.4**	3,075.4	**6.7**	8.8
Food Category	**11,143.6**	12,320.7	**16,478.0**	16,601.4	**927.2**	909.0	**12,430.2**	9,681.6	**8.4**	9.4
Industrial Raw Materials (IRM)	**1,363.1**	1,701.2	**2,574.6**	3,170.6	**185.1**	215.6	**1,917.5**	1,872.0	**9.8**	11.6
Commodity Financial Services (CFS)	**N.A.**	N.A.	**–**	(0.1)	**10.6**	(17.9)	**82.6**	3.2	**24.7**	(546.1)
Non-Food Category	**1,363.1**	1,701.2	**2,574.6**	3,170.5	**195.7**	197.7	**2,000.1**	1,875.2	**10.1**	10.6
Total	**12,506.7**	14,021.9	**19,052.6**	19,771.9	**1,122.8**	1,106.6	**14,430.3**	11,556.8	**8.6**	9.6

Note: IC excludes:

(a) Gabon Fertiliser Project (31 December 2015: S$209.8 million, 31 December 2014: S$182.4 million)

(b) Long-term Investment (31 December 2015: S$269.2 million, 31 December 2014: S$334.4 million)

Edible Nuts, Spices and Vegetable Ingredients

The Edible Nuts, Spices and Vegetable Ingredients segment registered a year-on-year volume growth of 1.4%, revenue growth of 14.5% and EBITDA growth of 16.3% in 2015.

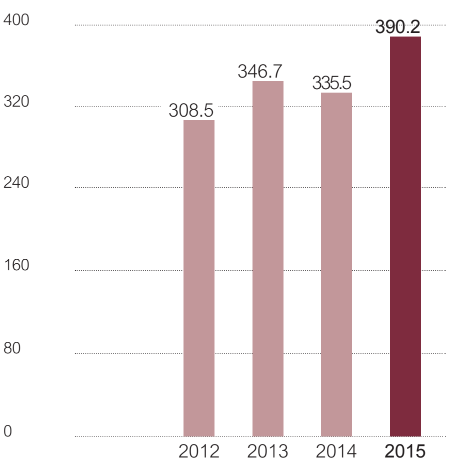
Key highlights for the year

Volume
1,549,200
MT

Revenue
S$4.2
billion

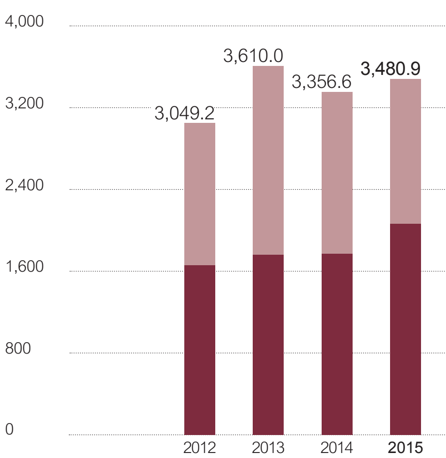
EBITDA
S$390.2
million

EBITDA
(S$ million)



	2012	2013	2014	2015
EBITDA/IC (%)	11.0	10.4	9.6	11.4

Invested capital
(S$ million)



	2012	2013	2014	2015
Working capital	1,391.8	1,850.4	1,587.1	1,415.0
Fixed capital	1,657.4	1,759.6	1,769.5	2,065.9

More information online


Pest controller reviewing almonds, Australia


Hazelnut sorting at Progida – Olam Group Company, Turkey

The increase in volume as compared to the prior corresponding period was primarily on account of higher peanut volumes from the MMI acquisition. This was partly offset by lower tomato paste sales, reduced cashew volumes due to the closure of the processing plant in Nigeria and lower American dehydrated vegetable volumes from the closure of our processing facility in Modesto, California. Segment revenues were higher due to elevated prices of almonds and cashews.

The almonds business continued its strong performance, aided by favourable market conditions and the depreciation of the Australian dollar. Hazelnuts, cashews and the Spices and Vegetable Ingredients businesses in the USA performed well. We also recorded incremental EBITDA from the acquisition of MMI, but this was partially offset by the underperformance in the Argentinean peanut business due to lower peanut prices, and the adverse impact of the Argentinean peso.

Our invested capital in the segment increased by S$124.3 million as compared to 2014 primarily due to the acquisition of MMI, investment in increased acreage of almond and pistachio plantations in the USA and higher inventories of almonds and cashews due to increased prices. The increase was partly offset by a reduction in biological assets due to lower net fair value of our Australian almond plantation assets as most of the estates achieved peak maturity.

EBITDA to average invested capital (EBITDA/IC) for the segment grew from 9.6% in 2014 to 11.4% in 2015, driven by higher segment EBITDA despite higher average invested capital.

Confectionery and Beverage Ingredients

The Confectionery and Beverage Ingredients segment recorded a 17.6% increase in volumes, driven by increased cocoa and coffee sales.

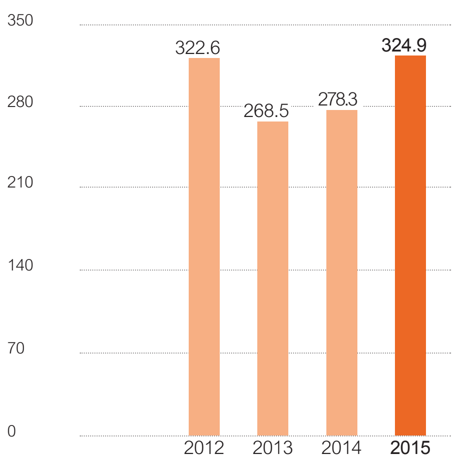
Key highlights for the year

Volume
1,689,500
MT

Revenue
S$6.9
billion

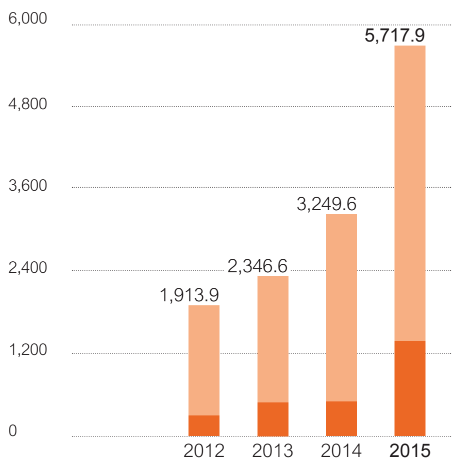
EBITDA
S$324.9
million

EBITDA
(S$ million)



	2012	2013	2014	2015
EBITDA/IC (%)	18.5	12.6	9.9	7.2

Invested capital
(S$ million)



	2012	2013	2014	2015
Working capital	1,615.4	1,855.4	2,745.4	4,329.7
Fixed capital	298.5	491.2	504.2	1,388.2

More information online

Bottling soluble coffee, Spain

Pouring cocoa liquor into ingots, Côte d'Ivoire

Segment revenues increased by 19.9% due to higher volumes, as well as an increase in cocoa prices compared to the prior corresponding period.

