Investing

In the future of our supply chains.

Improving

Our own practices, sector practices and the livelihoods of our smallholders.

Innovating

In the delivery of services and connections to our farmers and customers.

Olam

Introduction

Who we are

EST. 1989
Olam began by trading cashews from Nigeria to India.

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

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

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


Cashew in Côte d'Ivoire

What we do – in a nutshell

- We grow our own crops – almonds, cocoa, coffee, palm, rice and rubber.
- We harvest and process wood from natural forest concessions. We also run our own dairy farms.
- We buy crops from an extended network of 4 million farmers, the majority of whom are smallholders in emerging markets.
- But we don't just buy, we help as many farmers as we can to increase their yields without impacting on the environment.
- We then process many of the crops we grow, and buy, from cashew to cocoa, tomatoes to spices.
- We trade and hedge commodities.
- We operate in the food ingredient space and create specific blends and recipes for customers.
- And, for Africa only, we have our own consumer brands.
- All the way along the chain, we manage the logistics of getting a crop from source to customer.
- We offer risk management and value added services to our customers, such as traceability and certification.

Our company vision
To be the most differentiated and valuable global agri-business by 2040. You can learn more about our value chain and company strategy in the 2015 Annual Report.

Our purpose
To carry out our business in a responsible way. We call this Growing Responsibly. We ensure profitable growth is achieved in an ethical, socially responsible and environmentally sustainable manner. This is integral to our business model and is, quite simply, the right thing to do.

Our sustainability vision
End-to-end sustainable supply chains by 2020. This report tells you about our journey so far.

Front cover images:
Top left: Checking moisture levels in the soil of our California almond orchards
Top right: Chilli pepper farming in India
Bottom right: Data collection through Olam Farmer Information System (OFIS)

Contents

Wheat milling in Ghana

CEO perspective

When I look back to our last report, I am reminded by how much we have achieved*, but also how far we must travel to fulfil our vision of managing end-to-end sustainable supply chains – wholly necessary if we are to have a secure supply of quality crops, food ingredients, feed, fibre and bio-fuel raw materials in the decades ahead.

While our operating performance has been strong, the environment has been challenging – the commodity markets remain volatile, currencies are depreciating, the slowdown in China continues to have knock on effects, and climate change induced weather impacts are making life difficult for both Olam and our farmer suppliers.

In the emerging markets, although the Olam Livelihood Charter (OLC) has been significantly improving the yields of almost 344,500 smallholders, millions more continue to face enormous challenges, from lack of power, irrigation, transportation and storage infrastructure to limited education. Given the pull of the cities, making sure that farmers want to keep farming is a challenge we must continue to address. Helping those farmers, as well as the people who work on our plantations, or in our processing facilities, to stay healthy and strong has taken on a new imperative if we are to meet the increasing supply demands of a growing global population.

However, we are fortunate that unlike many other listed companies, our shareholding structure enables us to invest in building sustainable supply chains. In 2015, we welcomed a new major strategic shareholder - Mitsubishi Corporation who took a 20% stake. Both Mitsubishi and our other major investor, Temasek Holdings (51%), recognise that we must invest wisely today to ensure we can meet the needs of our farmer suppliers, customers, shareholders, creditors and other key stakeholders tomorrow.

In terms of our business model, during 2015 we continued to focus on having a differentiated and diversified portfolio within the agri-sector. We improved our global leadership position in key segments, selectively seizing opportunities through targeted acquisitions. The acquisitions of ADM Cocoa and McCleskey Mills (US peanut sheller) meant we welcomed over 1,700 new employees whose experience and skills are bringing a new dynamic to those businesses. We have also had to take some tough decisions. These included the restructuring of our dairy business in Uruguay, which meant reduction of some farms, staff redundancies and some culling of the herd population. Other decisions taken before and during this reporting period have had an impact on the aspiration we had set in 2010 for the number of farmers in the OLC by the end of 2015, this can be seen from our goals.

In March 2015, we regained one of our FSC® certificates** for our Republic of Congo concessions which had been temporarily suspended in October 2014. When I visited our Wood Products team in Pokola at the start of this year, their commitment to not only uphold international standards but to provide for the local communities was a lesson in what can be achieved with regard to sustainability, even in highly remote and inaccessible areas. This was further evidenced when they presented with the Government of the Republic of Congo at the Paris Climate Talks in December on the Emissions Reduction Programme for the country.

Of course, the importance of upholding international standards cannot be underestimated. We recognise that we operate in some 'high risk' products – palm, tropical wood and rubber. Adhering to RSPO, FSC® and IFC standards provides a robust framework for Olam and additional reassurance for our customers and key stakeholders. And where Standards do not exist we seek to drive their creation as with the proposed International Rubber Standard.

Our commitment to third party audits can also be seen through our membership of the Fair Labor Association who are helping to monitor cocoa and hazelnut farmer compliance to our programmes and OLC principles. You may recall in our 2014 Report how we covered the issue of child labour risk as a result of the large migrant workforce in Turkey for our hazelnut supply chains. With the current refugee crisis in Europe, the efforts we had put into educating farmers on fair labour practices over the past few years is now paying dividends given the huge numbers of people moving through the region.

As can be seen, the risks and opportunities in our supply chains can experience some ebb and flow, even bringing new factors for consideration from one year to the next. We have therefore, reviewed our goals and targets, updating them in line with our business objectives. Focused primarily on smallholders and our emerging market workers we have enhanced goals for health and sanitation, climate-smart agriculture, nutrition and

gender equality. The targets are ambitious but we are fortunate that our teams are both resourceful and resilient, traits that have been part of Olam's DNA since we began in 1989. By working on the ground, whether monitoring the almond crop or training smallholders, they see the negative impacts, such as drought, first hand. But these challenges also stimulate innovation and action – inspiring colleagues to come to work each day.

Reading through our goals and the challenges we have faced, plus those yet to overcome, 6 key points come to the fore:

Our sustainability efforts must bring value to Olam

We are not a charity. Every action we take must unlock value for Olam as well as the communities where we operate concurrently. If not, programmes are financially unsustainable. This is why the Olam Livelihood Charter has achieved so much success since its launch 5 years ago. It is inherently designed to secure mutual and shared value as a result of increasing smallholder yields which in turn drives their incomes.

We must continue to invest in research

We must face facts that all of the low hanging fruits on agricultural productivity have been exhausted with productivity rises averaging just 1.3 per cent a year between 2001 and 2010, and 0.4 per cent a year over the past four years. So, if we are to feed more than 9 billion people by 2050 without depleting the world's natural resources, we must prioritise agricultural research.

We were delighted to see Professor Norman Uphoff and the System of Rice Intensification win our inaugural prize for Innovation in Food Security. Housed at Cornell University, the team had achieved some exceptional results by turning accepted agronomic practices in rice farming on their head. In conjunction with our science partner, Agropolis Fondation, we are looking forward to the 2016 entries.

We must invest in our people pipeline

Businesses are nothing without their people. But agriculture is not considered a glamourous career, so we are increasingly working with universities and colleges to help encourage bright students who are excited by the challenge of producing more food from fewer resources.

We have also launched a postgraduate scholarship programme for change catalysts in Africa, with a focus on business management, governance and development economics. Over the past 12 months, students from Nigeria, Ghana, Côte d'Ivoire and Ethiopia have started courses at Harvard and INSEAD business schools, The London School of Economics and Political Science, and The Lee Kuan Yew School of Public Policy.

We must invest in technology

Data is transforming the way we operate, enabling far greater precision at every level. Agriculture has much to gain if we can adapt the technological advances both for our operations and to demonstrate progress and stewardship to stakeholders.

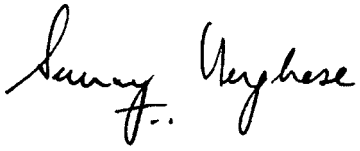
We must collaborate

Olam would not be where we are today without our partners, from the Development Finance Institutions to the NGOs, our customers and university partners. At a last count, we had over 50 active partnerships, each of us coming with our own capabilities, skills and agenda but yet finding common ground to develop effective solutions for the local community. Certainly while Olam is committed to tackling many of the issues outlined so comprehensively by the UN Sustainable Development Goals (SDGs), deep and positive impact can only be made if we collaborate on resources in manpower, expertise and finance.

And, finally, we must be brave

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

The road is still long, and we can expect some bumps along the way, but I believe that with the support of our partners, we will deliver on our own goals which in turn will contribute to the delivery of the SDGs and a more inclusive world.



Sunny Verghese
Co-Founder and Group CEO

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

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

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

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

* The fiscal year of the Company was changed from June to December to align with the Group consolidation and reporting requirements of our majority shareholder, Temasek Holdings. With this change, FY15 covers an 18-month period from July 2014 to December 2015.

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

Financial and Performance highlights

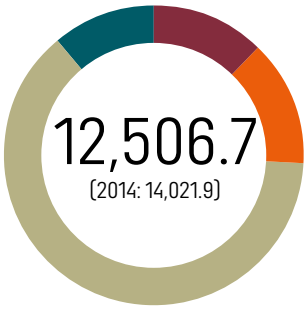
Shareholding structure

Full details of our 2015 financial performance can be found in our 2015 Annual report titled *Focused, Differentiated, Sustainable*.

