Connectivity in the Landscape

CORPORATE RESPONSIBILITY & SUSTAINABILITY REPORT 2014

OLAM

25 YEARS

TRANSCENDING BOUNDARIES

Olam's sustainability vision

A global agri-business, Olam endeavours to generate economic prosperity, contribute positively to social wellbeing and manage our stewardship of the environment by providing sustainable agricultural products and food ingredients. Using the framework of the Olam Sustainability Standard our goal is to have end-to-end sustainable supply chains by 2020.

Our guiding principles

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

Highlights 2014

- Reduced absolute water volume for irrigation by 5% and irrigation water intensity by 31%
- Reduced carbon emissions in Olam-managed plantations, concessions and farms by 18% (CO_2e/tonne product) and by 6% (CO_2e/tonne product) in processing
- Supply chain environmental footprinting completed
- Founding member of CocoaAction launched to align and maximise sustainability initiatives of 10 leading cocoa and confectionery companies
- Working with over 50 customer, donor, financing, technical and sector partners
- Corporate Responsibility and Sustainability (CR&S) learnings shared in more than 20 industry fora
- Leadership training undertaken by 200 senior managers
- Safety leadership training undertaken by 500 managers

US$29.7 MILLION
INVESTED IN GLOBAL
CR&S INITIATIVES

190 CR&S COMMUNITY INITIATIVES
UNDERWAY IN 30 COUNTRIES
SUPPORTING PRODUCTIVITY, EDUCATION,
HEALTH AND RURAL INFRASTRUCTURE

1,062 CR&S STAFF
WITH AN ANNUAL INVESTMENT
OF US$10.7 MILLION

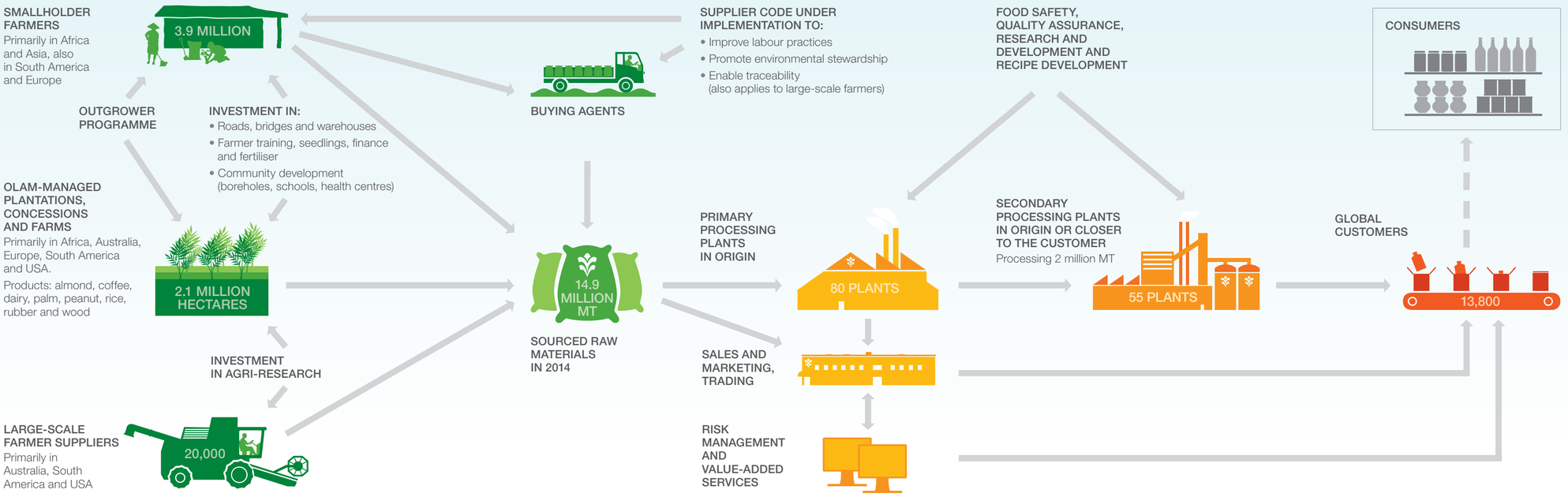
7
ONGOING
ENVIRONMENTAL
AND SOCIAL
IMPACT ASSESSMENTS

63,730
FEMALE FARMERS
IN OLAM LIVELIHOOD
FARMER INITIATIVES

US$360,000
SPENT ON HIV/AIDS AND MALARIA
AWARENESS CAMPAIGNS IN AFRICA
REACHING 180,000 INDIVIDUALS

Contents

Olam's global landscape



Olam is a leading agri-business operating from seed to shelf across the world.

65 COUNTRIES

23,000 EMPLOYEES

FIVE SEGMENTS

Edible Nuts & Beans
Confectionery & Beverage Ingredients
Food Staples & Packaged Foods
Industrial Raw Materials
Commodity Financial Services

We have set out how our extended supply chain works from the various sources of raw materials at one end through to distribution to customers and retailers at the other.

The scale is difficult to communicate in the landscape to the left – Olam handled the equivalent of more than one million average shipping containers of product in 2014. For example;

- our cotton volume could provide everyone on earth with two pillowcases, and
- the coffee we handle equates to 1,750 cups of coffee consumed per second.

Olam's global landscape

CEO Spotlight

This year is a milestone year for Olam. From first sourcing cashews in Nigeria in 1989 we have now reached our 25th anniversary growing, sourcing, trading, processing and distributing 44 agricultural products across the world. The meaning of our name, 'Transcending Boundaries', has never felt more apt.

As a trader in emerging markets, our sustainability ethos began as one of compliance, as we invested in necessary infrastructure such as roads, warehouses and logistics assets simply to get the cashews, cocoa and coffee from remote locations to the ports.

Then, as we worked more directly with the farmers, it evolved into an ethos of contribution, providing agricultural training, production inputs and finance to farmers and embarking on social investments in health, education and community infrastructure.

Finally, as we formalised our sustainability strategy, post IPO in 2005, it became an ethos of mutuality – always ensuring that an initiative benefited both the community and the Company at the same time. This ethos eventually gave rise to the Olam Livelihood Charter in 2010, which this year alone provided US$186 million in short, medium and long-term finance to 351,000 farmers enabling them to invest in their future.

In this year's report we have sought to demonstrate our understanding of how the many different impact areas in a landscape interconnect, heightening both risk and opportunity. If you had told me in 1989 that today we would be employing over 1,060 dedicated sustainability staff to manage these impacts I would have looked at you in considerable surprise!

Equally, I would have doubted the calculation that in 2014 Olam would be paying US$18 million annually on bees to pollinate our almond orchards, or that in this financial year our debt to the natural world would be approximately S$200 million, if you were to take a realistic cost for water and carbon emissions. Over the past three years, our ethos, indeed our corporate purpose to Grow Responsibly is challenged by how to value natural capital appropriately (the benefits that flow from nature to us). It is clear to me that in the context of the impact of climate change, food price inflation, water stress, and energy shortages coupled with the rapid depletion of natural capital, trade barriers, a booming population and increasing inequalities, growing responsibly in one's own silo can no longer be enough. Collaboration between all stakeholders and a landscape approach to these interconnected issues will be key to building sustainable and enduring futures for all of us. We want to play a key part in securing this future.

Olam's role in food security is multi-faceted. At its most obvious we are today the world's largest corporate farmer with farming and plantation investments in over 20 countries including for example, a large-scale rice farm and outgrower investment in Nigeria, palm plantations in Côte d'Ivoire and Gabon, dairy farming operations in Uruguay and Russia, grain farming operations in Argentina and Russia, and cocoa, coffee and almond plantations in multiple geographies. Less obvious is the role of crops such as sesame, hazelnuts, capsicum, onions, garlic and tomatoes, which are some of the other crops that we supply. If you define food security as food that is available, accessible, affordable and adequate, it's about addressing a whole range of priorities. This includes improving smallholders' ability to grow higher yields of both cash and food crops, reducing soil degradation and improving policy frameworks.