Segment EBITDA grew by 16.7% with increased contribution from the coffee platform and the ADM Cocoa acquisition, partly offset by a lower contribution from the cocoa supply chain business. The coffee platform performed strongly across the value chain, which included supply chain trading, soluble coffee processing in Vietnam and Spain, and upstream plantations in Brazil, Tanzania and Zambia.

Segment results for 2015 included the contribution from the acquisition of ADM Cocoa for the period from 16 October 2015 to 31 December 2015.

Our invested capital in the segment increased by S$2,468.3 million as compared to 2014, primarily on account of the acquisition of ADM Cocoa. Excluding this investment, the segmental invested capital increased by S$42.4 million due to the increase in fixed capital from investments in cocoa processing in Côte d'Ivoire and investments in upstream coffee plantations. In spite of the growth in EBITDA, the significant increase in average invested capital caused the segment EBITDA/IC to decline from 9.9% in 2014 to 7.2% in 2015.

Food Staples and Packaged Foods

Food Staples and Packaged Foods segment volumes declined by 15.5% primarily due to lower traded volumes of grains, sugar, palm and rice.

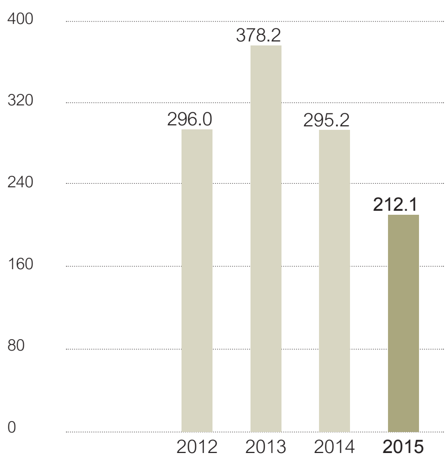
Key highlights for the year

Volume
7,904,900
MT

Revenue
S$5.4
billion

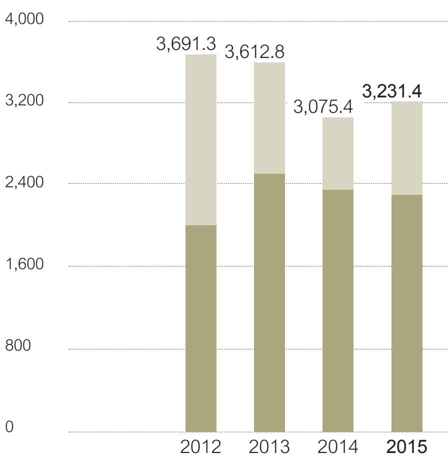
EBITDA
S$212.1
million

EBITDA
(S$ million)



	2012	2013	2014	2015
EBITDA/IC (%)	9.4	10.4	8.8	**6.7**

Invested capital
(S$ million)



	2012	2013	2014	2015
Working capital	1,670.9	1,088.2	708.7	915.0
Fixed capital	2,020.3	2,524.6	2,366.7	2,316.4

Segment revenues decreased by 25.0% due to lower volumes, as well as lower prices of all commodities in this segment as compared to the prior corresponding period.

The grains and rice businesses performed well during this period. However, overall segment EBITDA declined by 28.2% due to reduced trading volumes, continued underperformance of dairy farming operations in Uruguay, the adverse impact of currency devaluation on our palm refining operations in Mozambique and the Packaged Foods business and a lower contribution from sugar and palm trading.

The dairy farming operation in Uruguay was substantially restructured on account of the continued depressed market conditions in dairy and operational underperformance. We closed a significant number of dairy farms and reduced herd population which resulted in a one-time restructuring cost of S$76.9 million in 2015. We are encouraged by the improvement in farm operating costs and milk productivity post the restructuring. Subject to dairy prices, the business is expected to turn profitable from 2017.

Overall invested capital increased by S$156.0 million vis-à-vis 2014 due to higher working capital deployed in this segment. Segment EBITDA/IC declined from 8.8% in 2014 to 6.7% in 2015, due to lower EBITDA.

More information online

Packing tins of Tasty Tom tomato paste, Ghana

Harvested sugar cane, India

Industrial Raw Materials

Industrial Raw Materials volumes declined by 19.9% due to lower fertiliser trading, cotton and wood product volumes during the period.

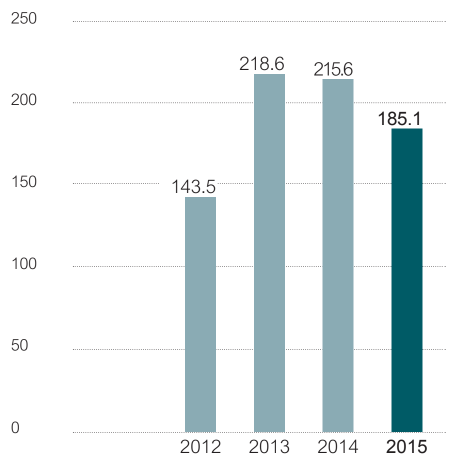
Key highlights for the year

Volume
1,363,100
MT

Revenue
S$2.6
billion

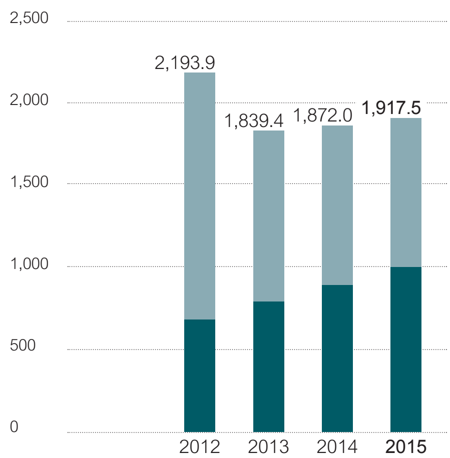
EBITDA
S$185.1
million

EBITDA
(S$ million)



	2012	2013	2014	2015
EBITDA/IC (%)	6.5	10.8	11.6	9.8

Invested capital
(S$ million)



	2012	2013	2014	2015
Working capital	1,507.7	1,043.6	974.2	911.9
Fixed capital	686.2	795.8	897.8	1,005.6

More information online

Sawn timber from our saw mill, Republic of Congo


Cotton bales for processing, Australia

Segment revenue declined by 18.8% due to lower volumes as compared to the prior corresponding period.