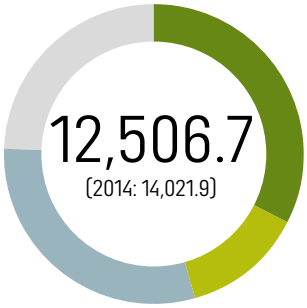
Shareholder	No. of Shares	Holdings
Temasek Holdings	1,425,141,217	51.39
Mitsubishi Corporation	554,689,829	20.00
Orbis Funds	212,311,496	7.66
Management (Executive Committee)	176,216,250	6.35
Kewalram Chanrai Group	133,498,532	4.81
Others	271,591,818	9.79
Total (excluding treasury shares)	2,773,449,142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

Volume

Sales volume by segment
('000 metric tonnes)



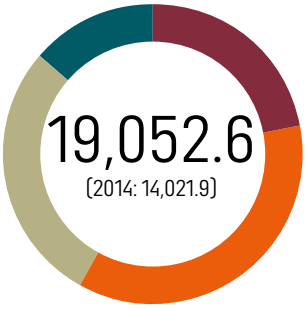
Sourcing volume by region
('000 metric tonnes)



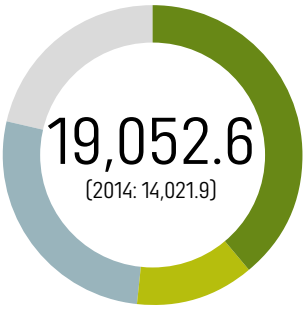
Edible Nuts, Spices and Vegetable Ingredients	12.4%
Confectionery and Beverage Ingredients	13.5%
Food Staples and Packaged Foods	63.2%
Industrial Raw Materials	10.9%
Asia and Middle East	32.6%
Africa	13.1%
Europe	29.9%
Americas	24.4%

Revenue

Sales revenue by segment
(S$ million)



Sales revenue by region
(S$ million)



Edible Nuts, Spices and Vegetable Ingredients	22.2%
Confectionery and Beverage Ingredients	36.0%
Food Staples and Packaged Foods	28.3%
Industrial Raw Materials	13.5%
Asia and Middle East	39.1%
Africa	12.8%
Europe	26.8%
Americas	21.3%

	S$ million / 2015	S$ million / 2014
	12M ended Dec'15	12M ended Dec'14
PATMI*	(114.9)	597.2
Operational PATMI	295.6	294.3

Please see Q1 2016 press release and Management Discussion and Analysis regarding restatement of 2015 financial statements due to changes in accounting standards (SFRS 16 and SFRS 41).

*(Profit after tax and minority interest)

2015
Sustainability highlights

Helping rural communities to thrive so farmers want to stay farming

- 215 ongoing community-based initiatives globally supporting productivity, education, health and rural infrastructure
- 5th year of the award-winning Olam Livelihood Charter which covered 23% of all smallholder procurement in 2015
- Launch of the Olam Healthy Living Campaign which will reach over 270,000 people in Africa
- Winner of the Sustainable Business Awards Singapore for *Sustainability in the Community* category

Investment and partnerships for impact

- US$36 million invested in sustainable supply chain initiatives in FY15
- 50 global partnerships with customers, foundations, Development Finance Institutions, technical NGOs and trade bodies

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 thousands of cocoa smallholders
- GPS mapped almost 200,000 smallholder-owned 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

- 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

Indonesian cocoa farmer.

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
- First company to field test the HCS^{+} methodolgy for palm

Water

- 2020 water targets for Olam plantations and farms achieved by end of 2015 (>10% improvement in blue water intensity)
- 120,000 OLC farmers trained in sustainable water management

Mitigating and adapting to climate change impacts

- Achieved Olam's 2020 greenhouse gas (GHG) intensity targets for plantations / farms, and Tier 1 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 2-year term on the Steering Committee of the UN CEO Water Mandate
- Became a board member of the Sustainable Coffee Program
- Contributing to the development of an Industry Rubber Standard
- Participated in events at the Paris Climate Talks
- Supporting governance and business management skills in emerging markets with launch of Postgraduate Scholarship Programme for Change Catalysts in Africa

Olam's Goals

Our 7 material areas and 10 goals align to both our business requirements and to some of the world's greatest developmental challenges: food security, water security, energy security, climate change, sustainable growth, and inclusive growth. These challenges directly impinge on our sustainability as an agri-business.

Our wide reach across global agricultural supply chains places us in a unique position to positively impact the 3 pillars of sustainable development: people, planet and prosperity. We therefore uphold the United Nations Sustainable Development Goals (SDGs), particularly "Zero Hunger", "Good Health and Well-Being", "Sustainable Consumption", "Climate Action" and "Partnerships".

We continually review and strengthen our sustainability Goals and Objectives to ensure that they drive our strategies toward responsible growth, and have set 12 new objectives for 2020.

For example, our long-standing commitment to workers' rights is formalised with new objectives for diversity, and for compliance with ILO principles, and we are stepping up our fight against the worst forms of child labour among suppliers.

Our Packaged Foods Business (PFB) and Grains business are already combatting malnutrition in West Africa by producing micro-nutrient fortified foods. New environmental targets have been set for renewable energy, reducing GHG emissions, and participating in water stewardship programmes. We have also revised some goals due to changes in business strategy, or, as in the case of our post-harvest loss goal, due to measurement practicalities.

However, as can be seen by our Goals and in reading our Material Areas, we made substantial progress in 2015 and have already made strong in-roads to 2016. We take this opportunity to thank all of the teams in Olam, and to our partners, who are gradually turning each Goal into reality.

Coffee 'outgrower' farmer in Tanzania

2016 - 2020 Objectives	2015 Target	Achieved against 2015 target	2020 Target	Outlook for 2020 target
GOAL 1. Economic opportunity and inclusion (Material area: Livelihoods)				
1.1. Smallholder farmers are supported through the Olam Livelihood Charter (OLC) principles	450,000 farmers in the OLC.	344,466 farmers by end of 2015. Target 77% achieved due to business restructuring. Refer to Livelihoods Q&A section of our online report.	Bring 1 million hectares under the OLC with an estimated 500,000 farmers. Metric revised in line with business restructuring. Refer to Livelihoods Q&A section of our online report.	⊙
1.2. Suppliers comply with the Supplier Code	Connected to our network of partners via the Supplier Code: 50% overall tonnage (of which 60% is from large-scale farmers).	Progress behind schedule. 30% of overall tonnage now under the Supplier Code (of which 60% is from large-scale farmers). For challenges in implementation see Supplier Code section under 'How We Do It' of our online report.	100% of priority products covered by the Supplier Code: cashew, cocoa, coffee, cotton, hazelnut, palm and rubber.	
1.3. Women are economically empowered within our supply chain	Train 50% of Olam Livelihood Charter (OLC) female farmers.	Target achieved. 63% of female OLC farmers (67,708).	Support 100,000 women to access economic opportunities, including female farmers, processors, distributors, and workers supported or employed by Olam. Metric expanded to support women across our supply chain, in addition to OLC farmers.	⊙
1.4. Elimination of child labour	As new objective, no target set in 2015.		No breaches in compliance reported or observed in audits.	+
1.5. People have improved livelihoods potential through enhanced skills, economic resources and infrastructure	As new objective, no target set in 2015.		750,000 beneficiaries, including estimated 500,000 smallholders, plus other beneficiaries of capacity-building, cooperative support, school support, access to finance, producer goods, and economic infrastructure initiatives.	+
GOAL 2. Good health and well-being (Material area: Livelihoods – some overlap with Labour)				
2.1. Workers have access to health, water, and sanitation infrastructure	As new objective, no target set in 2015.		100% of Olam's direct operations are compliant to the Olam WASH Standard.	+
2.2. People have improved health and well-being	As new objective, no target set in 2015.		Olam Healthy Living Campaign positively impacting on 250,000 people, including community beneficiaries of health, water, and sanitation infrastructure, health education campaigns, HIV testing, health check-ups, access to insurance initiatives, and similar services.	+
GOAL 3. Sustainable development and use of land-based eco-systems (Material area: Land)				
3.1. Protection of eco-systems, High Carbon Stock forests, and High Conservation Value forests	Mitigation of greenhouse gas emissions from development on Olam-managed plantations, concessions and farms by ensuring no conversion of High Carbon Stock.	Target achieved. Due diligence, Environmental Impact Assessments (EIA) and third-party verified audits completed.	100% of Olam-managed plantations, concessions and farms to have implemented their Land Management Plan.	⊙
3.2. No community based conflict on Olam-managed plantations, concessions and farms	As new objective, no target set in 2015.		100% of Olam-managed plantations, concessions and farms to have implemented their Free, Prior and Informed Consent (FPIC) process and their Social Action Plan.	+
3.3. Reduce indirect land impacts from third-party farmers and suppliers	Connected to our network of partners via the Supplier Code: 50% overall tonnage (of which 60% is from large-scale farmers).	Progress behind schedule. 30% of overall tonnage now under the Supplier Code (of which 60% is from large-scale farmers). For challenges in implementation visit our 'Supplier Code' section under 'How We Do It' of our online report.	100% of priority products covered by the Supplier Code: cashew, cocoa, coffee, cotton, hazelnut, palm and rubber.	○

Key for "Outlook for 2020 target" ⊙ **On target** ○ **Started** + **New**

2016 - 2020 Objectives	2015 Target	Achieved against 2015 target	2020 Target	Outlook for 2020 target
GOAL 4. Sustainable use of water resources (Material area: Water)				
4.1. Increased water use efficiency in Olam's direct operations	5% reduction in surface and groundwater intensity in Olam-managed plantations, concessions and farms from 2013 baseline.	2015 target achieved.	2020 target achieved. Revised 2020 target to be determined in 2016.	⊙
	10% reduction in process water intensity in Olam Tier 1 factories from 2013 baseline.	Progress behind schedule. Improved water metering at 100% of factories. Baseline and target to be reviewed in light of improved data from metering and business restructuring.	10% reduction in process water intensity in Olam Tier 1 factories from 2013 baseline. 2020 target to be determined during 2016 following improved water metering and business restructuring.	
4.2. Increased water use efficiency in priority supply chains	Establish baseline and set target for third-party suppliers.	Progress behind schedule. Olam Livelihood Charter programme water risk mapping in progress.	100% of priority supply chains to have Water Resource Management Plans.	○
4.3. Improved water discharge quality from Olam's direct operations	Establish baseline to minimise the impact of water discharges.	Water discharge limits in place for Olam Tier 1 factories. Olam's Plantations and Farming Community of Practice established to support the development of erosion prevention, nutrient and integrated pollution management programmes.	100% compliance with wastewater discharge limits.	○
4.4. Long-term equitable water access and usage	As new objective, no target set in 2015.		100% of Olam's direct operations in high water risk areas to participate in a water stewardship programme.	+
GOAL 5. Reduced greenhouse gas emissions (Material Area: Climate Change)				
5.1. Increased energy efficiency	Reduce GHG intensity from fossil fuels by 5% from 2013 baseline.	Target achieved. Achieved target GHG intensity reductions in Olam's direct operations. Implemented GHG intensity vetting of marine vessels.	2020 target achieved. Revised 2020 target to be determined in 2016.	⊙
5.2. Avoided GHG emissions	As new objective, no target set in 2015.		All Olam farms, plantations and Tier 1 factories to have implemented their 2020 GHG reduction plans to increase (1) Operational efficiency (2) High Carbon Stock approach to land development (3) Climate-Smart Agricultural practices.	+
5.3. Increased share of renewable energy	As new objective, no target set in 2015.		25% of energy derived from renewable and biomass sources at Olam's Tier 1 factories (from 2015 baseline - 15%).	+
GOAL 6. Increased resilience to climate-related risks (Material Area: Climate Change)				
6.1. Reduced agricultural vulnerability to climate risks for OLC farmers and Olam-managed plantations, concessions and farms	Increase business resilience through adaptation: identify and develop adaptation programme for top 3 Olam products at risk.	Progress behind schedule. Olam 2020 Climate-Smart Agriculture Programme in development.	Implement the Olam 2020 Climate-Smart Agriculture Programme.	○