Indeed, Olam has identified 10 priorities to meet the food security challenge, listed on page 19, and we are contributing to each. We are also in a unique position in that through our own farms and plantations, coupled with our smallholder outreach, our teams across the world are gaining knowledge and insights about what it takes to get the best yield from highly specific (and changing) conditions. Obviously, data needs verification over time, but by better assimilating and processing this data, we can both help smallholders and governments catalyse food production, as well as contribute to wider industry and sector initiatives.

More challenging is applying our principles beyond our own supply chains. We estimate that nearly 8.3 million hectares are under the management of third party suppliers selling crops to our sourcing and trading operations. As a global agri-business, we recognise our responsibility in influencing those producers and the launch and roll-out of the Olam Supplier Code this year is an important milestone in this regard.

Olam is still learning. On most days this 25 year old Company is like a 25 year old person – mature enough to forge its way in the world but still young enough to retain its entrepreneurial spirit and aspiration. But I am clear that if we are to live up to the other meaning of 'Olam' – 'everlasting' or 'enduring' – then our commitment to having sustainable supply chains isn't just words for this CR&S report. If we are still to be here in another 100 years and more, it is the very foundation of our business and our future.

> "In this year's report we have sought to demonstrate our understanding of how the many different impact areas in a landscape interconnect, heightening both risk and opportunity."

Sunny George Verghese
Group Managing Director & CEO

Performance overview*

Revenue by Segment

17.8%	Edible Nuts, Spices & Vegetable Ingredients
26.0%	Confectionery & Beverage Ingredients
37.4%	Food Staples & Packaged Foods
18.8%	Industrial Raw Materials

Sourcing Volume by Region

37.5%	Asia & Middle East
16.6%	Africa
27.2%	Europe
18.7%	Americas

Sales Volume

15.9 million MT	2013
14.9 million MT	2014

Sales Revenue

S$20.8 billion	2013
S$19.4 billion	2014

Net Profit after Tax and Minority Interest

S$362.6 million	2013
S$608.5 million	2014

ROE

9.7%	2013
15.7%	2014

*Financial Year ending 30th June 2013 and 2014

CEO Spotlight

Aspirations and progress

Enablers — Aspirations underpinning all impact areas

Goal	Target 2015	Target 2020	How	Status	Action within 2014/2015
Managers understand Sustainability Standard	50%	100%	Internal campaign	2015 target achieved	Embed via workshops and on-boarding
CR&S deliverables (priority areas)	50% managers	100% managers	Via Shared Values and appraisal system	2015 target achieved	Liaise with HR, country and business unit teams

2013 Aspiration '50% of inland logistics teams trained in Safety and Environment' - target rolled into Labour LTIFR and Olam Sustainability Standard

Livelihoods — Supporting thriving communities

Goal	Target 2015	Target 2020	How	Status	Action within 2014/2015
Farmers in the Olam Livelihood Charter (OLC)	450,000	800,000	Set OLC targets in collaboration with country and business unit teams	2015 revised target	Include annual OLC farmer targets in country and business unit plans Develop OLC outgrowers around Olam nucleus estates
Connecting to our network of partners via the Supplier Code	50% tonnage (60% large-scale farmers)	100% tonnage	Develop country level supplier risk assessments Raise awareness among farmers and suppliers about the Code as a pre-condition for product supply Conduct annual audit checks in the field	On plan	Roll-out the Code to priority products within the key origins Ensure that a supplier has signed the Code to enable any pre-financing for large contracts Monitor and report the number of farmer suppliers that have signed the Code
Number of OLC female farmers trained	50%	100%	Formalise a gender policy and guidance for businesses	On plan	Set internal targets for each OLC business

Water — Establishing landscape level water management

Goal	Target 2015	Target 2020	How	Status	Action within 2014/2015
Increase water use efficiency (from 2013 baseline)	5% reduction in surface and groundwater used (m^3/MT)	10% reduction in surface and groundwater used (m^3/MT)	Improve interaction between hydrology, irrigation and agronomy practices in Olam-managed plantations, concessions and farms	On plan	Execute Water Resource Management plans
	10% reduction in process water intensity (m^3/MT)	10% reduction in process water intensity (m^3/MT)	Identify and quantify improvements in Olam processing and manufacturing	On plan	Execute 'Extracting Efficiencies' plans
	Establish baseline and set target for third party suppliers	TBC	Establish baseline and set improvement target for high risk supply chain products	In planning	Identify and quantify irrigated supply chain product risks Develop 2015-2020 targets
Minimise the impact of wastewater discharges	Establish baseline	TBC	Prevent, reduce, or control contamination of water resources from Olam-managed operations	In planning	Fully establish a nutrient management programme Fully establish an integrated pollution management programme

Land — Selecting and managing land responsibly

Goal	Target 2015	Target 2020	How	Status	Action within 2014/2015
Mitigation of GHG emissions from development on Olam-managed plantations, concessions and farms	No conversion of High Carbon Stock	On plan	Application of the Olam Plantations, Concessions and Farms Code	On plan	Within Environmental and Social Impact Assessment process continue to assess High Carbon Stocks ahead of developments Maintain High Carbon Stock setaside land
Reduce indirect land impacts from third party farmers and suppliers	50% tonnage (60% large-scale farmers)	100% tonnage	Compliance to the Supplier Code in products rated as higher risk such as rubber and palm Compliance to Supplier Code for all products	New	Ensure environmental training is fully incorporated into the Olam Livelihood Charter training modules Work with suppliers to develop an awareness of the environmental requirements within the Code

Aspirations and progress continued

Food Security — Improving access to affordable food

Goal	Target 2015	Target 2020	How	Status	Action – within 2015
Reducing product loss across the supply chain	5%	10%	Support Product and Country initiatives to reduce post harvest losses e.g. solar dryers	On plan	Encourage knowledge transfer between Products and Countries
Global Nutrition for Growth Compact – applied to Olam's workforce	Develop internal standard	Access to nutritionally-balanced food within the workplace and surrounding communities	Sensitise managers and supervisors to the nutritional requirements of the workforce Ensure adequate catering provisions are located in the vicinity of Olam's workplaces	In planning	Assess current catering provision within Olam's workplaces Contribute to improved farmer crop production and diversification to improve community nutrition

Labour — Providing a safe environment where everyone's rights are respected

Goal	Target 2015	Target 2020	How	Status	Action within 2014/2015
Reducing lost time injury frequency rate (LTIFR) in Olam-managed plantations, concessions and farms	Strengthen reporting procedures and establish baseline safety indicators including LTI's	50% reduction from baseline established in 2015	Conducting modular experiential safety training sessions 'Safe Olam' at all upstream locations, and developing and implementing location-based action plans	On plan	Implementing Olam standards and codes of practice into upstream locations. Identifying trainers so that the programme can commence.
Reducing lost time injury frequency rate (LTIFR) in Olam processing operations	25% reduction to 0.8 (from 2014 baseline of 1.1)	Further 50% reduction to 0.4 (from 2015 target)	Conducting modular experiential safety training sessions 'Safe Olam' at all processing locations, and developing and implementing location-based action plans	On plan	Selected managers from MATS, HR and CR&S will be trained in Oct and Nov to equip them to conduct the sessions over the next few months.
Olam farmers and suppliers compliant to Supplier Code (labour criteria)	50% tonnage (60% large-scale farmers)	100% tonnage (60% large-scale farmers)	Continue as a participating company with the Fair Labor Association Compliance to the Supplier Code in products rated as higher risk such as: cocoa, hazelnut, cotton, rubber and palm Compliance to Supplier Code to all products	On plan	Continue labour training within the Olam Livelihood Charter Work with suppliers to develop an awareness of the labour requirements within the Code