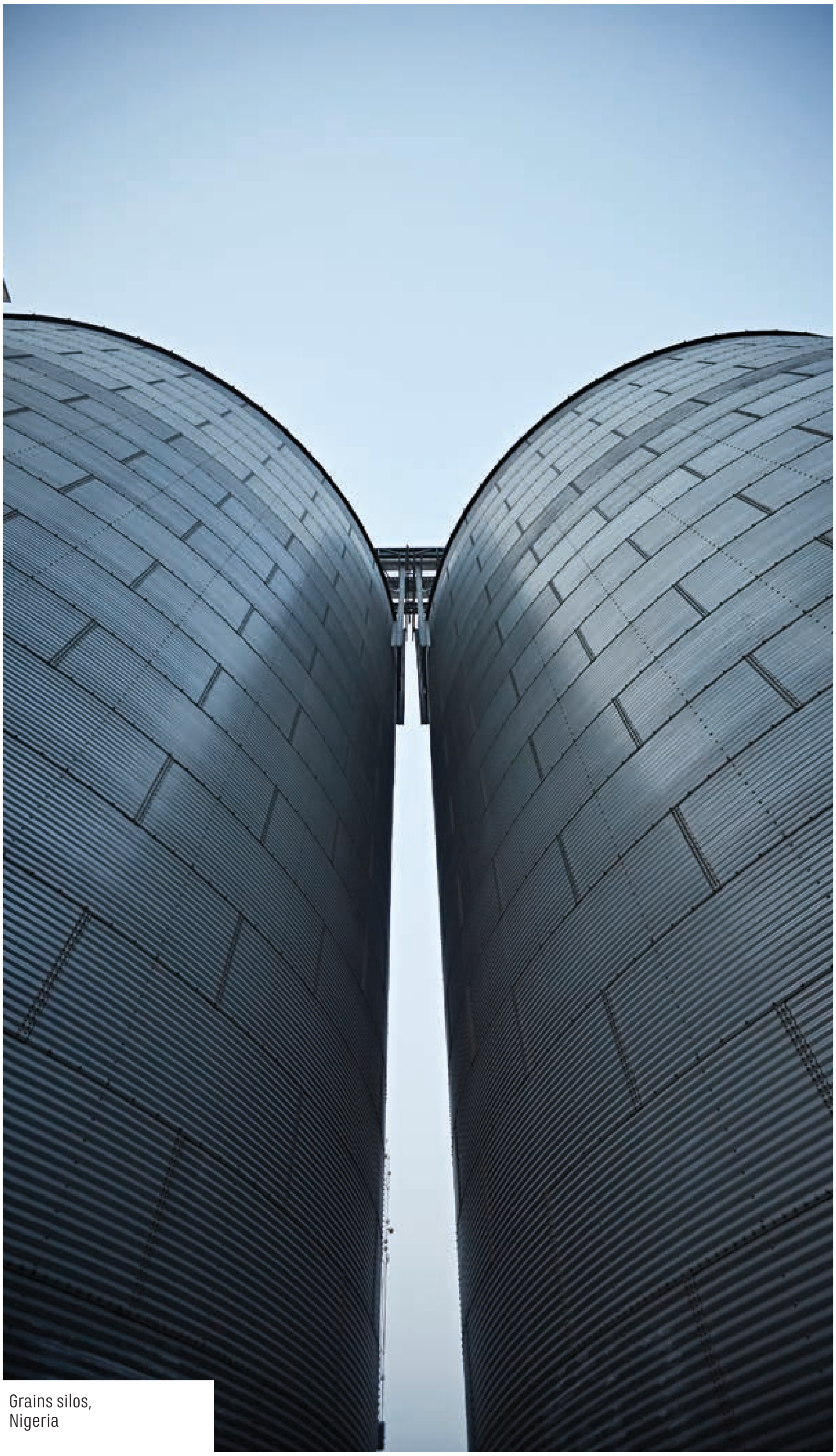
The cotton and wood products businesses recorded a growth in EBITDA. However, overall segment EBITDA declined by 14.1% due to a reduced contribution from the SEZ business as compared to the prior corresponding period.

Our overall invested capital increased by S$45.5 million compared to 2014 due to investments in upstream rubber plantations and SEZ in Gabon.

Segment EBITDA/IC declined from 11.6% in 2014 to 9.8% in 2015 due to lower EBITDA.

Commodity Financial Services (CFS)

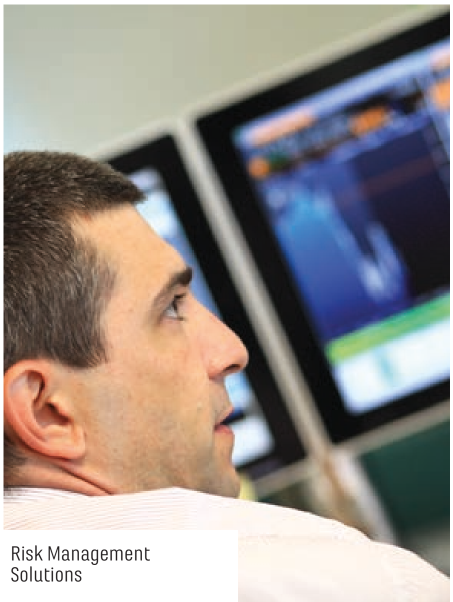
The CFS business registered an improved EBITDA of S$10.6 million in 2015 versus a loss of S$17.9 million in 2014. Invested capital in this segment increased by S$79.4 million due to an increase in margin requirements.



Grains silos, Nigeria

Hand-picked coffee berries, Colombia

Ripe cocoa pods, Brazil



Risk Management Solutions

Value chain review and analysis

As at end-December 2015, more than 50% of the capital invested in Upstream and Mid/Downstream segments were gestating or partly contributing. There is significant growth potential from investments already made that are gestating or partly contributing.