2016 - 2020 Objectives	2015 Target	Achieved against 2015 target	2020 Target	Outlook for 2020 target
GOAL 7. Zero-harm workplace (Material area: Labour)				
7.1. Eliminate serious incidents	Reduce Lost Time Injury Frequency Rate (LTIFR) in Olam processing operations by 25% to 0.9 (from 2014 baseline of 1.2).	Target exceeded: 50% reduction to 0.6.	Reduce LTIFR to 0.3 in Olam processing operations (a further 50% reduction from 2015 actual).	◎
	Strengthen reporting procedures and establish baseline safety indicators, including LTIs*, to reduce LTIFR in plantations, concessions and farms.	All locations, including plantations, concessions and farms have been included in safety training, including incident reporting, so baseline safety metrics will be available in 2016.	Reduce LTIFR in Olam-managed plantations, concessions and farms by 50% from baseline determined in 2016.	◎
7.2. Sustain health and safety behaviour change programme	Introduce a behavioural safety approach.	2015 baseline: 80% employees have been trained on Behavioural Safety via an in-house programme 'A Safe Olam'.	All locations routinely report unsafe acts and unsafe conditions, and near misses.	+
GOAL 8. Respect for workers' rights (Material area: Labour)				
8.1. Olam complies with ILO principles	As new objective, no target set in 2015.		No moderate and severe breaches of compliance reported or observed in audits.	+
8.2. Diversity strategies are implemented	As new objective, no target set in 2015.		100% of businesses with >100 employees to have a documented and reported diversity strategy.	+
GOAL 9. Food security and nutrition (Material area: Food Security)				
9.1. Workers are educated on, and can access, nutritious foods	Develop internal standard to apply Global Nutrition for Growth Compact to Olam's workforce.	Standard to be finalised. Launched Healthy Living campaign across 20 businesses in Africa. This initiative targets disease prevention, food security, and nutrition for workers.	Conduct nutrition education or access initiatives for the workplace for 100% of target businesses, to be determined in the Standard.	○
9.2. Increased availability of micronutrient fortified foods	As new objective, no target set in 2015.	Baseline = 24 billion servings in 2015.	Produce 40 billion servings of micronutrient fortified foods.	+
FY15 target to reduce product loss across the supply chain now incorporated in Goal 2.				
GOAL 10. Safe and reliable foods for our customers (Material area: Food Safety)				
10.1. Food processing facilities meet international quality and food safety standards	Achieve ISO 22000 or BRC certification in 75% of our top 50 processing facilities.	67% of the top 61 processing facilities have now achieved FSSC 22000 or BRC certification (due to acquisitions in 2015 number of top processing units increased from 50 to 61).	100% of relevant processing facilities to be FSSC 22000 or BRC certified.	◎

* Lost Time Incidents

Key for "Outlook for 2020 target" ◎ **On target** ○ **Started** + **New**

Strategy

Pest controller reviewing almonds in California.

Our overall approach to sustainability

Olam endeavours to generate economic prosperity, contribute positively to social welfare and manage our stewardship of the environment in a sustainable way, so as to assure the creation of real long-term value for all.

In this section we cover:

- Our overall approach to sustainability
- Growing Responsibly, Sustainability Vision and Principles
- CR&S strategic objectives
- Summary of our CR&S Function deliverables in FY15
- Listening to stakeholders
- Stakeholder engagement in FY15
- Meeting reporting needs
- Our material areas

Our approach to sustainability

It is fair to say that in our very early years, providing sustainable solutions to these immense challenges were not high on our agenda. However, as we have matured, we see our responsibility in helping to overcome them. Yet, as a commercial company, with investors to answer to, and employees to pay, we have always maintained that our sustainability activities must make business sense, if not in the short-term then certainly in the long-term. In this way, we also ensure that our approach is structured, targeted and inclusive, avoiding the risk of abandoning initiatives (and people) mid-flow.

Understanding the context in which we operate

Perhaps more than any other sector, agriculture faces huge sustainability challenges that are interlocked and complex. At a global scale, our operations and those of our suppliers are at risk of climate change, poor soil quality, water scarcity and energy security. And as the global population is set to reach 9.6 billion by 2050 according to the UN, the risk of further depleting our natural resources to ensure global food security adds additional challenges.

While to many in the developed world, these issues can feel somewhat removed from daily life, it is far from so in the emerging markets holding much of our operational footprint. We source from a network of 4 million smallholder farmers in Africa, Asia and South America, where, due to stretched government resources, they usually have limited education and healthcare, little agri training and their yields and incomes are far lower than they could be. We therefore seek to support as many as we can to improve yields and incomes. We call this 'Unlocking Mutual Value'.

Coffee farming in Vietnam.

How our sustainability thinking developed

1989 – 1992

Ethos of Compliance.

As a trader of commodities from emerging markets, we began by building necessary infrastructure to get the crops to the ports e.g. roads, bridges, warehouses.

1993 – 2004

Ethos of Contribution.

As we began working directly with the farmers (reducing the dependency on middlemen) we recognised we could achieve better quality and volumes by supporting farmers with agri-inputs like fertiliser, training and micro-finance, as well as social investments like schools and clinics to reduce risk such as child labour and farmers suffering from poor health.

2005 (year of IPO) – 2011

Ethos of Mutuality.

We formalised our ethos of unlocking mutual value for our farmer suppliers with the launch of the Olam Livelihood Charter in 2010.

2012 – today

Core Purpose of Growing Responsibly.

Formalised in the overall strategic framework of Olam after our governing objective of maximising long-term intrinsic value for our continuing shareholders.

Sesame Farmers in Nigeria.

Growing Responsibly, Sustainability Vision and Principles

Growing Responsibly

Before outlining our Sustainability Strategy, it's important for our stakeholders to understand that our core purpose of Growing Responsibly is not just a sustainability initiative. Rather it is embedded within Olam's overall business framework. It describes how we do our business every day and therefore all business units, geographies and functions are accountable for living this ethos.

Growing Responsibly seeks to ensure that profitable growth is achieved in an ethical, socially responsible and environmentally sustainable manner. As can be seen from the 3 supporting pillars, Growing Responsibly doesn't just mean protecting the environment and supporting farmers and communities.

By including Commercial factors, such as having a sound business model with strong risk management and governance, we protect our investors, shareholders and employees, which in turn means we have a resilient and sustainable business for our farmers, suppliers and customers.

Our vision

The Sustainability strategy is therefore implemented under the framework of Growing Responsibly, primarily focusing on the Social and Environmental pillars.

It is driven by the Corporate Responsibility and Sustainability Function (CR&S) with the Manufacturing and Technical Services (MATS) function playing a key role. Other functions including Human Resources, Treasury, Risk and Corporate Communications also contribute.

In 2011 we set ourselves an ambitious vision of achieving end-to-end sustainable supply chains by 2020. By this we mean that we can trace all product back to community level, communities prosper and natural resources are respected and protected. Not only will this differentiate our business and fulfil the increasing need from customers for sustainable products, it will ensure we continue to have the product volumes.

Please turn to our section on 'Olam's Goals' for more detail.

Our guiding principles

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

Commercial	Environmental	Social
• Strong governance • Transparency • Reliable systems • Risk management	• Being good stewards of the environment • Protecting the natural capital essential to our business	• Improving the livelihoods of those communities where we work • Providing a fair, safe and healthy workplace for our people

CR&S strategic objectives

The Corporate Responsibility and Sustainability Function (CR&S), takes the lead in driving many of the sustainable practices. Led by Senior Vice President, Chris Brett, the team has 4 strategic objectives which seek to address both the direct risks (growing, processing, and distribution) and indirect risks (sourcing, trading) in our supply chain.

However, our strategic objectives are not just about risk mitigation. They also seek to open up profitable opportunity for Olam, while unlocking mutual value for our suppliers or other stakeholders.

Objective	Definition	Example of a short-term business benefit	Example of a long-term business benefit
1. Risk mitigation	Mitigate sustainability risks to business, environment and society.	We avoid costly legal claims from communities by ensuring that we have a robust stakeholder engagement processes (FPIC)* when developing land.	We build trust with stakeholders and protect our brand values and reputation.
2. Growth promotion	Promote increased volumes of sustainably sourced and processed products.	Multi-national customers want to form long-term purchase agreements.	Development Finance Institutions provide favourable longer lending terms based on our successful model of delivering inclusive growth.
3. Environmental responsibility	Use land and water resources efficiently and minimise GHG emissions.	We reduce costs through energy savings.	We help to limit climate change impacts on crops.
4. Social responsibility	Promote better livelihoods, good labour practices and local food security.	Farmers stay loyal to Olam and don't side sell to competitors at harvest time.	Farmers are not forced out of their communities by high food prices or the need to increase incomes.

See more in our FY15 Highlights

* Free, Prior and Informed Consent

Strategic pillars

To deliver on our 4 CR&S objectives we have 4 pillars:

Objectives

- **Risk mitigation:** mitigate sustainability risks to business, environment and society
- **Growth promotion:** promote increased volumes of sustainably sourced and processed products
- **Environmental responsibility:** use land and water resources efficiently and minimise GHG emissions
- **Social responsibility:** promote better livelihoods, good labour practices and food security

Strategies and implementation	Accountability and skills	Increasing impact through partnerships	Monitoring and communication
Growing Responsibly: further embed the framework with clear goals and targets, aligned to global best practices.	**Awareness:** continue to build awareness of the Growing Responsibly Agenda and embed across Olam.	**Local capacity:** invest in supply chain partners (smallholders, SMEs etc.).	**Measure progress:** monitor and communicate progress against Olam's goals and reporting commitments.
Risks: help identify and mitigate risks.	**Skills:** build skills and transfer learnings for operational execution.	**Supplier Code:** ensure compliance.	**Data capacity:** support robust data collection.
Brand and standards: develop a recognisable sustainability brand and standards.	**Accountability:** hold managers accountable for compliance.	**Development partners:** develop value-adding partnerships for delivering and scaling up sustainability initiatives.	**Impact analysis:** ensure consistent analysis of impact.
Due diligence: continue to ensure responsible land development practices.	**Leadership:** promote leadership visibility for Growing Responsibly.	**Global influence:** help advance the international sustainability agenda.	