Climate Change — Adapting to risks and opportunities for Olam and communities

Goal	Target 2015	Target 2020	How	Status	Action within 2014/2015
Mitigation of greenhouse gas (GHG) emissions (from 2013 baseline)	5% reduction in GHG intensity (MT CO_2e/MT)	10% reduction in GHG intensity (MT CO_2e/MT)	Reduce the GHG intensity of operations at Olam-managed plantations, concessions and farms	On plan	Implement improvement plans derived from life cycle assessments Fully establish the nutrient management programme to improve nitrogen-use efficiency Maintain setaside land
			Reduce the GHG intensity of Tier One operations in Olam processing and manufacturing	On plan	Execute the improvements in the 'Extracting Efficiencies' roadmaps for each facility
			Reduce the GHG intensity of marine vessels	On plan	Use marine vetting systems in vessel selection
	N/A	TBC	Increase CO_2 sequestration and the amount of renewable and biomass derived energy in Olam's direct operations	In planning	Develop Olam's low-carbon roadmap Establish a 2020 target
Increase business resilience through adaptation	Identify and develop adaptation programme for top three Olam products at risk	Adaptation programme for all Olam products at risk	Develop adaptation strategies and action plans for regions and sectors at risk across Olam-managed and third party operations	New	Complete climate sensitivity assessments for current and future operations Develop and roll-out adaptation programmes

Food Safety — Improving food safety and quality across our business

Goal	Target 2015	Target 2020	How	Status	Action within 2014/2015
Achieve IS0 22000 or BRC certification in our top 50 processing units	75%	100%	Share understanding from other approved plants into Africa	On plan	33 out of 50 are already certified. Target is four in 2015 with Packaged Foods Business and Grains plants in Africa as the next focus

Collaborating for wider impact through stakeholder engagement

Relationships are essential to our business. We engage with customers, investors, NGOs, governments, financiers and other partners to assess our impacts both positive and negative, to mitigate risks, and to identify opportunities.

We also look to unlock mutual value across the landscape of our operations. Improving rural community health is a case in point. We are not a healthcare provider, but we can offer ready networks through our sourcing and processing to those specialist agencies seeking to improve community provision. In return we protect our supply chains and workforce. Through strong partnerships with private, public and not-for-profit organisations we leverage each other's expertise, resources and relationships. This might be on a pre-competitive basis through industry associations (see Memberships on page 27) or through formal partnerships. In 2014 we collaborated with 50 partners primarily engaged in our smallholder supply chains but also in our upstream operations.

This year also saw two significant developments with regard to our partnerships with the Republic of Gabon and with the Republic of Congo. Due to the strategic importance of the palm and rubber plantations to the Gabonese economy and in recognition of the achievement of key project milestones, this year the Republic of Gabon increased its stake to 40 percent in each business. In the Republic of Congo, our Wood subsidiary CIB is the strategic partner for a World Bank carbon emissions reduction programme (see the Climate Change case study on page 23).

Partnerships

Customer partners	Financing partners	Donors	Technical partners		Sector collaborations	Certification bodies
The Blommer Chocolate Company	AfDB	Bill & Melinda Gates Foundation	ACDI VOCA	Mission for Hope for Society Foundation	African Cashew Initiative	4C Association
Costco Wholesale	DEG	Douwe Egberts Foundation	Anander	Ore Agbe Akure	Africa Cocoa Initiative	Better Cotton Initiative
General Mills	FMO	IDH	Cambridge Institute for Sustainable Leadership	Ore Agbe Ilesha	CMiA	Bonsucro
The Hershey Company	IFC	Unilever Hindustan Foundation	Conseil du Café-Cacao Côte d'Ivoire	ProForest	CocoaAction	CAFÉ Practices
Meade Johnson	KFW	USAID	Cocoa Research Institute of Ghana	SNV	Cocoa Livelihoods Programme	Fairtrade
Mars		Walmart Foundation	Ghana Health Services	Socco-Devi	COMPACI	FSC®
Mondelez			GIZ	Solidaridad	ECHOES Alliance	Rainforest Alliance
Nestlé			Hygeia	TechnoServe	Sustainable Rice Platform	Starbucks
			KLE Society	WCS	World Cocoa Foundation	UTZ
				WWF		

Taking a landscape approach to understand the connectivity of impacts

Reporting structures can often force material impacts on areas such as Livelihoods, Water, Land and Climate Change to be viewed in isolation but in reality we face a complex web of interconnectivity, where a mitigating action in one impact area can inadvertently have a negative result in another be that social, environmental or economic. An example might be the provision of fertiliser to a cotton smallholder community to increase yields, and therefore incomes. However, untrained application can pollute water resources and increase carbon emissions, so investment in farmer training must also be factored into the proposal.

If we are to achieve our goal of establishing end-to-end sustainable supply chains by 2020, only by looking at material areas in their holistic landscape can we assess risk factors, identify opportunities and make sound decisions and investments – the Policies and Codes under the Olam Sustainability Standard provide a formal framework for the process.

In this year's report, we present seven case studies, each representing one material area whilst showing, at the same time, how other materials areas interconnect and impact the landscape.

Although just a snapshot of our operations, we hope that these case studies not only demonstrate our thinking and approach, but provide a useful aid to understanding the depth and breadth of our business.

Livelihoods

Gender and equality; access to markets; improving incomes through better yields; systematic measurement of the impact of initiatives; diversification of incomes

Water

Water stewardship best practices, including water mapping in agri and processing; potable water availability for workers and communities

Land

Land tenure; women's rights; biodiversity; soil fertility; land development versus ecosystem preservation; deforestation and link to carbon

Food Security

Yield increase and measurement; supporting food crop production; waste reduction and infrastructure development

Labour

Robust demonstration of compliance with International Labour Organization standards; fair wages; fair standards; working environment; education; child and forced labour

Climate Change

Carbon footprinting, life cycle analysis and future scenario planning to set mitigation and adaptation priorities

Food Safety

Demonstration of chemical reduction in agriculture; GMO policy; traceability; farmer level focus on hazardous materials; microbiological control

Livelihoods Supporting thriving communities

Of the 3.9 million farmers in our supply chain, the majority are smallholders in rural regions of developing countries. Olam does not have the capacity to reach all directly, but nearly one million farmers receive some support to improve their productivity and income. The Olam Livelihood Charter (OLC) provides a formal framework to our approach and is based on eight Principles which cover financing, increasing yields, better labour practices, facilitating market access, improving quality, increasing traceability, investing in social development and safeguarding the environment. While all eight Principles must be addressed for a programme to be included within the OLC, Olam applies and adapts the Principles depending on the social, economic and environmental needs of each local context.

Landscape: Indonesia, Cocoa

Indonesia is the third largest producer of cocoa, providing livelihoods for over 750,000 smallholders and their families. The typical farm ranges from 0.5 to 1.5 hectares.

Major challenges include:

- **Low productivity:** pests and disease, age and variety of trees, poor soil and drought
- **Inconsistent and poor quality:** lack of incentive to invest in improving quality, poor mixing and blending practices
- **Others:** lack of training, plus lack of financial/organisational infrastructure

From 125 farmers in 2005, today 35,000 are supported across Sulawesi and Sumatra (of whom 2,046 are women) in this OLC programme. Partners include The Blommer Chocolate Co, Mars, Nestlé, Rainforest Alliance and UTZ.

Training in Good Agricultural Practices is provided to the farmers to increase yields and improve quality:

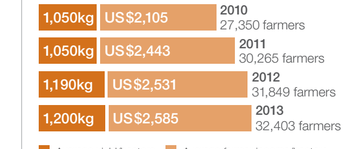
- 1,279 training sessions in 2014 with 66 model farms
- 22,045 farmers also given business skills training (including 1,603 women)

Bespoke technology (Olam Farmer Information System) allows Olam to plot the landscape via GPS maps and add highly specific data about individual farms. Olam can then assess the requirements for each farm to achieve maximum output (e.g. age of trees and seedlings required, precise fertiliser plan, baseline data to evaluate impact).

By 2016 these cocoa beans will feed Olam's new processing facility in Indonesia, further assuring farmers of a ready market.

US$360,000 in short and medium-term finance (0% interest) for Indonesian farmers to cover input and crop purchase (2014)

Improved yields and incomes per farmer



Interconnecting areas

Land

The Indonesian farmers are trained how to protect the ecosystem, which includes judicious pesticide use coupled with natural methods.