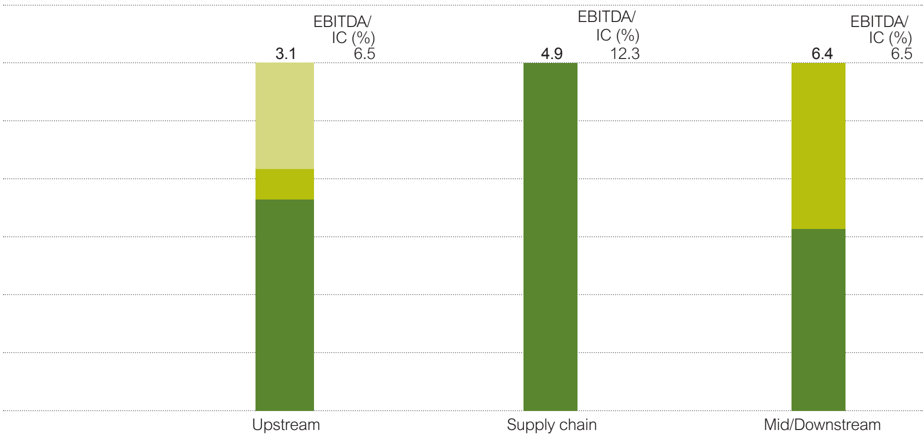
	Sales volume ('000 MT)		Revenue		EBITDA		Invested capital (IC)		EBITDA/IC	
S$ million	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Upstream	433.2	415.7	1,167.2	1,033.7	192.5	182.5	3,130.4	2,826.5	6.5%	6.6%
Supply chain	9,370.2	11,558.6	13,080.4	14,959.6	599.9	608.8	4,851.9	4,936.4	12.3%	12.5%
Mid/Downstream	2,703.3	2,047.6	4,805.0	3,778.7	330.4	315.3	6,448.0	3,793.9	6.5%	8.2%
Total	**12,506.7**	14,021.9	**19,052.6**	19,771.9	**1,122.8**	1,106.6	**14,430.3**	11,556.8	**8.6%**	9.6%

Note: IC excludes:

(a) Gabon Fertiliser Project (31 December 2015: S$209.8 million, 31 December 2014: S$182.4 million)

(b) Long-term Investment (31 December 2015: S$269.2 million, 31 December 2014: S$334.4 million)

Gestation mix (2015)
(S$ billion)



	Upstream Invested Capital	Upstream EBITDA/ IC (%)	Supply chain Invested Capital	Supply chain EBITDA/ IC (%)	Mid/Downstream Invested Capital	Mid/Downstream EBITDA/ IC (%)
Gestating	0.6	(1.4)	–	–	–	–
Partly contributing	1.2	1.8	–	–	3.1	0.9
Fully contributing	1.3	13.9	4.9	12.3	3.4	10.0


Fresh palm fruit bunches, Côte d'Ivoire


Checking physical attributes of our crumb rubber, Côte d'Ivoire

Upstream

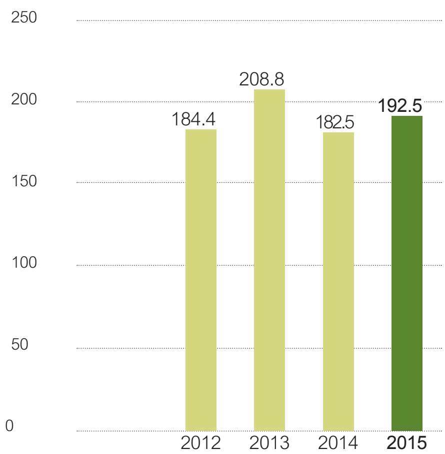
The Upstream segment registered a year-on-year volume growth of 4.2%, revenue growth of 12.9% and EBITDA growth of 5.5% in 2015.

The growth in volume was driven by higher production and yields from the rice farm in Nigeria, almond orchards in the USA and Australia and dairy farming in Russia. Revenue growth was primarily on account of higher prices of almonds. The growth in EBITDA was due to increased contribution from almond and coffee plantations and higher contribution from SIFCA. This was partly offset by lower contribution from the dairy farming operations in Uruguay.

Our invested capital in the segment increased by S$303.9 million from 2014, mainly on account of higher fixed capital invested in almond, coffee, palm and rubber plantations and rice farming.

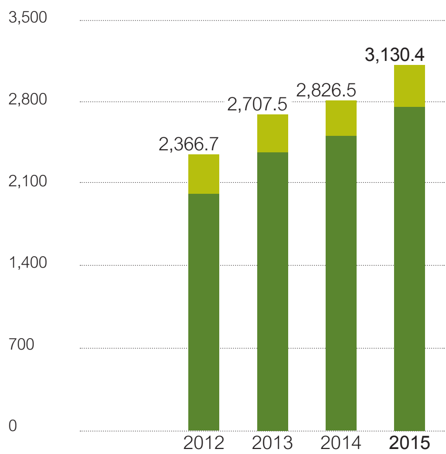
EBITDA/IC declined from 6.6% in 2014 to 6.5% in 2015 due to higher average invested capital. Of the total segment invested capital of S$3.1 billion, S$1.8 billion was partly contributing or gestating. The fully contributing invested capital of S$1.3 billion generated an EBITDA/IC of 13.9%.

EBITDA
(S$ million)



	2012	2013	2014	2015
EBITDA/IC (%)	8.7	8.2	6.6	6.5

Invested capital
(S$ million)



	2012	2013	2014	2015
Working capital	340.9	322.6	304.0	358.9
Fixed capital	2,025.8	2,384.9	2,522.5	2,771.5

Rubber tapping, Côte d'Ivoire

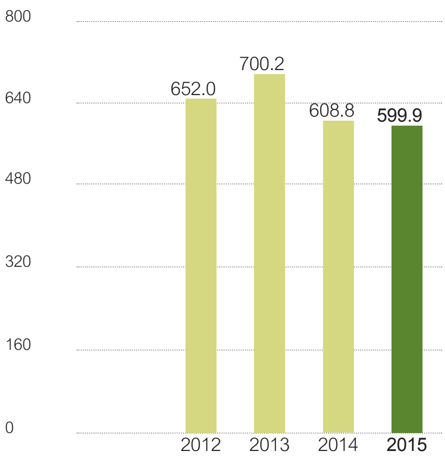
Supply chain

The Supply Chain segment recorded a decline in volume by 18.9% due to reduced volume from lower margin or discontinued operations, which was in line with our Strategic Plan objectives. Revenue declined by 12.6% as the reduction in volume was partly offset by higher cocoa prices.