More detail and examples of how we are implementing across these strategic planks can be found throughout this Report.

Almond orchards in Australia.

Summary of our CR&S Function Deliverables in FY15

In addition to the long-term goals and targets that we have set ourselves across products and geographies, FY15 saw the CR&S Function focus and deliver on the following key areas:

Strategy

(1) Strengthen the framework for sustainable strategies	(2) Strengthen operational capacity to execute: 'embed CR&S'	(3) Implement, review and improve

Risk identification and 'course correction'

All required corporate governance achieved: Quarterly CR&S Board Committee meetings.

Goals: reframed the 2014 material area aspirations as 10 Goals with defined indicators.

Policies: updated and aligned to the 10 Goals and international standards (3 updated – H&S, Quality and Environment; 2 x under development HR & Social). Code of Conduct also revised (signed off by the Board in 2016).

Internal audit: aligned relevant audit sections to key policy points and standards.

CR&S meets: 1st cycle (Dec 2014) introduced concepts, material areas, planning and communication. 2nd cycle delves into soil, climate change, food security, labour with 90 participants (21 managers) from Côte d'Ivoire, Ghana, Nigeria, Cameroon, Gabon and Tanzania.

Training library: launched with 100+ materials online.

Topical newsletters and guidance: distributed and placed on the intranet.

'Safe Olam' Training of Trainers Programme: with supporting roll-out globally.

Targeted project support: identified commercial partnership opportunities, designed results frameworks, advised on traceability, monitoring and evaluation; and stakeholder engagement.

Supplier Code roll-out: launched across Latin America, Africa, Palm and Rubber.

'Healthy Living' Campaign 2016: devised and launched for Africa (Dec 2015), targeting workers and suppliers for disease prevention and nutrition.

G.R.O.W. initiated in Ghana and Côte d'Ivoire (Globally Reaching Olam's Women).

Listening to stakeholders

Given the extent of our business – sourcing, trading, growing, processing and distributing crops and raw industrial materials, many considered to be 'high-risk' sustainability-wise, and many in emerging markets, Olam has a wide and diverse stakeholder base.

This includes:

- Employees
- Investors
- Large and small-scale farmer suppliers
- Communities
- Customers from multi-national brands and retailers to SMEs
- Campaigning NGOs
- Technical NGOs who are partners in many cases
- Financiers, including Development Finance Institutions
- Governments
- Regulatory bodies such as the commodity exchanges
- Industry standard bodies
- Trade associations
- Certification partners
- Foundations
- Research Institutions

Planting palm in Gabon.

Farmer training in Nigeria.

Stakeholder engagement in FY15

Stakeholder engagement has to happen at every level of the business, across products, geographies and functions.

In 2015 Chris Brett alone, as the Global Head of CR&S at Olam, had meetings (private or as part of an industry meeting), or phone calls or other forms of communications with the following Non-Government Organisations:

- WWF
- FSC®
- Greenpeace
- Forest Heroes
- High Carbon Stock Study Group
- Save the Children
- Global Witness
- Rainforest Foundation UK
- TechnoServe
- ACDI VOCA
- Conservation International
- Rainforest Alliance
- Fairtrade
- HIVOS
- Landesa
- OXFAM (Americas & UK)
- Rights & Resources Initiative

Industry working groups where Olam participates on sustainability issues:

- RSPO – alternate board member representing growers from Rest of World
- FSC®
- Sustainable Natural Rubber initiative
- Sustainable Rice Platform – founding member and steering committee
- Sustainable Coffee Program – steering committee member
- CocoaAction – founding member
- Better Cotton Initiative – steering committee member
- The World Business Council for Sustainable Development (WBCSD) Low Carbon Technology Partnership Initiative (LCTPi) – Co-Chair for Climate-Smart Agriculture

We then take the outputs from these discussions and see whether they apply to our overall CR&S strategy, or to individual product strategies. This includes cross-checking with our stakeholders that our material areas as presented in FY13 and FY14, are still the most relevant – see the separate section on our 'Material Areas' for more information.

Some key opportunities that arose from this engagement in FY15 include:

- Contributing to the development of an industry Rubber Standard
- Participation in the High Carbon Stock Science Study for palm carbon thresholds in highly forested countries (see also our section on 'Climate Change')
- Participation in the RSPO Emission Reduction Working Group to provide guidance on low carbon development
- Participation in the Paris COP21 WBCSD events endorsing the agreed global commitment and announcing measurable actions will Olam will implement.

It is also worth highlighting that as part of our 25th Anniversary celebrations, Olam launched a Portfolio of Perspectives, seeking contributions from those inside and outside our sector, who have a perspective on how the issues facing the world, and a business such as Olam's, can be overcome.

We asked each contributor to take the theme 'Transcending Boundaries' which is the meaning of the word Olam. We had many thought-provoking articles from inspiring and diverse individuals including:

- Paul Polman, CEO of Unilever
- Sir Jonathan Porritt
- Noeleen Heyzer, Social Scientist and Former United Nations Under-Secretary-General
- Jim Rogers, founder of the Rogers International Commodity Index®
- Jason Clay, Senior Vice President, Food and Markets at WWF

Rubber trees in Côte d'Ivoire.

Harvested cocoa pods.

Areas of stakeholder concern in FY15:

Below we list key areas of stakeholder query or concern for FY15. Given the wider industry issues around the development of palm, it is not surprising that it is one of the most asked about product areas. Across all products, however, we fully recognise that we have a number of goals and targets yet to reach.

Stakeholder	Issues raised and our responses
People's Movement Against Haze	There was an allegation that Olam contributed to the Singapore haze due to the forest fires in Indonesia. We explained that Olam does not have plantations in Indonesia, only in Gabon. We also provided an update on our mapping of third-party sourcing targets, as listed in our Palm Policy.
Forest Heroes	Forest Heroes requested a formal update on our palm business, particularly on carbon and traceability. We presented the Palm Policy updated with new mapping targets and our Commitment to Forest Conservation. You can read more on Palm in our 'Land' section of this report.
FSC®	In October 2014, FSC® temporarily suspended the Forestry Management FSC® Certificate for the Forest Management Units (FMU) of Pokola and Kabo in our Republic of Congo concessions while some areas raised in the audit were addressed. Following the next audit (March 2015), the Certificate was reinstated by FSC®. Today CIB* has an individual Forestry Management Certificate for each FMU. Certificates: * FSC® License numbers: CIB Kabo - FSC-C128941; CIB Pokola - FSC-C014998; CIB Loundoungo - FSC-C104637.
Misereor	Misereor released a report on the impact of large-scale agriculture in Tanzania on communities. A case study was included on Olam stating that we had labour and community issues at our Tanzania coffee plantation. We provided a detailed written response, plus hosted the NGO with their invited journalists at the plantation. Prior to the visit, no opportunity was granted to discuss the findings of the Report with Misereor for which the research was undertaken in March 2014, yet only presented to Olam in May 2015.
Danwatch	We were asked to participate in an industry survey investigating labour abuses by Brazilian coffee plantation owners. We confirmed that we stopped purchasing coffee from a particular plantation owner as soon as he was put on the Government blacklist in 2013. Before this time we had not been made aware of any investigation by the authorities. Today all of our Brazil coffee suppliers have signed the Olam Supplier Code.

It must be said that any issue that arises is also treated as an opportunity to improve our processes and standards. We seek to share that learning across the business. A key achievement for FY15 was the launch of 2 Communities of Practice (CoP) for Trading, and for Plantations and Farming. We always had groups that sought to share best practice but the CoPs have much more formal objectives and goals, answerable to the Executive Committee and Board. In addition in FY15, we launched a new intranet, which thanks to its design and functionality, has the opportunity to be business transformational in terms of sharing learnings.

* Congolaise Industrielle des Bois, a subsidiary of Olam International.

Meeting reporting needs

Following the launch of the FY14 CR&S Report, "Connectivity in the Landscape", we issued a detailed survey.

Cotton in Australia.

FY14 CR&S Report, available at olamgroup.com/resources

Survey feedback and learnings

- 94% of respondents felt that the report had clearly identified material issues for Olam and its key stakeholders
- 87% of respondents felt adequately informed of Olam's sustainability practices
- 73% of respondents felt that the report communicated Olam's sustainability performance very clearly
- 67% of respondents felt that Olam's aspirations and timelines for commitments were easy to understand.

The highest rated section of the report was the 'CEO Spotlight', and the lowest rated was the 'collaborating for wider impact' section.

The question, *"What would help improve the report?"* received thoughtful and valuable feedback. While there were idiosyncrasies in each, there were recurrent themes:

Content

Several respondents felt that more detail would improve the report, feeling that in places it was too "anecdotal". Several said that the report would benefit from additional insight from wider stakeholders. Some respondents felt that, while the report was transparent, it would be improved by displaying and discussing problems that Olam is facing and that there could be "more openness" about failures and the difficulties in some areas of the business.

Format

In contrast to those who thought more detail was required, others remarked that the report was "too long", and suggested that it might be good to use "simpler language". There were several comments on the font, with 3 people stating that the size needed to increase. It was suggested that future reports be available online-only and with an Executive Summary. Respondents also felt the report could benefit from more graphics and visuals.

Based on this feedback we have therefore launched our first online Corporate Responsibility and Sustainability Report, allowing us to provide more detail for those who want to see it. It allows us to demonstrate far more easily the interconnectivity across our business and bring forth some of the colleagues responsible for delivering on our strategy.

This year our report contains Standard Disclosures from the GRI (G4) Sustainability Reporting Guidelines. In addition, we have followed, as far as possible, the structure of the Global Reporting Initiative G4 'in accordance with' process. The GRI table in the 'How we Report' section within this Report, indicates where we have been able to report fully against material Aspect indicators and where only partially due to internal structures of data collection.