Olam has also collaborated with the Indonesian educational authorities to design biodiversity protection modules for 2,500 students.

Climate Change

Farmers are taught how to use organic waste to nourish the soil and reduce reliance on inorganic fertilisers.

Olam also provides native shade tree seedlings (40,000 in 2014) to help create the required microclimate for cocoa should temperatures rise.

Food Safety

The cocoa beans in this initiative are 100% traceable to farmer level.

Solar dryers (243 in 2014) are provided to the Indonesian farmers to help dry their beans more effectively and ensure quality, which in turn can help them to secure a premium.

Labour

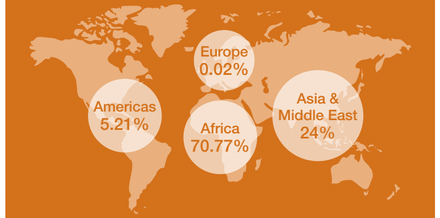
Farmer training modules cover awareness of Indonesian laws and International Labour Organization standards, good on-farm labour practices, storage and safe application of chemicals.

Water

Under this programme protected vegetated zones are established on the banks of rivers and other natural water bodies where farmers are not allowed to use any agri-chemicals.

Global Perspective

Based on one million farmers receiving some kind of production support from Olam, we estimate this reaches five million people.*



2014 Olam Livelihood Charter (OLC) key highlights

351,000 farmers embraced (includes 63,730 female farmers)

1,062 CR&S staff supporting **30** initiatives

Five new OLC countries: Republic of Congo, Honduras, India, Vietnam and Papua New Guinea

US$186 million in short, medium and long-term finance

One million MT procured (23% traceable to farmer and 76% traceable to village/community)

US$469.8 million market access (farmer income excluding premiums)

US$21.2 million paid in premiums

*TechnoServe estimate based on five family members per farmer

Water Establishing landscape level water management

Optimising water use is one of the greatest contributions Olam can make to global food security and health. In 2013 we made a public commitment to reduce consumption in our direct operations. Our monitoring shows that in 2014, as we have advanced our farming projects, our rainwater consumption has increased. However, through improved irrigation and agronomy practices we have reduced the irrigation volume and intensity. In processing, ambient conditions have been challenging in many regions requiring higher water usage. Our 'Extracting Efficiencies' programme will therefore increase its focus on water in the coming year. This year we were appointed to the steering committee of the UN CEO Water Mandate.

Landscape: Tanzania, Coffee

Olam subsidiary, Aviv Tanzania Ltd, has developed an Arabica coffee plantation alongside the Ruvuma River, in Lipokela Village, Ruvuma Region, Tanzania. Ensuring that the 1,064 hectare plantation and processing mill have access to water without jeopardising the ecosystem, or the needs of others, meant an Integrated Water Resources Management plan had to be developed.

The Plan included a dynamic multi-scenario water model based on:

- Assessment of upstream and downstream users' requirements
- A daily rainfall-runoff hydrological model to quantify flows using rain gauge datasets from the Ministry of Water, augmented with satellite data
- Aviv's agronomy and drip irrigation expertise

Workshops were held to share the model results with village leaders, the Ministry of Water, the local Benedictine Sisters from St Agnes Chipole Mission who operate a hydropower plant, the Urban Water Supply and Sanitation Authority, Dutch development financier FMO and German development agency GIZ Tanzania Water Division, the Ruvuma sub-basin Officer, and managers from Olam's other East African operations.

As a result, the Upper Ruvuma Catchment Basin Steering Committee was formed to share resources and knowledge for a more coordinated catchment management strategy.

To ensure that the river does not go below its Minimum Environmental Flow, we have built a dam (1.5 million m^3) for our irrigation and other requirements.

To reduce irrigation, Aviv has inter-planted 50,000 shade trees alongside the coffee. These trees will create a microclimate for growing coffee by reducing the evapotranspiration.

In 2015 we will construct a wet mill in which the wastewater will be treated by anaerobic and aerobic methods to ensure the quality of the effluent exceeds World Health Organization standards. Aviv is also seeking to achieve Alliance for Water Stewardship verification this year to formally demonstrate responsible use of freshwater across its entire operation.

Interconnecting areas

Livelihoods

In July, HE Hon. President Dr. Jakaya Kikwere inaugurated a coffee outgrower programme. Over the next five years Aviv will supply three million coffee plants to 2,000 farmers free of charge.

We support community development with US$3,000 per village per year. Liganga has elected to provide solar lighting for its school while Lusonga purchased desks. A dispensary in Lipokela is being built in collaboration with the village, the local Government, and SHIPO, a local NGO.

Food Security

Aviv is promoting diversification of income by training outgrowers to inter-crop sesame and beans, and then purchasing their produce. In addition, a local partner will promote bee-keeping to 735 farmers.

We are also working with upstream rice farmers to improve their yields and make irrigation systems more water efficient.

Land

Aviv's title deed relates to 2,000 hectares, however following Environmental and Social Impact Assessments, 829 hectares have been setaside for conservation.

We are undertaking a land use planning exercise to settle some disputes that should have been completed by the previous owners of the land.

Shade trees reduce pesticide use by attracting pest-eating birds, and the leaves act as a mulch.

Labour

Aviv provides 2.5L/day of drinking water (as recommended by the ILO) for its 2,000 workers from the local community. 11 latrine blocks provide convenience throughout the plantation.

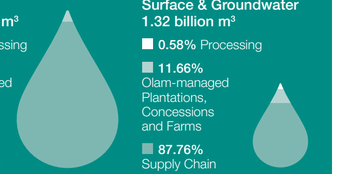
Workers are also provided with full protective gear, work eight hours per day with a one hour lunch (provided free of charge) and are paid slightly above the minimum wage for agricultural workers. We have a Workers' Committee and a Plantation Workers' Union.

Climate Change

Through their hydropower plant, St Agnes Chipole Mission produces 7MW power using the Ruvuma River. As approved by the Government, Aviv will receive 2.5 MW from Chipole, meaning diesel generators will no longer be required and the carbon footprint of the plantation will be reduced by 2,000 tonnes CO_2e per year.

Global Perspective

Olam's water footprint 2014



Reduced absolute volume used for irrigation by 5% and irrigation water intensity by 31% from 5,532 m^3/tonne to 3,830 m^3/tonne (2013 vs 2014). Processing intensity has increased from 1.98 m^3/tonne of product to 3.1 m^3/tonne (2013 vs 2014) due to adverse ambient conditions.

Knowledge Transfer: More Crop Per Drop

The unprecedented drought in California has required greater water efficiency measures with each almond orchard having its own management plan dependent on ground and surface water availability.

A particular case is an orchard near Fresno that has become more reliant on groundwater but the pH and sodium levels are higher than preferred. This can block water infiltration and nutrient uptake in the root zone. Counter-measures include:

- Building soil moisture-retention capacity by applying compost, organic acids, biological soil amendments, and soluble calcium amendments
- Applying low pH water to solubilise calcium contained in limestone to displace sodium from the root zone
- Monitoring macro and micro-nutrient levels in leaves and soil. Also conducting aerial photography and spectral image processing to monitor water stress and tree health.

The knowledge gained through the More Crop Per Drop programme is now being transferred to the Australian almond team and to other irrigated products such as the coffee plantations in Tanzania and Zambia.

Land Selecting and managing land responsibly

Land conversion is a key concern for many stakeholders with associated risks of loss of land rights, community displacement, deforestation and biodiversity impact. We comply with performance standards such as RSPO, FSC®, and IFC in our own plantations, concessions and farms and we are a signatory of the UN Guidelines on Responsible Land Tenure. However, the total land area in our sourcing is not just what we manage directly, it encompasses the land of the 3.9 million farmers and other third parties. Ensuring our suppliers safeguard the environment is essential to sustainable supply chains, making land stewardship a core part of our Supplier Code. The Code also encompasses soil health, a key issue in the face of feeding a growing population.

Landscape: USA, Tomatoes and Onions

California is a major growing area for Olam – we source products such as onions and tomatoes from large-scale contract-growers with whom we have long-standing relationships. Within the California landscape, soil health and its connection to water stress has become a priority.