Lower volumes and reduced contribution from sugar and palm trading and the cocoa supply chain business resulted in segment EBITDA declining by 1.5%.

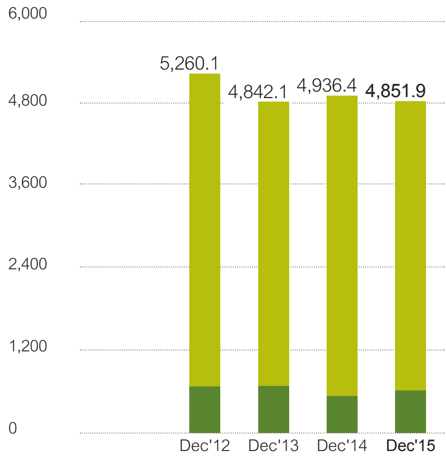
Our invested capital in the segment was reduced by S$84.5 million, despite an increase in fixed capital due to lower average commodity prices. However, EBITDA/IC declined marginally from 12.5% in 2014 to 12.3% in 2015 due to lower EBITDA.

EBITDA
(S$ million)



	2012	2013	2014	2015
EBITDA/IC (%)	12.4	13.9	12.5	12.3

Invested capital
(S$ million)



	Dec'12	Dec'13	Dec'14	Dec'15
Working capital	4,584.8	4,156.8	4,396.7	4,230.3
Fixed capital	675.3	685.3	539.7	621.6

Mid/Downstream

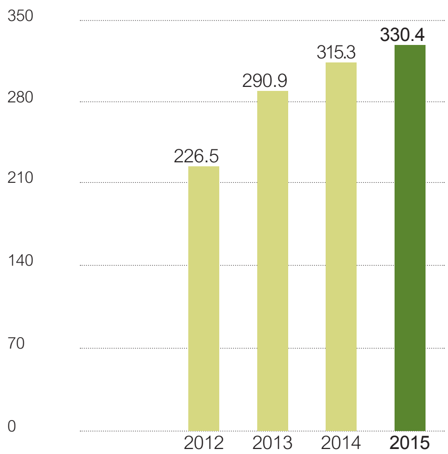
Mid/Downstream segment volumes and revenue recorded strong growth of 32.0% and 27.2%, driven by an increase in wheat milling, palm refining and cocoa processing volumes and from the MMI and ADM Cocoa acquisitions.

EBITDA grew by 4.8% due to strong contribution from wheat milling in Africa, soluble coffee processing in Vietnam and Spain, sugar refining in India, Spices and Vegetable Ingredients and peanut businesses in the USA and from the acquisition of ADM Cocoa. This was partly offset by the adverse impact of currency devaluation on our palm refining operations in Mozambique and the Packaged Foods business in Africa and reduced contribution from the SEZ business.

Our invested capital increased by S$2,654.1 million during the period, mainly due to the MMI and ADM Cocoa acquisitions. EBITDA/IC declined from 8.2% in 2014 to 6.5% in 2015 as there was a significant increase in average invested capital due to the MMI and ADM Cocoa acquisitions.

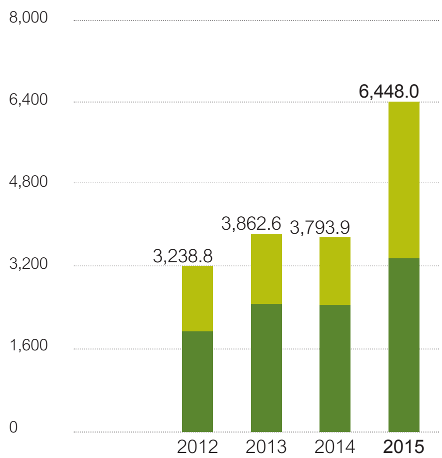
Of the total segment invested capital of S$6.4 billion, S$3.1 billion was partly contributing. The fully contributing invested capital of S$3.4 billion generated an EBITDA/IC of 10.0%.

EBITDA
(S$ million)



EBITDA/IC (%)	9.0	8.2	8.2	6.5

Invested capital
(S$ million)



Working capital	1,276.5	1,360.8	1,316.6	3,063.6
Fixed capital	1,962.3	2,501.8	2,477.3	3,384.4

Chilli testing at our factory in Kochi, India

Biscuit manufacturing, Nigeria

Cocoa processing facility, Ghana

Strengthening governance, freedom within fences

As Olam has grown, the Risk Function has continued to strengthen its presence, partnering with the Business Units to facilitate the Company's strategy, independently identifying, measuring and mitigating risk. We control the terms on which risks are taken and employ effective risk management strategies to enhance the overall risk-return profile of the business.

Risk governance at Olam

Risk governance is a central pillar of our risk framework that facilitates the execution of our strategy within the context of risk appetite versus return. In partnership with the relevant risk stakeholders, calibration of risk is a continual process and limits are dynamically managed as the needs of the business determine.

Risk measurement

Olam continually upgrades its risk measurement methodology in line with industry best practice. We focus on the measurement of quantity, dollar value, VaR and stress testing to determine potential impact of adverse market events on the books. Analysis of return drivers provides a clear attribution of returns against risk, and allows an independent flagging of outsized or undesired risk.

Corporate governance

Olam has in place a robust governance framework to support the continual pursuit of risk mitigation. Coupled with our strong risk culture, this acts as an enabler in support of the overall risk process. Every risk is within a defined risk appetite and is approved within the mandated risk framework.

The Board Risk Committee (BRC), made-up of Executive and Non-Executive Directors, is the most senior risk body in Olam. It determines the overall risk capital and VaR and approves risk policies and governance.

The Chief Risk and Compliance Officer (CRCO) reports to both the Group CEO and BRC and is mandated to allocate the risk capital across our Business Units taking into account the competitive position, trading and market conditions and the track record of each business. Performance is continuously monitored and risk capital allocation is recalibrated where necessary.

The Executive Risk Committee (ERC) is made up of Senior Management, and supports the risk governance process by promoting risk culture, approving large exposures and mediating large breaches.