Finally, we believe that much of the content in this Report better explains our challenges than some of our standard web copy – we have noted that sustainability analysts reviewing our business just on the basis of external information have not always given us the scores we felt we deserved! We will therefore look to transfer key elements on our strategy, approach and positions on issues to the website.

All comments on this report are welcome, please email: crs@olamnet.com

Beauty in the beans: The importance of customer visits to origin

By Vancler Candini, Senior Director of Coffee Marketing, Olam International

When people think of coffee, they usually think of Brazil, Colombia or Ethiopia, but the world's second largest exporter today is actually Vietnam. It is also one of the world's most competitive coffee producers, with relatively low production costs and yields increasing steadily over the past 10 years, accounting for nearly 60% of global Robusta exports.

Vietnam has been producing coffee for over 15 years now, making the most of a range of initiatives introduced by the Government. These have created an enabling environment - promoting efficacy, reducing waste, lowering costs and promoting land tenure for farmers – all of which have not only catalysed coffee production, but deepened and broadened it too. Production is now branching out from mostly lower quality Robusta beans, which you find in instant coffee, to the less bitter Arabica beans that are superior in quality but require more expensive and complex handling, both at farm-level and during processing. As a result, Vietnam offers a good value, high quality alternative for customers looking for traceable, tailored coffee at a good price.

However, despite these promising statistics, I still hear whispers that the quality of Vietnamese coffee is not as good. One of the best and simplest ways to debunk this myth is to ensure that its exports are of the highest quality - which we make a top priority. We have developed a state-of-the-art fully equipped quality laboratory in each of our origins, including Vietnam, where we can test everything including screen size (a method used to classify and compare coffee beans), moisture content, blend development (the process blending coffee that results in a cup quality that is higher than any of the ingredients individually) etc., to ensure the quality is on par with its Colombian, Brazilian and Ethiopian siblings and that each lot is uniform. Once the quality of the bean has been assured, we roast the coffee lightly so our coffee cuppers are better able to detect the delicate flavours and notes. During a 2015 origin trip with one of our customers, we did a coffee cupping session together, where we completed a thorough quality calibration, during which they were able to assess the quality for themselves and determine if it fits within their specifications.

Hosting trips like this for our customers are invaluable not only so that they can taste the quality of the cup, but also so that they can meet the producers who grow the beans, which is the kind of access and relationships you cannot put a price on. They are able to see for themselves the measures we take to ensure the transparency and sustainability of our supply chains, and understand through conversations with farmers and our team on the ground how each origin's soil, weather, altitude and personality can affect each bean.

"It gives me a real sense of pride to be able to show our customers around our operations."

It also provides a great opportunity to bond with customers and tailor the production by making nuanced changes that meet their individual needs. We can discuss what direction they want to go in the long-term so we can ensure that we're in a position to meet their needs. These are the kinds of things that we cannot discuss in a 4-hour meeting, never mind over a conference call.

Of course though, there are still some core challenges that we face in Vietnamese coffee production, one of which is imbalanced fertilisation. We have noticed that many farmers are over fertilising their trees, leading to segregation of the soil, which will ultimately affect productivity.

Another similar issue is farmers over irrigating crops. Up to 70% of farmers are applying 30-40% more water to the trees than what is necessary. These are some of the issues that Olam works on with local farmers during our farmer training workshops. The workshops, currently operating in Đắk Lắk in the central highlands, include teachings on Good Agricultural Practices, Integrated Pest Management (whereby natural deterrents are used in favour of chemical pesticides),

Ripening coffee cherries, Vietnam.

Harvesting and post harvesting practices and record keeping of farm inputs. These sessions are led by Olam's experienced agronomy team and supported by agronomy experts from the local government. We have an interest in ensuring a long-term supply of coffee from Vietnam, so making it sustainable is of paramount importance to us.

As well as external certification or verification with bodies like Rainforest Alliance (RA) and UTZ, our sustainability efforts, both environmental and social, are formalised with our own Olam Livelihood Charter (OLC). Now in its second season as an OLC initiative, the Vietnam Coffee business supports over 6,800 smallholder coffee farmers – of whom 20% are women.

In 2015, all farmers were trained on Good Agricultural Practices enabling them to produce over 66,000 tonnes of certified or verified coffee (4C, UTZ, or RA) on their 16,400 hectares. The provision of 750 lockable storage cabinets for crop protection chemicals, combined with training on proper chemical application, helped to promote the safety of farmers and their families.

Farmers increased the shade tree density on their farms to 5% and improved their water and soil management practices as a result of environmental training and support. They were also trained to rejuvenate ageing plantations through replanting and grafting techniques. As Mr Bao, 54, a coffee farmer in An Phu hamlet, Ea Drong commune, Cumgar district, says,

"I am happy to be an Olam farmer because I have improved deeply my knowledge and skills in coffee farming practices as a result of Olam's training on better farming practices. We now have more consistent production with less investment thanks to instructions that I got from Olam".

Vietnam's coffee landscape has a promising future, but we need to work at increasing the international perception that it is a high quality and genuinely sustainable – not just high value – country of origin. Like many better known coffee producing countries, Vietnam's coffee beans have rightfully earned their place among the world's coffee connoisseurs.

Inspecting coffee cherries in Vietnam.

Our material areas

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

When considering operational boundaries, it can be seen that all of the material areas impact our indirect sourcing supply chains (large and small-scale farmer suppliers), while 6 (excluding Livelihoods) are also material to our direct operations (plantations, farms, processing facilities, offices etc.).

Although we report against each material area individually, they should not be viewed in silos, rather they interconnect to a greater or lesser degree depending on the landscape. This is why, on the ground, we always aim to take a 'landscape approach', which addresses risks and opportunities holistically – we tried to show this through picture-led case studies in our FY14 report. For 2015 however, we have opted to go for a deeper dive per material area.

Our material areas are also clearly aligned to our goals, objectives and targets, which are detailed in full in this Report. In turn, where applicable, these are aligned to the UN Sustainable Development Goals. We have chosen 5 SDGs to focus on as a Company, including SDG 1, 2, 12, 13 and 17. These relate closely to our activities curated under Livelihoods, Food Security, Labour, Land, Water and Climate Change. Partnerships, as highlighted by SDG 17, underpin almost everything we do.

Priorities within each material area

Livelihoods: impacts the smallholders in our third-party supply chain

Key focus areas raised by stakeholders include how we:

- Help smallholders improve incomes through better yields and quality
- Help smallholders gain access to markets
- Help smallholders diversify incomes
- Measure systematically the impact of our initiatives
- Support women

Land: impacts our direct and indirect operations

Key focus areas raised by stakeholders include how we:

- Undertake due diligence in land development
- Ensure community rights and land tenure
- Protect biodiversity
- Protect High Carbon Stock forest/reduce deforestation
- Improve soil quality/ reduce degradation
- Better understand the smallholder landscape

Water: impacts our direct and indirect operations

Key focus areas raised by stakeholders include how we:

- Map water impacts especially in water scarce regions
- Implement water stewardship best practices in our own operations
- Manage wastewater and effluent
- Ensure potable water and sanitation availability for workers and communities
- Support suppliers to implement best practices

Climate Change: impacts our direct and indirect operations

Key focus areas raised by stakeholders include how we:

- Measure our carbon footprint
- Risk assess and scenario plan to set mitigation and adaptation priorities
- Support smallholders

Labour: impacts our direct and indirect operations

Key focus areas raised by stakeholders include how we:

- Undertake Labour management in our operations (ILO standards compliant; fair standards; fair wages)
- Ensure the health and safety of our workforce
- Promote diversity, especially gender
- Tackle child and forced adult labour in our third-party supply chains

Food Security: impacts our direct and indirect operations

Key focus areas raised by stakeholders include how we:

- Reduce waste in own operations and in our third-party supply chains
- Help smallholders improve food crop production
- Support infrastructure development to reduce post-harvest losses

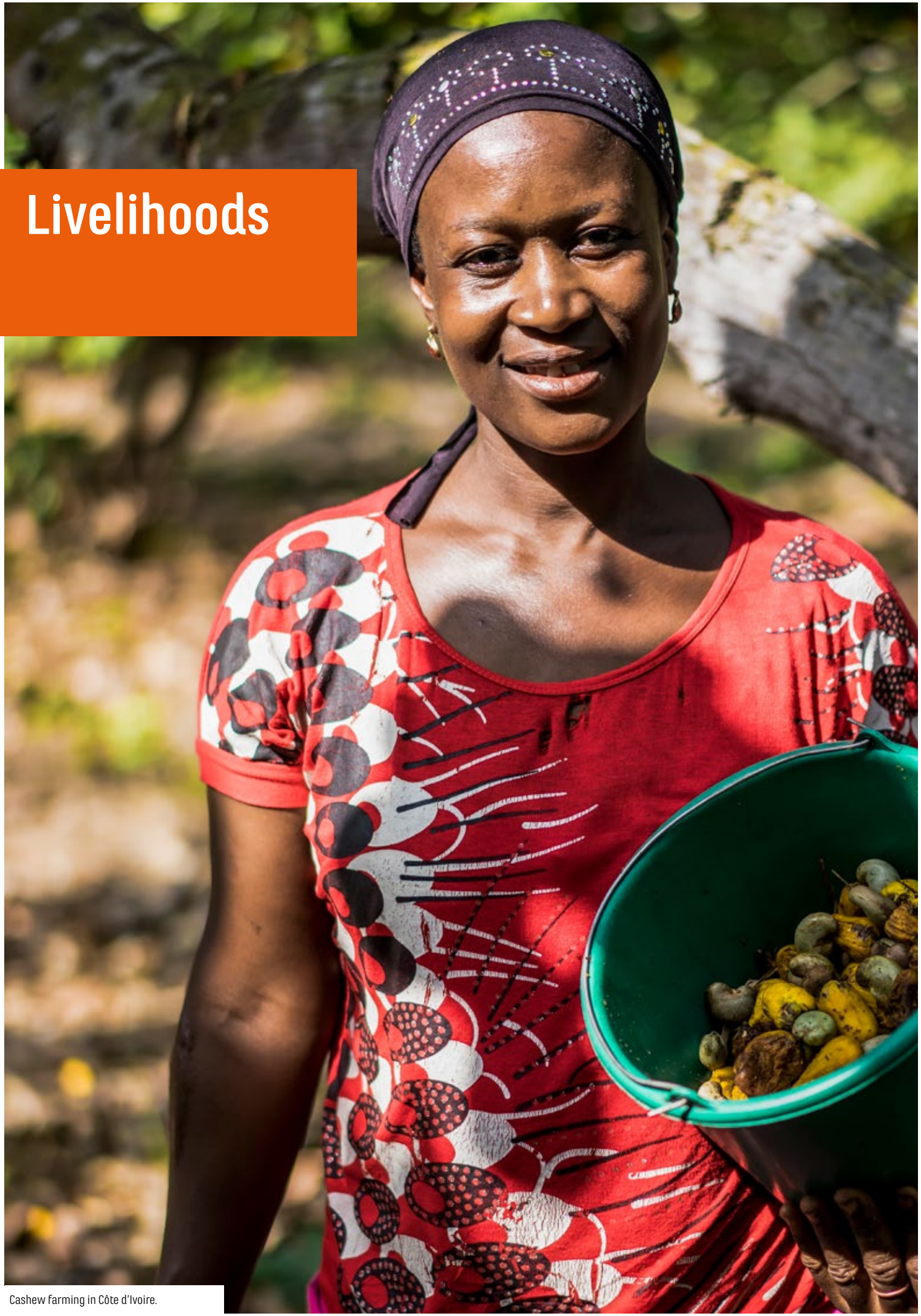
Food Safety: impacts our direct and indirect operations