Crop rotation is essential to soil health as it reduces the risk of crop-specific disease and weeds. Through different plant root systems, nutrients are conserved and re-introduced, reducing the need for pesticides and fertiliser.

In the Central Valley 111,288 hectares of tomatoes for processing are grown, mainly on 152 cm wide beds due to the size of the vine, rather than 102 cm used for other vegetables. This difference meant that growers had few crops to choose from for crop rotation, resulting in farmers either planting tomatoes year after year on the same ground, or having to reformat existing beds, leading to soil disturbance, soil compaction, more diesel used and higher costs.

The Spices and Vegetable Ingredients (SVI) Research and Development team began conducting trials for growing dehydrator onions as a rotational crop on 152 cm beds. This required closely investigating plant density and precise input requirements to ensure maximum yield and health. The research was three years in the making and today 15% of SVI's onion programme is grown on 152 cm beds meaning our growers are now able to easily alternate onions with tomatoes.

SVI has also designed the industry's first 152 cm onion digger that can facilitate harvesting with existing 102 cm equipment.

SVI's onion breeding programme also increased the solid content in the onion, reducing the amount of land required and water consumption.

During the past four years, the onion breeding programme has successfully conserved:

- 1,124 hectares of land for the production of other crops
- 285 MT of nitrogen fertiliser
- 12.9 MT of pesticides
- 10 million litres of water
- 128 MT of diesel
- 4.6 million kWh and 2.4 million therms of natural gas

Interconnecting areas

Livelihoods

Improved yields mean higher incomes for our contract tomato and onion farmers, plus reduced costs for additional soil nutrients.

Labour

Pre-harvest training, combined with daily meetings, ensure a positive safety culture.

Climate Change

The tomatoes grow, on average, only 64 km from one of two processing facilities. This, coupled with highly co-ordinated harvest logistics, minimises fuel consumption and reduces our carbon footprint.

Water

80% of SVI's tomatoes are grown on irrigated systems, which can see up to 50% in water savings through consistent flow via drip tape buried underground, targeted to the root zone. The investment in irrigation infrastructure was a key factor in tomato growers restricting their farming to a single crop, thus impacting on soil health, yield and quality.

Food Safety

We have implemented a full traceability programme that helps keep track of our tomato and onion products from the moment the seeds are planted in the greenhouse or field, to the point when our customers take delivery of their order. All vegetable processing plants are BRC Grade A certified bar one, which is Grade B.

Each day in the processing plant, enough tomato peel is removed to cover 1,870 football pitches, all of which is turned into organic compost that is later made available to growers.

In six months, SVI produces more than 91,000 MT of onions (more than 227,000 MT of raw onion), resulting in more than 2,600 MT of wet waste, all of which is recycled and sold to local dairy farmers for animal feed.

Global Perspective

Estimated breakdown of land footprint to supply Olam's 14.9 million MT product volume in 2014

Land ownership (million hectares)

- Hectares under Olam management
- Hectares within Olam Livelihood Charter
- Hectares under third parties

Update on palm and rubber plantations, Gabon

- Total number of plantation-related Environmental and Social Impact Assessments to date = 6
- Total number of villages included in Social Contracts achieved through Free Prior and Informed Consent = 46
- Total Greenhouse Gas Emissions for plantations in 2013 using the RSPO calculator is approximately 44,562 tCO_2e or 0.07% of the amount fixed annually in Gabon's forests
- Total number of people employed across the palm and rubber plantations is approximately 4,000. Almost 90% are local Gabonese.
- Total costs for CR&S to date, US$7.4 million

Update on Laos land tenure issues

The dispute with 132 farmers in 2012 over the granting of land rights in the Paksong District for a coffee plantation, has now been settled. All land (281 hectares) has been returned, complete with individual titles issued by the Government and the agreed crop compensation process has been completed. The issue arose when it emerged the Government survey to assess the land did not identify that these land parcels were being used on a shifting/rotational basis. All new plantations are now subject to independent international standard ESIAs.

Food Security Improving access to affordable food

The challenges that face agriculture today – climate change, water scarcity, availability of arable land, energy sources, and a rapidly rising and increasingly wealthy population – all ultimately impact on our global food security. After 25 years operating at farmgate across the world and seven years in our own plantations and farms, our experience and data has taught us that there are 10 priorities. We strive to play our role in each, for the good of our communities and the future strength of our supply chains and business.

Landscape: Nigeria and India, Rice

Rice is a food staple in Nigeria but to meet demand it has to import 2.5 million tonnes in addition to its domestic production of about 3.5 million tonnes. As the second largest distributor of rice in the world, Olam is one of Nigeria's main rice importers. However, it also makes business sense for Olam to align its rice strategy with the Government's Agricultural Transformation Agenda to boost domestic rice production and farmer livelihoods. Olam is therefore pioneering a large-scale commercial rice farm with an integrated mill and linked outgrower programme in Nasarawa State.

The integrated rice mill was built this year at the heart of the 10,000 hectare irrigated and mechanised paddy farm. It will initially provide 36,000 MT of milled rice per annum to the domestic market. The farm is expected to harvest two crops per year with varieties of high-yield rice developed in partnership with the West African Rice Development Association.

Together the farm and the mill will boost the ability of local communities to feed themselves, as well as increase incomes through a 'nucleus and outgrower model'. Surrounding rice-growing communities are supported by an Olam-led partnership with training, pre-finance, the high-yield rice varieties, agri-inputs and market linkages in order to improve their paddy yields, which are then purchased by Olam at a fair market price.

Olam recognises that the policies set for domestic food security in India, could impact on other countries around the world, including Nigeria. We are therefore working with Earth Security Group on the development of a case study for its 2015 Global Index Report that will explore what role a global agri-business can play to support policies that can assist stability, food security and prosperity at country and global levels.

The work we undertake for the Global Index Report will generate an integrated dashboard that visualises key food security data indicators alongside other vital resource areas for both India and Nigeria, providing business leaders and policy-makers with an understanding of interconnected risks and opportunities across borders, and a summary of the policies that could improve local food security, as well as create a vibrant business environment to build global food stability.

Olam's priorities to increase food security

1. Increase productivity/yield on smallholder farms
2. Increase productivity/yield on large-scale farms while at the same time catalysing food production in the region through supported outgrower programmes
3. Better nutrition through education, crop diversification, and producing healthy packaged foods
4. Reduce immediate post-harvest losses and food waste
5. Invest in agri-infrastructure
6. Improve water usage/irrigation efficiency
7. Invest in research to improve farm productivity
8. Reduce land degradation through zero till farming
9. Support policy frameworks that seek inclusive and sustainable growth for all countries
10. Lead private and public partnerships to enable initiatives to scale up and replicate

Interconnecting areas

Livelihoods

Olam is supporting the local Nasarawa community and our talent pipeline by providing school buildings, materials and scholarships; connecting villages by developing 54 km of roads; and ensuring access to clean water and electricity through boreholes and solar lamps.

Water

One kilo of rice takes 3,500 litres of water to produce compared to 15,000 litres for one kilo of beef. Although lower by comparison, water is still a key impact area for rice, so Olam undertakes water level management to avoid wastage. Three reservoirs have been built around the rice farm to harvest rainwater and run-off from small distributaries of the river during times of overflow.

Land

This year Olam was appointed to the Advisory Board of the UN Sustainable Rice Platform (SRP). Through public policy development and voluntary market transformation initiatives, the SRP aims to provide sustainable production standards and outreach mechanisms that contribute to increasing the global supply of affordable rice, improved livelihoods and reduced environmental impact.

Labour

The commercial farm in Nasawara employs 950 workers, depending on seasonality, 90% of whom are local. They receive training in Good Agricultural Practices to ensure the commercial farm generates strong yields but they also apply this learning to family farms.

OLC farmer registration

Ultimately, 20,000 smallholder farmers will supply 30-40% of the mill's capacity, far more efficient than Olam trying to manage the additional land required to maximise the mill capacity.