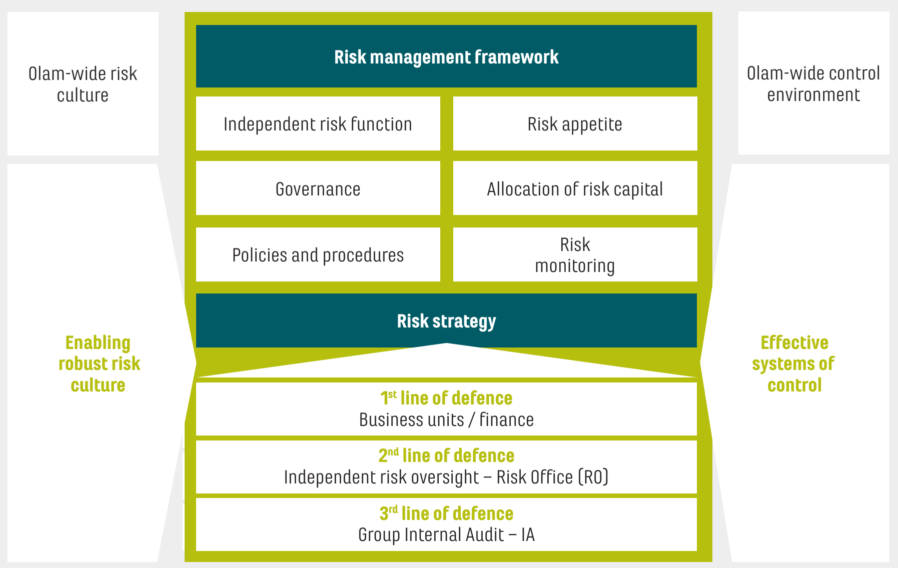
Enterprise Risk Framework

Our Enterprise Risk Framework captures all categories of risk into a comprehensive scorecard. The scorecard maps the likelihood of key risks materialising along with their impacts. The scorecard serves as a tool for highlighting the significant risks which require mitigation actions. The findings from the scorecard are presented to senior management and the BRC.

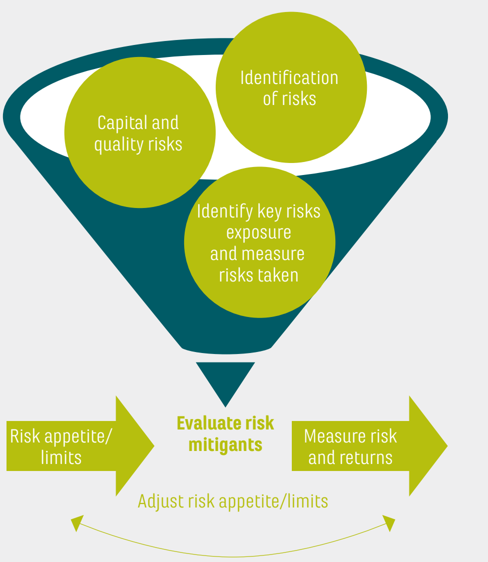
Risk training and communication

Risk Office frequently presents to Olam's top-most management bodies including the Executive Committee (ExCo) and the Operating Committee (OpCo) to enable strengthening of the control environment. During 2015, there has been continued education and development of Olam's Escalation Policy, New Product Approval and Drawdown Policy in order to continually upgrade and align risk awareness and culture across the firm.

Risk governance at Olam



Risk measurement



Risk monitoring across Olam Value Chain

Our mapping of risks across the Olam Value Chain has identified the specific risks at each stage. Olam seeks to identify, measure and control the drivers of risk from upstream risks such as yield and input costs, to credit and counterparty in the supply chain and trading, downstream and non-trading exposures:

		Upstream	**Supply chain**	**Midstream**	**Supply chain**	**Downstream**
Risk Category	Risk Factor	Plantation	Origination	Refining and Processing	Trading and Logistics	Downstream
Market Risk	Outright	X	X		X	X
	Basis	X			X	X
	Structure				X	X
Agronomic	Yield	X				
	Quality	X				
	Input Cost	X				
Geographic	Legal	X		X		X
	Regulatory	X		X	X	X
	Tax	X		X		X
	Duty Structure	X		X		X
	Currency	X	X	X	X	X
	Market Compliance			X	X	
Asset	Utilisation		X	X		X
	Efficiency		X	X		X
Counterpart	Counterparty		X		X	X
	Credit		X		X	X
	Documentation		X		X	X
Stock	Liquidity		X	X	X	X
	Quality		X	X	X	X

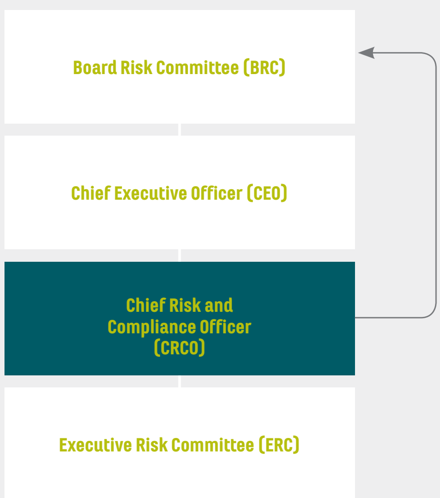
Risk advisories

From time-to-time the Risk Office publishes risk advisories on pertinent matters pertaining to potential control gaps business. Topics covered during 2015 have covered various topics relating to the supply chain and risk measurement.

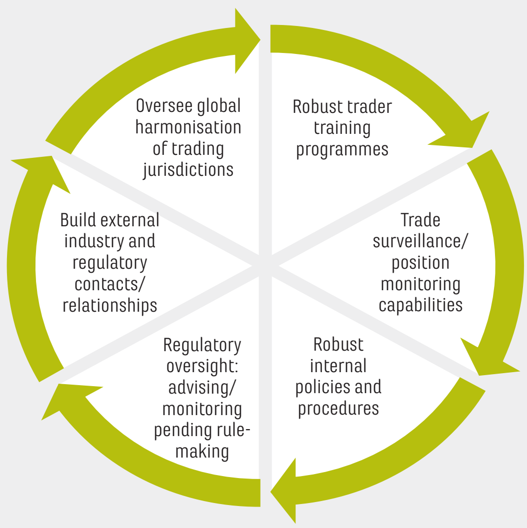
Market compliance controls

Complying with the highest standards of business conduct is a top priority for Olam. The Market Compliance Office (MCO) is responsible for ensuring regulatory compliance for the Company's derivative trading units, carries out regular trader training courses to ensure familiarity with prevailing exchange rules globally and ensures that all new hires are comprehensively trained in Olam's Trading Compliance Manual.