Key focus areas raised by stakeholders include how we:

- Demonstrate chemical reduction in agriculture
- Improve traceability
- Ensure microbiological control
- Approach GMO

Additional information and case studies can be found at olamgroup.com/sustainability

Livelihoods



Cashew farming in Côte d'Ivoire.

Livelihoods

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

In this section we cover:

- How we support small-scale farmers, including challenges:
  - Language and trust
  - Culture
  - Lack of education and healthcare
  - Traceability and knowing the landscape
  - Crop quality and infrastructure
- Progress on Olam's goals
- Q&A with Chris Brett, Global Head of Corporate Responsibility and Sustainability
- A perspective on the challenges and importance of gender equality in agriculture by Julie Greene, CR&S Manager for Africa

Key 2015 achievements

- 5th year of the award-winning Olam Livelihood Charter (OLC)
  - 344,466 small-scale farmers embraced
  - Covers 23% of all 2015 smallholder procurement
  - 254,146 farmers trained in Good Agricultural Practices (GAP)
  - 63% of female farmers trained in GAP
  - US$177 million in short, medium and long-term financing
  - US$24 million paid in premiums for quality
- Roll-out of the Olam Farmer Information System (OFIS) enabling production of individual farm management plans for thousands of cocoa smallholders.

"When my husband passed 10 years ago, I started growing cocoa to support my 3 children but my hope for a better income from cocoa became less and less every year with disease and bad harvests.

Since then, the training, supports and motivation I have received from Olam helps me be more knowledgeable and energetic and I have increased my farm's cocoa production. I am hopeful that if this situation remains, my family's economy will be improved.

I promise to share my gained knowledge and encourage other farmers to put lots of efforts and maximise the benefits from the valuable knowledge, skills and supports of the programme so there will be more successful cocoa farmers from my village."

Why improving farmer livelihoods is material to our business

Agriculture is the single largest employer in the world, providing livelihoods for 40 per cent of today's global population. It is also the largest source of income and jobs for poor rural households (United Nations, Rio+20).

As an agri-business, sourcing and trading crops such as cocoa, cotton, pepper and tomatoes for our customers, we depend heavily on farmers across the world. It is therefore essential that today's farmers and future generations see a good livelihood in agriculture, whether they live in California or in Cameroon. If they don't, and decide to pursue a different source of income, our future volume of supply is at risk. Even with our own plantations, farms and orchards we cannot hope to match the supplies of the 4 million farmers in our supply chains.

Many of the challenges facing large and small-scale farmers are the same – everyone is at the mercy of the weather, climate change impacts, disease, over- and under-supply, exchange rates and global financial shocks. In 2015, our farmer suppliers were coping with:

- Over 4 years of drought in California (almonds, garlic, onions and tomatoes)
- El Niño weather cycles, which meant not enough rain in some countries (such as Indonesia, impacting cocoa, coffee and palm) and too much in others
- Depreciating currencies against the US dollar, such as in Nigeria and Ghana

Of course, for smallholders these issues are magnified 100-fold because they do not have the same level of access to the technology, science, and finance (including subsidies) reducing their resilience. There is a clear difference between being a farmer in either an emerged or emerging economy.

For this reason, we focus on smallholder livelihoods under this material area. Key points our stakeholders have raised include how we:

- Help smallholders improve incomes through better yields and quality
- Help smallholders gain access to markets
- Help smallholders diversify incomes
- Measure systematically the impact of our initiatives
- Support women

Whether small or large, Olam seeks to apply the principles of the Olam Livelihood Charter to help farmers achieve their potential. In this way, farmers are more inclined to view us as a trusted partner for the long-term.

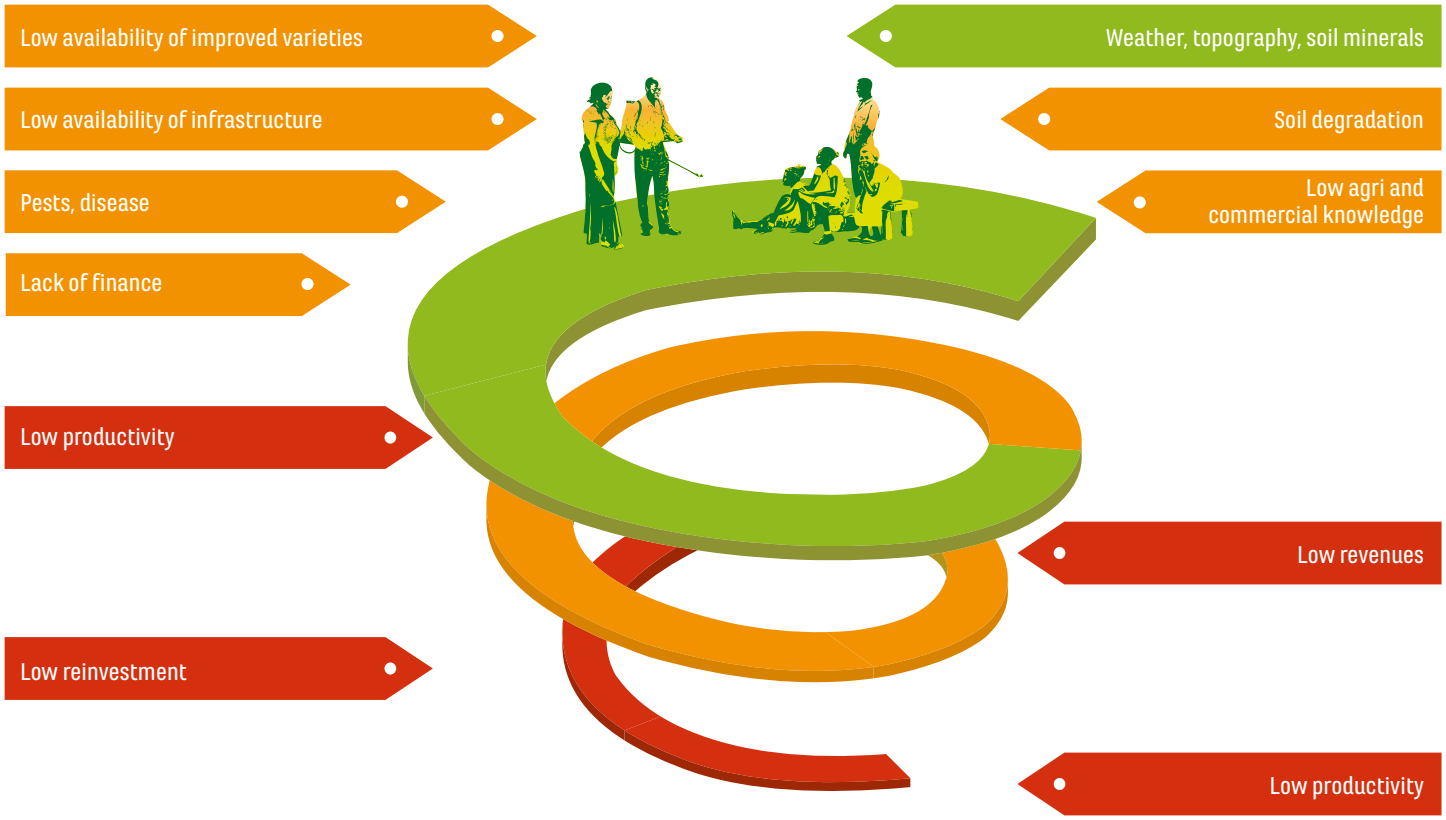
Farmer picking chilli in India.

How we support small-scale farmers

Of the 4 million smallholders in our supply chain, around 345,000 are embraced by the Olam Livelihood Charter. We also have direct buying arrangements with a further 655,000 whom we support with microfinance and/or inputs such as seeds or fertiliser. We buy from the remaining 3 million via licensed buying agents.

Many of these farmers are living at subsistence levels because they do not have access to vital infrastructure such as electricity, fresh water, education, healthcare and affordable finance. Coupled with poor application of Good Agricultural Practices, these farmers are trapped in a cycle of low productivity, with African farmers tending to be the least productive.