3,000 farmers
March 2014

16,000 farmers
Target for 2018

Global Perspective

Other food security examples:

Supporting cotton farmers in Côte d'Ivoire to grow food crops

As well as financing inputs for nearly 20,000 cotton farmers, Olam provided herbicides and 70,000 bags of fertiliser to improve yields on the 64,000 hectares of maize, rice, and other food crops which are also farmed by the cotton smallholders.

Over four years, we provided 2,100 oxen and 1,000 ploughs for cotton and food crops (50% of which were given in 2014).

Through the Competitive African Cotton Initiative, 2,027 cotton farmers have undertaken a Nutrition module as part of the Five Day Farmer Business School training since April 2013.

Supporting the diets of communities in Gabon

Improved varieties of banana plants were distributed to communities near our palm and rubber plantations in Gabon, while cassava processing machines and buildings were also provided.

Fortification of food products, West Africa

Products tailored to the taste of West African consumers also address specific nutritional deficiencies prevalent in the region by selectively adding vitamins and minerals. Launched this year:

- Tasty Tom tomato paste with added vegetable dietary fibre
- FreshYo, a fermented yogurt dairy beverage with naturally present calcium and added vitamin A and D
- All Milk biscuits with added calcium

Our position on GMO

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

Labour Providing a safe workplace where everyone's rights are respected

Ensuring Olam is a fair employer of a healthy workforce is essential for managing business risk and productivity. All employees and contractors are governed by the Olam Code of Conduct and International Labour Organization (ILO) compliant labour standards. In our third party sourcing, the labour situation is much more complex, with intermediaries and an extended network of 3.9 million farmers, the majority of whom are in highly rural areas of emerging markets. Poverty and a lack of schools and sanitation, particularly for girls, coupled with a culture of passing on farming knowledge to the younger generation, increase the risk of child labour. Tackling these issues requires concerted collaboration and agreed partnerships among governments, communities, business, trade associations, and NGOs.

Landscape: Turkey, Hazelnuts

Turkey produces 75% of the world's hazelnuts. Each farmer owns between 1 and 2.5 hectares of trees. Due to the short harvest and lack of local labour, the hazelnuts are usually collected by migrant workers. Estimates stand at 425,000 workers each harvest. Many will bring children to the camps, and while there are clear government policies, child and illegal immigrant labour remain risks. There can also be issues with the number of hours worked by adults and, while workers' wages are set by the Government, labour contractors take their commission. Intervention is made more complex due to the many intermediary buyers and crackers, so connectivity and traceability is low.

The second largest buyer of hazelnuts from Turkey, Olam is aiming progressively to work closer with the farmers and initiate farm level change. By working with the Fair Labor Association (FLA), customers and other partners, Olam is applying the Principles of the Olam Livelihood Charter to help address labour issues, as well as improve productivity, stewardship of the environment and traceability.

By 2016 Olam is aiming for 3,900 farm owners to have been intensively trained on good labour practices: child labour, health and safety; wages and working hours. 650 were trained in 2014, with another 1,150 set for 2015. Due to the cultural context, separate training for 39 women has also been undertaken, with another 110 registered to be trained in 2015.

39 farms received unannounced audits by Olam and the FLA during the last harvest and three farmers were found to be employing the children of migrants (aged 12-15 years). Remedial actions were immediately put in place, including cautioning the farmers that a repeat incident would not be tolerated; establishing child care areas in two villages and supporting ILO projects in four camping areas. Monitoring of another 60 farms is set for the next harvest.

635 farmer field notebooks were produced and distributed to support farmers. These include essential reminders on labour practices, specifically instructions on registering workers, which are then checked through unannounced third party audits.

Posters are also put up on notice boards in village coffee houses so public pressure can be applied. A free toll number for anonymous reporting has been set up to maintain wider social awareness.

Problems related to agricultural labour usually have root causes in the social, cultural and economic structure of a country. A multi-stakeholder approach is therefore required. Olam participated in four round table meetings and five training sessions were attended by the Ordu State's Employee and Workers Agency.

Interconnecting areas

Livelihoods

The training for the Turkish farmers also includes Good Agricultural Practices to help decrease costs while improving yields. For example, if farmers do not apply fertilisers by opening small holes in the ground they lose 70% due to rain and wind.

Land

Training sessions were organised with WWF-Turkey in two villages to make farmers and workers aware of biodiversity needs, essential for long-term ecosystem protection and sustainable supply chains.

Water

As part of their training, the hazelnut farmers are taught how to protect waterways through appropriate waste disposal and fertiliser use.

Traceability

By using a web-based traceability system, Olam can offer customers greater confidence that these hazelnuts are safe, as well as socially, economically and environmentally sustainable – unique for the hazelnut industry.

MT = Metric Tonnes

Global Perspective

Our workforce

Our total workforce is 56,000, this is made up of 23,000 primary workers and 33,000 casual, contract and seasonal workers.

Establishing a Health and Safety culture

With the increasing upstream and downstream operations, a health and safety review showed we need to strengthen our approach. In response, over 20 safety leadership workshops reached 500 managers. 'A Safe Olam' modular training approach will be cascaded to the entire workforce over the next six months. It is based on the elimination of unsafe acts and unsafe behaviours, focusing on leading safety indicators (e.g. audits), rather than lagging indicators (e.g. incidents).

Ebola, West Africa

With the outbreak of Ebola in countries neighbouring some of our operations in Africa, we have initiated preventative awareness campaigns to support national government efforts.

Update on forced labour in Uzbek cotton harvests

The ILO and Association of Cotton Merchants Europe (ACME) continue to promote improved labour standards to the Uzbek Government. Last September the ILO was able to monitor the harvest. In April it was announced that the Uzbek Government and the ILO signed a Decent Work Country Programme. We are also encouraged by official statements that 80-90% of the cotton harvest will be mechanised by 2016. Although allegations of forced adult labour remain in the current harvest, ACME members continue to believe that a united approach is the most powerful way to ensure change in Uzbekistan.

Climate Change Adapting to risks and opportunities for Olam and communities

Changing weather patterns are already affecting agriculture, so ensuring that we and our suppliers are implementing mitigation and adaptation measures, together with more accurate scenario planning, is integral to our strategy. In measuring our value chain carbon footprint it was found that land development, fertiliser application, logistics and the energy used in processing factories have the largest potential impact. While we can seek to reduce those impacts, we are also reliant on nations reaching a global climate agreement that still allows for sustainable and inclusive growth in emerging economies. Equally, to fund the required measures, further development is required of innovative financial mechanisms (e.g. climate bonds), for agriculture and land-use.

Landscape: Republic of Congo, Wood

Continuing deforestation and degradation, particularly in tropical forest regions, are together the second largest cause of global warming. Protecting standing forest as carbon sinks is therefore vital, but the majority of forest cover is in emerging markets which are trying to develop their economies and regulatory infrastructure.

The World Bank Forest Carbon Partnership Facility is a global partnership focused on reducing emissions. Countries are encouraged to submit proposals[1] as to how they will tackle the causes of deforestation and degradation. This year the World Bank accepted the proposal put forward by the Republic of Congo in partnership with Olam Wood Products subsidiary Congolaise Industrielle des Bois (CIB). The World Bank will now provide funding for the full development of the programme proposal and, once implemented and the emissions reduction verified, the World Bank will purchase an agreed number of carbon credits[2].

The Republic of Congo asked Olam-CIB to be its strategic partner and executing agency due to its experience in Sustainable Forest Management and REDD+ programmes[3]. In the Republic of Congo, Olam-CIB manages the world's largest contiguous FSC® certified natural tropical forest concession, measuring about 1.3 million hectares. In 2012, in partnership with the Republic of Congo, Olam-CIB launched the first REDD+ project in the Congo Basin, protecting 92,530 hectares of High Conservation Value forest in the Pikounda Nord concession. In 2014 the Verified Carbon Standard (VCS) endorsed the Pikounda Nord credits for sale. The Republic of Congo is the only country to date to submit a programme led by a Public Private Partnership (PPP).