The Executive Risk Committee (ERC)



The six pillars for effective management of regulatory risk



Our sustainability strategy

In 2012, we formalised our long-standing sustainable approach and made 'Growing Responsibly' Olam's Core Purpose. We are committed to achieving profitable growth in an ethically, socially and environmentally sustainable manner.

This means that Growing Responsibly is not merely a sustainability initiative – it is fundamental to our overall business framework. It goes beyond protecting the environment and supporting farmer communities to encompass our business approach in its entirety. Making this happen requires everyone at Olam to be held accountable for delivering the following:

Commercial

- Strong governance
- Transparency
- Reliable systems
- Risk management

Environmental

- Being good stewards of the environment
- Protecting the natural capital essential to our business

Social

- Improving the livelihoods of those communities where we work
- Providing a fair, safe and healthy workplace for our people

Olam Sesame health centre, Nigeria

The agricultural sector faces formidable sustainability challenges that are interlocked and highly complex. On a global level, our operations and those of our suppliers are at risk from climate change, poor soil quality, water scarcity and energy security. In addition, many smallholder farmers face challenges in producing and purchasing affordable and nutritious food because of low productivity yields and income.

By taking a multi-stakeholder and inclusive approach to building a resilient and successful business, our investors, shareholders and employees benefit, while we also unlock mutual value with our farmers, suppliers and customers.

Olam Farmer Information System is being used by our cocoa smallholders

Key facts 2015

Committed to the communities where we work

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

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

US$36 million
invested in sustainable supply chain initiatives

1,263,228 MT
sustainable agricultural products (23% of all our smallholder volume)

50
global partnerships with customers, donors, Development Finance Institutions, technical NGOs and trade bodies

1,100
dedicated sustainability staff

Highlights in 2015

Helping rural communities to thrive so farmers want to stay farming

- 215 ongoing community-based initiatives globally supporting productivity, education, health and rural infrastructure
- Fifth year of the award-winning Olam Livelihood Charter

Using technology to assist smallholders and reduce risk

- Roll-out of the Olam Farmer Information System (OFIS) enabling production of individual farm management plans for 40,000 cocoa smallholders
- GPS mapped almost 200,000 smallholder hectares (134% increase on 2014). Provides better understanding of the agri-landscape, and identifies where schools and healthcare facilities are lacking.

Promoting agricultural research and innovation

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

Supporting economies by responding to food security and nutritional needs

- Over 24 billion servings of micro-nutrient fortified foods manufactured and sold across West Africa
- One of Africa's most ambitious outgrower models launched with the Republic of Gabon for palm, banana and food crops

Preserving natural resources for the future and for others

Land and forest

- 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

Water

- 2020 water targets for Olam plantations and farms achieved by end of 2015 (>10% improvement in blue water intensity)
- California almond operations continue to improve soil health to increase water retention

Mitigating and adapting to climate change impacts

- Achieved Olam's 2020 Greenhouse Gas (GHG) intensity targets for plantations / farms, and processing
- Co-Chair with Pepsico, Kellogg Company and Monsanto on the World Business Council for Sustainable Development (WBCSD) 'Low Carbon Technology Partnership initiative for Climate Smart Agriculture'. Olam leads on supporting smallholders

Taking a leadership role at an industry level

- Completed two-year term on Steering Committee of UN CEO Water Mandate
- Became a board member of the Sustainable Coffee Platform
- Contributing to the development of an Industry Rubber Standard
- Participated in the RSPO Climate Change Working Group to review and update the principles and criteria
- Participated in events at Paris Climate Talks
- Supporting governance and business management skills in emerging markets with launch of Postgraduate Scholarship Programme for Change Catalysts in Africa

School in Olam's coffee community, Laos

Drip irrigation testing, almond orchards, USA

Coffee picking, Colombia

Sustainability Goals

In 2011, we set an ambitious vision of achieving end-to-end sustainable supply chains by 2020. This will be a key competitive advantage for Olam and will enable us to meet growing global demand for sustainable products from our customers. At the same time, it guarantees we will have the requisite supply to meet this demand.

We have made significant progress towards our target during the year in review through the hard work of employees and partners on the ground. Our business has continued to evolve, with entry into new product platforms and the integration of significant new assets.

In view of these developments, we have reviewed and reassessed our goal, and now believe that a more realistic target date for all 47 of our products to be sustainable across the supply chain is 2022.

For more information on our Sustainability Strategy, progress on Goals and focus areas, please go to our 2015 web-based report at olamgroup.com/sustainability

Sesame in Nigeria – a truly integrated model addressing food safety, livelihoods, and water consumption

Sesame is an annual crop with a labour intensive harvest, usually grown by small-scale farmers. The plants can grow with minimal rainfall where other crops cannot. Production has shifted increasingly to Africa, where the organic cultivation has proved popular in many destination markets.

Olam is the number one global supplier of sesame worldwide, with over a decade of experience and operations in seven African countries.

In Nigeria we work with 1,800 farmers (25% women) under the Olam Livelihood Charter where our 'training of the trainer' initiative has increased the on-farm yields by 100% in the last five years.

The sesame grown by these farmers then goes to our new mechanical sesame plant in Lagos which began production in 2015. By integrating smallholders to the processing unit, it unlocks mutual value by assuring supply for Olam, provides a market for the smallholders, as well as creates rural employment.

As the first mechanical sesame processing facility in Nigeria, the processing plant and warehouse were custom designed and house state-of-the-art equipment. The facility meets the highest international standards having achieved FSSC 22000 and OHSAS 18001-2007 Certification for hygiene, quality, and health and safety for edible grade sesame, while minimising environmental impacts such as water consumption.

The traditional process for hulling the sesame can consume up to 5,000 litres of water per MT of product input, but our modern plant is based on a new technology that reduces the water consumption by up to 95%.

Dry hulling not only helps in preserving water, but the sesame is safer for human consumption, as contaminated water is the source of most potential pathogens. Olam is also one of the only sesame companies in Africa to have an in-house Aflatoxin testing facility. We have the largest market share in Japan which has some of the highest food safety standards in the world.

Sesame processing, Nigeria

How are we growing responsibly?