Farmers are trapped in a spiral of low productivity



Olam Livelihood Charter 2015 highlights

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

344,466
Farmers

1,263,228 tonnes
17 % on 2014
Sustainable Agricultural Products

36
20 % on 2014
Initiatives

10
Products*

17
Countries

647,512 hectares
4 % on 2014
Smallholder Land

197,948 hectares
134 % on 2014
GPS Mapped farms for traceability

254,146
Farmers
Received GAP Training (68% of female farmers trained in GAP)

1,110
7 % on 2014
Sustainability Staff

US$152 million
in short-term financing

US$24.8 million
in medium-term financing
3 % on 2014

US$527.38 million
market access paid to farmers
12 % on 2014

US$24.04 million
quality premiums paid
16 % on 2014

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

There is a clear business case for Olam to support these farmers. We need:

- Smallholders to keep growing their crop rather than choosing an alternative or giving up altogether and moving to the city
- To help smallholders maintain soil fertility and biodiversity to ensure long-term productivity
- Smallholders to increase their yields (some cocoa farmers in Africa have the potential to increase yields by up to 150%)
- Smallholders to improve the quality of their crop to meet international standards (which will help to reduce waste and improve incomes)
- Smallholders to sell to us rather than a competitor
- Access to niche cash crop markets such as cashew
- To maximise the processing assets that we have built in the growing regions – so even when we have our own commercial farm such as the 10,000 hectare rice farm in Nigeria with integrated mill, we can buy the tonnage from surrounding smallholders to run the mill at maximum capacity.

The Olam Livelihood Charter

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

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

OLC Principles

1. Finance
We offer farmer groups short, medium and long-term finance for crop production, purchasing and asset investments.

2. Improved yield
We invest in training and support farmers by the supply of inputs.

3. Labour practices
We train farmers on health and safety, gender inclusion, the elimination of child labour, and farming as a business.

4. Market access
We offer farmers a fair and competitive price.

5. Quality
We encourage farmers to produce good quality by enhancing value to farmers and our customers through paying premiums.

6. Traceability
We ensure products can be tracked to source and certified where required.

7. Social investment
We support rural health, education and infrastructure.

8. Environmental impact
We are improving our overall environmental footprint across the supply chain.

Andi Haerul Iksan, Cocoa farmer, Indonesia

"I have received lots of training from Olam and I have learned how to increase productivity up to 2 kg of dry beans per tree. The Integrated Pest and Disease Management training made me efficiently control the black pod disease. Frequent farm visits and support and motivation from the Olam sustainability team helps me feel more energetic. The most important thing is that I can provide a good education for my children. I am proud to say that I am the lead cocoa farmer in my village."

How we support small-scale farmers

Language and trust

While each country has its own national language, there are usually many dialects. So, in Côte d'Ivoire the national language is French, yet it is estimated that there are 78 dialects.

Our teams must therefore recruit and train field officers from the local areas. By the end of 2015 we had 1,110 dedicated OLC staff across Africa, Asia, Turkey and South America, many living all year round in the smallholder communities (an increase of 7% on 2014). We build strong relationships as the farmers see we don't just appear at harvest time to buy their crops, but we are there for the long haul.

Farmer training in Indonesia for Cocoa.

Cotton farmer in Côte d'Ivoire.

Culture

One of the biggest cultural challenges is how to reach women farmers. The UN World Food Programme estimates that if women farmers had the same access to resources as men, the number of people who are hungry in the world could be reduced by up to 150 million.

In 2015, we managed to increase the number of women farmers trained under the OLC by 6% to reach 67,708.

Explaining issues to farmers such as why children shouldn't undertake particular tasks on the farm can also be challenging. It might have been the custom for several generations and the parents see it as passing on learnings to their children who will inherit the farm, especially if there is no school in the area. This is why we complement farmer training on labour practices with investment in education.

In 2015 we constructed 5 primary schools (Côte d'Ivoire) and 2 school libraries (Indonesia), improved infrastructure and equipment at over 60 primary and secondary schools through computers, teaching materials, solar lighting and classroom and teacher housing renovation. Read more on how we tackle child labour in the 'Labour' section of this Report.

How we support small-scale farmers

Lack of education and healthcare

Farmer training can be hampered as many farmers have low levels of literacy and numeracy. By investing in literacy classes, and ensuring that training sessions are very image driven, with a translator speaking the local dialect, we can gradually help farmers to understand the training advice.

In 2015, we trained 13,400 farmers on business skills to enable them to better manage their finances and plan their farm activities to provide for their income and nutritional needs throughout the year.

Cocoa training in Nigeria on safe and appropriate pesticide use.

Lack of healthcare

Life expectancy in developing countries remains low, perhaps just 59 years for a man. This is compounded by poor nutrition, disease and an inability to treat minor ailments. This in turn impacts farm productivity – a study in Côte d'Ivoire found that during a single cabbage production cycle, farmers infected with malaria had 47% lower yields and 53% lower revenues. So, it is in everyone's interests to invest in the health of smallholder communities.

In 2015, we constructed 5 health clinics, improved access to clean water for 15,000 farmers through the construction of boreholes and other water systems, and ran health campaigns reaching about 200,000 people across Africa with education and on some occasions screening for HIV and malaria.

In December 2015, we launched the Olam 'Healthy Living' Campaign across Africa.

In 2016, 19 initiatives across Olam's cocoa, coffee, cotton, palm oil, packaged foods, rice and wood products businesses are expected to reach 270,000 people across Côte d'Ivoire, Ghana, Nigeria, Mozambique, Republic of Congo, Tanzania, Uganda and Zambia.

Olam Ghana's Healthy Living Campaign project, for example, aims to address not only HIV/AIDs and malaria, but also other infectious diseases and 'silent killers' such as high blood pressure, high blood sugar and hepatitis that are on the rise among communities. The Campaign will focus on free screenings and treatment, but also counselling on lifestyle changes as a preventative method to address root causes of illness and disease, reaching approximately 200,000 people in the Sefwi Wiawso and Goaso Municipalities, as well as Prestea-Huni Valley district in the Western region and Ahafo Ano-North district in the Ashanti region of Ghana.

World AIDS Day in Tanzania.

Voluntary health screening in Tanzania.

How we support small-scale farmers

Traceability and knowing the landscape

Smallholders live in some of the most remote parts of the world where roads are nothing more than dirt tracks.

Explaining the Olam Farmer Information System (OFIS) to a Nigerian cocoa farmer.

Traceability

Collecting one sack of cocoa or coffee from every farmer is highly inefficient. We therefore work with farmers to help them form farmer groups or cooperatives, where they bring their crop to a central warehouse. Here the crop is weighed and stamped, ready for collection by Olam.

Under the Olam Livelihood Charter in 2015, 1.22 million tonnes of product were traceable (16% increase on 2014). Of this, 25% was externally certified (UTZ, Rainforest Alliance, Fairtrade, Organic, Cotton Made in Africa, Better Cotton Initiative and 4C).

Knowing the landscape

While our farmer training sessions and model farms, demonstration plots, and farmer field schools (1,816 in 2015) can provide general advice to the farmers on how to prune or use pesticides safely, it is not the same as being able to assess individual farms and provide guidance based on the specific age of the trees, or the quality of soil, or the amount of shade.

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

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

Overall in 2015, of the 647,512 hectares under OLC farmers, we have managed to GPS map one third (an increase of 134% on 2014).

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

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

With his improved revenues and an interest-free loan from Olam, Mr Boampong has started an agrochemical shop in Asuano, providing further income security and a new lifestyle. *"I hope my success story will entice other cashew farmers and the community youth to take cashew farming seriously; especially with increasing global demand for cashew."*

How we support small-scale farmers

Crop quality and infrastructure

As well as helping farmers to improve their yields we advise on quality and reducing post-harvest losses. This is critical because good quality commands a premium, while preventing wastage improve incomes.

In 2015, in addition to training 254,146 farmers in Good Agricultural Practices, we invested in 7 farmer resource centres, 12 warehouses, 40 drying floors and 310 solar driers which improve quality.

Infrastructure: getting to each farmer group is a trial in itself. Rajesh, who manages the cotton operations in Côte d'Ivoire, estimates that he travels over 2,000 km every month to farmers and cooperatives. Given the large potholes in many of the roads (where there are roads), this is not a comfortable experience!

Under the OLC in 2015 we repaired 200 km of rural roads in Côte d'Ivoire, Mozambique, and India, improving the transportation of people and their wares. In Cameroon, the coffee team extended electricity to 1,000 villagers through a step-down transformer.

Wider political and economic factors: currency depreciation, terrorism and weak governance all impact on our efforts to work with smallholders. We always put the safety of our teams first and this might mean moving them away from particular zones. Red tape and government indecision or lack of government funds for planned infrastructure projects, can make day-to-day operations challenging. The low oil price, for example, may mean good news for our logistics teams but for the country of Nigeria it's an important income stream that has been reduced.

Solar drier in Colombia for coffee.

Driving in rural Cameroon in the rainy season.

Coffee farmer in Tanzania, who is part of the outgrower programme supported by our plantation (Aviv).

Why we see a future for smallholders

Given all of these challenges, some stakeholders ask if it wouldn't be easier to just grow our own crops or buy the farms from smallholders and turn them into plantations. Surely it would be more efficient they ask?

However, there are some clear business reasons as to why we see a future for the smallholder. Firstly, many smallholder crops are incredibly labour-intensive. Take cocoa, where the pods must be hand-picked, or cashew where the apples are collected only once they fall to the ground. In the long-term, it is actually more efficient for the smallholders to manage their farms.

Secondly, even if a commercial farm can grow the crop, there has to be a threshold for how much land is realistic to produce the volumes: this is based on what the government is willing to give to a commercial farm; how much of the land is suitable for farming and how much land can be run cost-effectively by a commercial enterprise. It is also expensive to buy land.

In the vast majority of cases we believe in the power of the commercial farm assisting surrounding smallholders. This is the basis for our plantation outgrower programmes in Gabon, Laos, Nigeria, Tanzania and Zambia.

What we do envisage as a natural result of helping rural economies to thrive, will be some smallholders looking to change career and sell their farm to another smallholder. This will mean that smallholders themselves will get larger farms although this will be a very gradual process, particularly in Africa.

Helping Mexican coffee farmers overcome La Roya (leaf rust) disease

In 2015, Olam initiated a programme in alliance with FIRA bank and the Secretariat of Agriculture, to help rehabilitate coffee plantations after La Roya destroyed more than half the crop. Along with access to credit, 900,000 new seedlings were given to 1,057 producers in Chilon, Chiapas. In 2016, the project will be expanded to reach Villa Corzo, also in the Chiapas region. In the next 4 years, Olam will deliver more than 40 million new plants covering a total of 13,000 hectares.

Progress on Olam's goals

Goal 1 on Economic opportunity and inclusion covers all of our smallholder activity. There are 5 targets, 2 of which are new for 2016. We have also updated a number of metrics.

Goal 2 on Economic health and well-being is also relevant to smallholder communities.