The Republic of Congo Emissions Reduction Programme will encompass an area of 12.35 million hectares with 97% forest cover and 15 timber concessions. Developed in consultation with 120 civil society groups and other stakeholders, the programme will take a landscape approach, addressing key drivers of deforestation in the region, which include industrial logging, population growth (with accompanying expansion of shifting agriculture and fuel wood collection), infrastructure expansion, industrial agriculture and mining industries.

Interconnecting areas

Livelihoods

Under the Republic of Congo proposal sedentary agriculture over 'slash and burn' would be promoted by reviving cocoa-growing communities and providing access to international markets for farmers. Training would promote climate change adaptation techniques. The programme plans to plant up to 10,000 hectares by 2018 with cocoa trees on already deforested and degraded community lands.

Land

The Republic of Congo programme would seek to enhance 'reduced impact logging' techniques and protect new areas as High Conservation Value. Coupled with increased forest governance, the forestry sector would then reduce its emissions, improve biodiversity, and increase the number of certified concessions.

Reduced impact logging techniques include:

- Smaller roads and less skid trail damage
- Increasing the minimum harvest diameters
- Environmentally sensitive rotation ages

Within the Programme proposal put forward by Republic of Congo, plantations on degraded land could be developed specifically to grow trees suitable for fuel wood to reduce impact on natural forests. Another option under the Republic of Congo proposal would be to promote highly efficient cook stoves for communities.

Emissions in the region are expected to reduce by over 11.7 million tCO_2e between 2015 and 2020 which is roughly equivalent to taking 500,000 cars off the road each year.

[1] Emissions Reduction Idea Note
[2] Emissions Reduction Purchase Agreements
[3] Reducing Emissions from Deforestation and Forest Degradation (REDD), conservation, sustainable forest management and carbon stocks

Global Perspective

Olam's global carbon footprint

Olam-managed Plantations, Concessions and Farms

1.75 m tonnes CO_2e **2013**
1.52 m tonnes CO_2e **2014**

0.005 m tonnes CO_2e **2013**
0.06 m tonnes CO_2e **2014**

1.755 m tonnes CO_2e **2013**
1.58 m tonnes CO_2e **2014**

Scope 1 (direct emissions from enteric fermentation, fertiliser use, fuel combustion etc)
Scope 2 (purchased electricity)
Scope 1 + 2

In 2014, for every tonne of product produced, 5.95 tonnes of CO_2e were generated (an 18% decrease on 2013).

In 2013 many operations were in the development phase but have now progressed into steady state operations. However, the absolute and intensity reduction has been achieved as a result of improved sequestration data and increased operational productivity.

Olam's Processing

0.53 m tonnes CO_2e **2013**
0.28 m tonnes CO_2e **2014**

0.16 m tonnes CO_2e **2013**
0.4 m tonnes CO_2e **2014**

0.69 m tonnes CO_2e **2013**
0.68 m tonnes CO_2e **2014**

Scope 1 (fuel combustion)
Scope 2 (purchased electricity)
Scope 1 + 2

In 2014, for every tonne of product produced, 0.34 tonnes of CO_2e were generated (a 6% decrease on 2013).

Both the absolute and the intensity reduction has been achieved as a result of the drive for operational improvements. This has included fuel switching from coal and diesel to electricity, energy efficiency measures and increased operational productivity.

Olam reports to the Carbon Disclosure Project (Carbon, Water and Forest Programmes).

Food Safety Improving food safety and quality across our business

Ensuring our ingredients and products are delivered to customers without contamination or adulteration is the bedrock of our quality and compliance programmes. We operate highly integrated supply chains working with smallholders to provide training, quality seeds and other inputs, coupled with the highest standards of quality and microbiological control at our processing plants in origin and in destination markets, thereby reducing food safety risks.

Landscape: Global Business Unit, Spices and Vegetable Ingredients

Olam Spices and Vegetable Ingredients (SVI) produces food ingredients processed from agricultural crops. This includes dehydrated onion and garlic, processed tomato ingredients, spices and a variety of products, such as salsa, which are packaged for food companies. Customers are therefore dependent on our ability to provide safe and high quality ingredients, and they increasingly demand traceability. SVI achieves this by having full command of the supply chain.

Farmer level

The risk reduction strategy begins with robust specifications for products, ensuring control at origin either through contract-farming or buying at farmgate. Smallholders growing crops, such as chilli and black pepper in emerging markets, receive extensive training via model farms and workshops on how to grow, harvest and store crops, as well as how to maintain product integrity through post-harvest drying methods to minimise the risk of moulds and pathogens. In addition to training, we provide support such as proprietary seeds, drying sheets, advice for pesticide applications, and finance for farmers to improve the quality and output from their farms.

Research, Innovation and Quality Assurance

To underpin SVI's full control of the supply chain, this year a state-of-the-art Innovation and Quality Centre (IQ) was opened in California, in close proximity to SVI's Agricultural Research Station. This links our seed breeding and product development with the operational base for sourcing raw materials and maintaining quality assurance.

At our Agri-Research Station, around 40 experts engage in seed selection and growing, virus-free seed breeding and field testing.

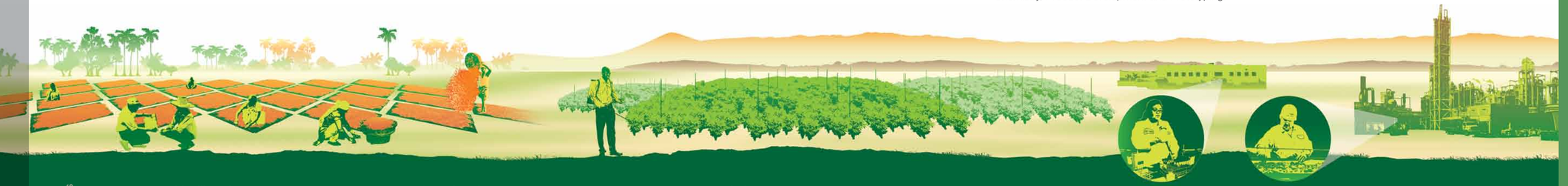
Through our IQ Centre, over 25 scientists and quality assurance professionals provide the required operating plan for our Quality Management. Laboratories include Food Microbiology, Food Chemistry, Product Development and Prototyping.

IQ team members also collaborate with external laboratories, participate in key industry bodies and are peer reviewers in various international scientific journals to ensure the latest technical, regulatory and scientific insights are absorbed by the business.

Learnings are shared with the Olam Development Centre in Bangalore, opened this year to create new products for the Packaged Foods Business to be manufactured and sold in Africa.

Processing

All SVI processing plants are British Retail Consortium certified (BRC Issue 6) under the Global Food Safety Initiatives (GFSI) programme with 90% operating at BRC A grade. Over the last two years, our minor non-conformances have seen a 10% drop.



Interconnecting areas

Livelihoods

Through the farmer training provided by SVI, smallholder yields, as well as quality, are improving, which increases incomes. An example of this, 622 chilli farmers in Kochi, India saw average crop yields up by 10% this year.

Land

Wherever possible we operate closed loop waste streams. At the Williams plant California our wastewater ranch recycles excess processing water to grow crops used in composting and for animal feed. All byproduct is used for organic composting.

Labour

SVI actively promotes a 'bell-ringing' approach to food safety where everyone, whatever their level, has the authority and absolute requirement to stop everything at the point of hazard detection. Every year, we recognise the best efforts through the Food Safety 6 Star Award which this year was won by our tomato processing plant in Williams, California for the team's outstanding initiative for food safety.

Water

The quality of the water used in our processing operations must comply with stringent regulatory requirements. To ensure this, we have installed additional water treatment systems wherever necessary.

Global Perspective

Total number of Olam processing plants

- Primary processing facilities
- Secondary (midstream) processing and manufacturing facilities

66% of secondary processing and manufacturing facilities are now BRC or IS0 22000 certified with additions in Australia, India, Côte d'Ivoire and Malaysia. We aim to achieve 90% by 2016.