Sustainability goals

	Labour	Food Safety	Food Security	Livelihoods	Water	Land	Climate Change
Material areas	Labour	Food Safety	Food Security	Livelihoods	Water	Land	Climate Change
Pledge	Providing a safe workplace where everyone's rights are respected	Improving food safety and quality across our business	Improving access to affordable food	Supporting thriving communities	Responsible use of water for our own needs without impacting the needs of others	Selecting and managing land responsibly	Adapting to climate risks and opportunities for Olam and communities
Goals	**Goal 1:** Zero-harm workplace	**Goal 3:** Safe and reliable foods for our customers	**Goal 4:** Food security and nutrition	**Goal 5:** Economic opportunity and inclusion	**Goal 7:** Sustainable water use	**Goal 8:** Sustainable development and use of land-based ecosystems	**Goal 9:** Reduced GHG emissions
	Goal 2: Respect for workers' rights			**Goal 6:** Good health and well-being			**Goal 10:** Increased resilience to climate-related risks

	Labour	Food Safety	Food Security	Livelihoods	Water	Land	Climate Change
Policies	Health and Safety; Human Resources [1]	Quality and Food Safety	Community and Social [1]		Environment		
Standards							
Farmers	Olam Livelihood Charter						
Plantations	Olam Plantations, Concessions and Farms Code						
Suppliers	Supplier Code			Supplier Code			
Factories and worksites	QEHS [2] Standards				QEHS [2] Standards		

1. Policies to be finalised by July 2016
2. Quality, Environment, Health and Safety

Engaging our workforce

> Embedding Olam values and culture across an expanding organisation has been a focus during the year.

Warehouse worker at our onion operation, USA

At the end of 2015, Olam's primary workforce, across our full value chain, was 26,300 people in 70 countries, while our secondary workforce (casual, contract and seasonal) was 36,200. In total, an increase of 12% over 18 months since our 2014 report. In part, this is due to the acquisitions of ADM Cocoa and McCleskey Mills (peanuts) which together brought 1,700 new employees to the Olam family. In this period we have hired more than 250 managers.

To support our business diversification into upstream (plantations and farming) and midstream (manufacturing) operations, we have built significant expertise in the organisation in these two areas. In the last five years our expert technical talent in these two specialist areas has grown from 45 to 150 people.

Regional talent

Enhancing internal capability to drive business growth has always been a key element of Olam's Human Resources strategy. Aligned to our business strategy of prioritising Africa as a key pillar, over the years we have created a solid foundation of talent in the region and a unique set of operating competencies.

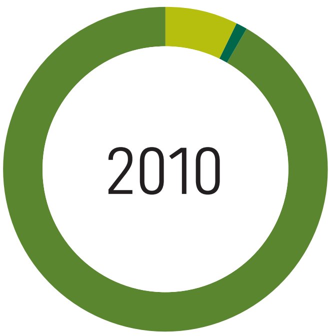
We have created extensive experience in our leadership talent of working in the African context. For instance, our Country Heads in Africa have deep contextual experience, with an average time spent in businesses in Africa at 13 years per leader.

Furthermore three quarters of new hires in FY15 were for positions in Africa. It continues to be a challenge to hire in emerging countries, especially with adverse news last year related to outbreaks of disease and other security concerns. In the face of these challenges, the overall cycle time for hiring (number of days from position approved date to joining date) has been at 85 days, a significant improvement from previous years.

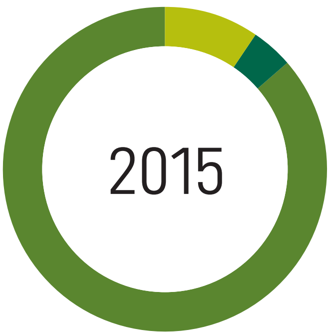
In a region where quality manpower is at an overall premium, we have been able to continuously hire, engage, develop and retain high talent for both existing, as well as new businesses in the continent. Of the 1,090 senior managerial talent that we have across the company, 446 are in Africa.

A critical piece of our overall manpower planning for the region is the regional trainee scheme introduced in 2010. We have been able to tap into a rich source of early talent with more than 50 trainees joining us in Africa in 2015 across the disciplines of Sales, Manufacturing and Supply Chain.

Growth in manufacturing and plantation managerial talent



Manufacturing	39
Plantation and farm	6
Others	485



Manufacturing	105
Plantation and farm	45
Others	948

41% of managerial talent in Africa

Africa	41%
Asia	33%
Europe	11%
North America	8%
Latin America	4%
Australia	3%

Welcoming people from acquired businesses

In FY15 we completed our largest acquisition to date when we acquired ADM's Cocoa business. A clear draw in the deal was the cocoa expertise of the employees. 1,500 new members of staff have joined our Olam Cocoa team as a result of this acquisition.

An important factor determining the success of any integration is the compatibility and assimilation of the two cultures. A clearly defined framework for due diligence and integration led to success in retaining all key talent in the acquisition. As an indicator of the effectiveness of the integration process, in a recent employee pulse survey amongst employees of the newly acquired cocoa business, the overall engagement index is 87%. Furthermore, 75% agreed that they see evidence of shared values in their workplaces.

Olam DNA

At the heart of our success has been the strong Olam DNA that exists across the organisation, binding each employee to the core shared values of Entrepreneurial Spirit, Stretch and Ambition, Mutual Respect and Team Work, Ownership to Deliver, Integrity and Partnerships.

Embedding Olam values and culture across an expanding organisation has been a focus during the year.

Over 1,000 Olam employees across all operations of the company participated in highly engaging and interactive workshops - 'Living our Shared Values'. The programme was custom designed and delivered in partnership with ExCo leaders and HR to engage employees and jointly explore how our values are lived.

Effectively integrating new employees into the unique culture of Olam has always been a critical factor in ensuring high team performance. A systematic on-boarding process called Cultivate has helped in reducing attrition for new employees and elevating performance levels. This process facilitates the new employee to immediately build strong psychological bonds within the organisation.

Another signature process that supports the integration of new managers is the Core Process Workshop, a 4-day highly interactive programme with the CEO. This workshop is one of the fundamental processes contributing to strategy, alignment and culture creation in Olam. This focuses on providing strategic clarity about the building blocks of Olam's business model. During the year, 160 new managers participated in the three workshops held.

Team workshop

Total employees

62,500 employees [1]

Seasonal, contract or temporary employees	36,200 (58%)
Full-time employees	26,300 (42%)

Gender diversity of full-time employees

Men	75%
Women	25%

Age profile of full-time employees

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

1. Employees include full-time, seasonal, contract and temporary workers.