Pesticide use in Olam upstream operations

Within the Olam Plantations, Concessions and Farms Code, clear guidelines are given for our upstream operations. Use of chemical pesticides is to be minimised and continually evaluated. Any chemical agents used must be low in human toxicity, have a minimal effect on non-target species and the environment, while still remaining effective against the target species.

We have made a commitment to limit our use of WHO Class IA and IB chemicals to exceptional circumstances where no alternatives are available, and have implemented a control plan for rarely used Class II chemicals in our own upstream operations (including neonicotinoids). Storage must comply with FAO's International Code of Conduct on the Distribution and Use of Pesticides.

Pesticide use among third party suppliers

As part of the Supplier Code, which is currently being rolled out across the business, farmers must professionally manage agri-chemical application and forbid the usage of agri-chemicals that are not legally registered in the country for commercial use, or which are excluded as per Olam's specification. Training on the appropriate use of pesticides is part of the Olam Livelihood Charter.

Governance

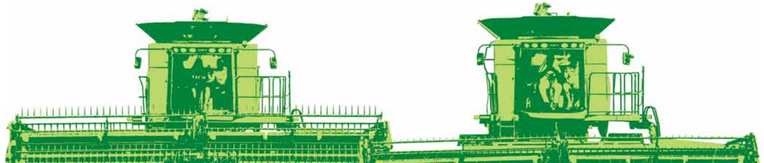
Two tiers of governance underpin the implementation, monitoring and evaluation of Olam's Corporate Responsibility and Sustainability (CR&S) strategy:

Our Board CR&S Committee, chaired by non-executive and independent director Jean-Paul Pinard, monitors and evaluates progress of the Executive CR&S Committee and works to detailed terms of reference, documented in the Annual Report. This year the Board met three times and visited Côte d'Ivoire, where they viewed cocoa, cashew, dairy and rubber operations, as well as the palm oil operations of our Joint Venture partner, SIFCA. The performance of the Board CR&S Committee is evaluated by the Board of Directors.

The Executive CR&S Committee embeds sustainability policies, codes and standards in daily activities and assesses corporate and product-level operations to ensure responsible business investments and practices across all operations. The Committee is chaired by Gerard Manley, Executive Committee Member and Managing Director of Cocoa, Specialty Fats, Sugar and Sweeteners, and its activities are managed by Chris Brett, CR&S Senior Vice President.

The CR&S Committee and Function also work closely with Manufacturing and Technical Services, Risk and Internal Audit, Human Resources, Treasury, Corporate Affairs and Investor Relations. All relevant product and country staff have CR&S objectives included in their individual performance appraisals.

A Code of Conduct provides the key standards and policies to which all employees must adhere. It also encourages and provides a channel for employees to report possible improprieties, unethical practices etc. in good faith and confidence without fear of reprisals or concerns.



About this report

This printed report provides an executive summary for the financial year ended June 30th 2014.

It is prepared in accordance with the Global Reporting Initiative (GRI) G3.1 Guidelines, with a self-declared Application Level C. This report should be read in conjunction with the Olam Annual Report 2014 and specific content located on our website: www.olamgroup.com/sustainability. The detailed GRI G3.1 checklist can also be found on our website. We shall continue to examine the business need for external assurance.

All data and information relates to Olam International Ltd wholly owned companies and subsidiaries, excluding joint ventures and suppliers as defined in the 2014 Annual Report. Any exceptions are marked accordingly. Where we hold a minority share in a partnership we work with the partner to advance corporate responsibility and sustainability.

It should be noted that this report contains some forward-looking statements, however, such statements may be based on a number of uncertainties related to the future, and therefore actual performance and results may vary.

Memberships and sustainable volumes

Memberships

African Cashew Alliance
Advisory Board Member

Almond Board of Australia
Vice Chair

America Peanut Council
Board Member

American Spice Trade Association
Board Member and Chair of Food Safety Committee

Association of Cotton Merchants in Europe (ACME)
Board Member

Association Technique Internationale des Bois Tropicaux
Board Member

Better Cotton Initiative
Board Member

California League of Food Processors
Executive Committee and Board Member

Cocoa Association of Asia
Treasurer

Cocoa Merchants Association of America
Committee Member

Combined Edible Nuts Trade Association
Vice Chair

European Cocoa Association
Board Member

Federation of Cocoa Commerce
Chairman

Forest Stewardship Council
General Assembly

Global Cashew Council
Member

Green Coffee Association
Board Member

Hazelnut Promotion Group (Turkey)
Board Member

Indian Oilseeds and Produce Export Promotion Council (IOPEPC)
Board Member

International Cocoa Association
Consultative Board Member

International Cocoa Initiative
Board Member

International Cotton Association
Associate Director

International Nuts and Dried Fruits Council
Board of Directors

Istanbul Hazelnut Exporters Union
Board Member

Roundtable Sustainable Palm Oil
Alternate Board Member

Smallholder Acceleration and REDD+ Program (SHARP)
Executive Board Member

Tropical Forest Foundation
Board Member

World Cocoa Foundation
Board Member

World Spice Organisation
Executive Committee Member

Sustainable volumes

Olam Livelihood Charter tonnage which includes third party certification schemes		
Rainforest Alliance	Cocoa and coffee	**71,488 MT**
UTZ Certified	Cocoa and coffee	**30,755 MT**
Fairtrade	Cocoa, coffee and cashew	**10,069 MT**
Organic	Cocoa, coffee and cashew	**28,918 MT**
4C Association	Coffee	**18,385 MT**
Starbucks C.A.F.E.	Coffee	**2,163 MT**
Olam Livelihood Charter – externally verified®	Cocoa (Côte d'Ivoire)	**16,500 MT**
Olam Livelihood Charter – internally verified®	Cotton, cocoa, cashew, coffee, sesame, sugar, chilli and pepper	**921,722 MT**
Wood		
FSC®	Wood	**200,000 m³**

Global Reporting Initiative

Global Reporting Initiative (G3.1) Index at Level C			
Disclosure		**GRI references**	**Location reference**
Strategy and analysis		1.1, 1.2	CR&S Report p4,5,11
Organisational profile		2.1, 2.4 2.2 2.3, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10	CR&S Report BC CR&S Report p2,3 Annual Report
Report parameters		3.1, 3.2, 3.3, 3.6, 3.7, 3.13 3.4 3.5 3.8, 3.10, 3.11 3.9, 3.12	CR&S Report p27 CR&S Report BC CR&S Report p11 Annual Report www.olamgroup.com/sustainability
Governance, Commitments and Engagement		4.1, 4.2, 4.9, 4.11 4.3,4.4, 4.5, 4.6, 4.7, 4.10 4.8 4.12 4.13 4.14, 4.15, 4.16, 4.17	CR&S Report p10,11,26 Annual Report CR&S Report p1,4,5,6,7,8,9,11,26 CR&S Report p4,5,7,8,9,11,16,17,20,23 CR&S Report p10 CR&S Report p10 & www.olamgroup.com/sustainability
Economic	– DMA – Performance indicators	 EC1 EC2 EC8, EC9	CR&S Report p5 & Annual Report CR&S Report p5 & Annual Report www.olamgroup.com/sustainability CR&S Report p1,12,13,BC
Environmental	– DMA – Performance indicators	 EN3, EN4, EN5, EN8, EN18, EN11, EN12, EN13, EN14, EN15, EN23, EN28 EN16, EN17	CR&S Report p6,7,9,11,14,16,22 & www.olamgroup.com/sustainability www.olamgroup.com/sustainability CR&S Report p23
Labour practices and decent work	– Performance indicators	LA1 LA13	CR&S Report p21 Annual Report
Human Rights	– DMA – Performance indicators	 HR1 HR6	CR&S Report p21 & www.olamgroup.com/sustainability CR&S Report p17 & www.olamgroup.com/sustainability CR&S Report p4,20,21
Society	– Performance indicators	SO1, SO9, SO10	CR&S Report p1,12,13,17 & www.olamgroup.com/sustainability
Product responsibility	– DMA – Performance indicators	 PR1	CR&S Report p24,25 & www.olamgroup.com/sustainability CR&S Report p24,25

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