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

⊙ On target ○ Started + New

Q&A
with Chris Brett
Global Head of Corporate Responsibility and Sustainability

In this section Chris Brett talks through our 2015 goals and 2016 focus areas for improving livelihoods.

Chris Brett talking to a cotton farmer in Mozambique.

(1) It's great that Olam has managed to embrace almost 345,000 smallholders under the Olam Livelihood Charter but wasn't your target 450,000 by the end of the 2015?

Correct. However, there are several reasons why we did not hit this target:

Change in business strategy.
Over the past few years we have been executing on our business strategy to grow in prioritised platforms while reducing volumes or exiting lower-margin businesses. This impacted on the aspiration we had set in 2010. As a result we have revised our 2020 figure – see our Goals in this Report. However, the initiatives continue to expand including the addition of hazelnut farmers in Turkey and 6 new initiatives for coffee in Cameroon, Colombia, India, Indonesia, Tanzania and Uganda. And there are many more nascent programmes.

Stringent OLC criteria.
We pride ourselves on being a trusted partner, so have always insisted that as a flagship sustainability programme, all 8 OLC principles must be fulfilled for an initiative to qualify. This is because we believe that a truly holistic approach, addressing social, environmental and economic factors, is required for long-term change. Reasons not to include certain programmes in the OLC in 2015 included:

- **Decision not to provide finance due to high risk of farmers choosing to sell to others (Latin America).** Here, the risk might be that we pay up to 30% upfront for the crop but the farmer decides to sell his crop elsewhere if he can get a slightly higher price. We call this fidelity risk – will the farmer stay loyal given the investment we are making in him? In 2015, under the OLC, we provided US$177.2 million in credit for crop purchase, crop production and farm assets so it is a significant risk if we feel that farmers are not going to stay loyal.

  In 2016 we will look at how to support farmers and cooperatives in Latin America to become more 'bankable' through training and by organising meetings with bank representatives. After all, it's not really the job of an agri-business to provide micro-finance. We do it because banks have traditionally been unwilling to provide credit to smallholders.
  This is now starting to change, especially thanks to mobile banking. By facilitating these partnerships we help improve access to finance without risk to our bottom line.

- **Lack of social investment.** In 2015, 3 interested initiatives, with farmers in Tanzania, Republic of Congo and Guatemala, did not qualify for the OLC, as the social investment criteria was not quite fulfilled in the timeframe, although they will do so in 2016.

  It's also important to remember that social investment projects often need to be maintained on an ongoing basis so need careful consideration. Imagine you are an Olam manager and you know you have to keep costs down, find efficiencies while implementing all of the supportive mechanisms behind the OLC – the micro-finance, the road repairs, the training modules, the storage facilities to be built, the free seedlings.

  Based on discussions with the community, the most beneficial social investment might be a school. However, it's not just about building a school – who is going to be the teacher? Who will pay the teacher? A future-proofed partnership with government is needed. All of this takes considerable time and resource to set up. In 2016, we will therefore put more focus on identifying partners to help us deliver on impactful social investments.

(2) Do you think you will meet your target of 800,000 farmers in the Olam Livelihood Charter by 2020?

Based on our current business structure, most of the products with the greatest potential (cashew, cocoa, coffee and cotton) are already buying heavily from OLC farmers and don't have the resource to expand further. Other products have a lower potential because there are simply fewer farmers in those supply chains.

Since we first set our aspirations in 2010, we now believe that we are probably looking at only incremental increases in OLC farmer numbers year-on-year.

We have therefore revised our 2020 objective to focus on the overall impact being made by the OLC principles, namely to 1 million hectares, which is likely to be 500,000 farmers. See our Goals for more detail.

At the same time however, we will continue

to help reach those farmers not embraced by sustainability programmes, primarily through public and private sector partnerships to enhance their access to basic crop production requirements.

This is why in 2015 we initiated a benchmark study, carried out by the World Business Council for Sustainable Development (WBCSD) as a neutral knowledge partner, to assess (with their agreement) the activities of the principal private sector players in the food chain, measured specifically against the objectives of the UN Sustainable Development Goals.

The resulting non-attributed and aggregated report will identify a world map of 'hotspots' of under-investment at regional and sector level, as well as identifying areas that are on track to meet the SDG ambitions. With this shared knowledge, the agri-sector can identify projects that will unlock value for them and smallholder farmers.

(3) What is the difference between the Olam Livelihood Charter and certification?

A certification programme, such as Rainforest Alliance or Fairtrade carries a specific marketing label that brands can put on their products to prove to the consumer that a key ingredient has been sustainably sourced and verified. Olam works with all of the different certifying bodies and we share our expertise to advance the programmes.

The OLC does not have a marketing label. But thanks to its robust framework, it does give customers who do not wish to pay for one, the confidence that their ingredient is sustainably sourced.

Nearly all certified programmes are included under the OLC as they meet all 8 of the OLC principles. This means that of the 2015 OLC tonnage, 25% is classed as certified.

(4) Is the OLC tonnage externally verified?

In 2015, the cocoa programmes in Côte d'Ivoire were externally verified by Intertek against the OLC principles. We are considering whether to take this further based on customer demand versus cost.

(5) Wouldn't it be better if you just paid smallholders more money?

This question isn't as simple as it looks. Prices are set in the market place – what someone is willing to pay for a commodity. If there is a supply glut, prices are low. If there is limited supply then prices start to rise.

In some commodities, such as cocoa, individual governments set the price (Côte d'Ivoire and Ghana). This helps to protect the farmer from world market prices going down but it also means they miss out should prices go up. Only if the farmer has taken extra measures, can we pay a premium (an additional payment over and above the normal price), rewarding an additional attribute such as quality or sustainability. In 2015, we paid more than US$24.04 million in premiums to smallholders, a 16% increase on 2014.

Where governments don't set the price, Olam is absolutely committed to paying fair and transparent open market prices – it is an OLC principle. In many cases we pay higher than our competitors to ensure farmer loyalty.

However, we have to make sure that we can manage that cost back through our operations. If we pay more, will customers be willing to factor that into the price they pay to Olam? In turn, customers will want to see if they can pass that cost onto consumers – who typically do not want to pay more....

Also, you have to think about long-term economic impacts. If one company starts to pay much more than the market price, farmers of other crops may decide to switch to get a better deal. They invest in the trees and seeds etc., but then there's a huge surplus because everyone had the same idea and actually prices go through the floor, this can be seen within the rubber supply chain.

Rather than trying to artificially set prices, we strongly believe in tackling the problem by helping farmers to improve yields and quality. More and more, we are also helping farmers to diversify incomes.

(6) How are you measuring impact? Can you be sure the investment is well spent?

Each initiative has specific recording systems in place to monitor impact levels. One of the most obvious areas of focus is yield and income. However, we also have to make sure that we are not giving our customers, donors and other partners, information taken out of context.

So, for example, low global supplies of cotton might mean that a cotton farmer with a lot to sell has a fantastic year in terms of income. Or, if the weather has been exceptionally good, yields might be higher than a typical year. We therefore review data very carefully before we make claims. The case studies in this section give a good indication of the type of improvements we are seeing.

The Olam Farmer Information System (OFIS) will help us to assess impact even further. All of the farmer survey data we are collating can now be analysed. We can start to view the yield of a particular farmer against his neighbours, or look at how much impact certain training has had on a farmer group versus those who haven't yet received it. Importantly, we can progressively get a more detailed understanding of the true economics of being a smallholder.

It sounds obvious, but collecting all of the data on hundreds of thousands of farmers in extremely remote areas is a Herculean task. But once we have that data our helicopter view of what's happening on the ground quickly turns into something much more scientific and focused.

(7) What will be your main focus areas for 2016?

We have updated our Livelihood targets for 2016 – 2020 as detailed above but they can be summarised as follows:

- Continue to improve farmer productivity by improving our services to smallholders. This includes ongoing development of training modules, especially training for cooperatives, and child labour awareness
- Develop further partnerships to bring in technical (and financial) resources to improve the quality of our farmer services and social support for farming communities
- Factor in more nutrition training and crop diversification (also see the 'Food Security' section of this Report)
- Expand the OLC to additional businesses and origins, particularly in South America and Asia
- Put a greater focus on Climate-Smart Agriculture, both in our own operations and through our Co-Chair role with the Low Carbon Technology Partnership initiative launched by the World Business Council for Sustainable Development in 2015. A key component of this work is to focus on the community landscape to increase productivity to ensure the elimination of any further deforestation. To read more see the 'Climate Change' section of this Report.
- Continue improving gender training modules and strategies
- Help farmers and cooperatives to become 'bankable' through training, organising meetings with banks and encouraging formal registration to build their respective credit histories.

Our perspective

Challenges and importance of gender equality in agriculture

by Julie Greene, CR&S Manager for Africa

Olam's ambition to improve smallholder farmer livelihoods cannot be fully achieved without addressing gender equality. Gender equality is a fundamental human right, and is also strongly linked to agricultural productivity and social and economic development.

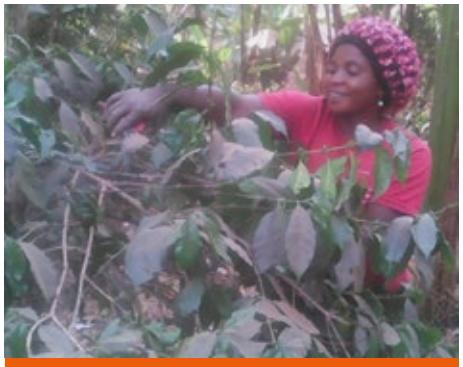
Julie with her children and neighbours, whose parents are cotton farmers and factory workers around Korhogo, Côte d'Ivoire.

Yet in many communities where Olam works, women have vastly unequal decision-making power, control over use of income, and access to education, finance, land, and inputs. Entrenched social barriers keep women from accessing productive resources and even household decisions. Their additional household responsibilities, such as gathering water and laborious food preparation (often involving hours of husking, cleaning, and pounding rice or maize for it to reach the form that wealthier consumers buy off the supermarket shelves), restrict their time to engage in remunerative activities or attend training.[1]

The case for gender equality is strong. Numerous studies show the positive correlation between gender equality – for example, equal access to education, employment opportunities, and healthcare – and economic growth, measured in GDP.[2, 3] Further studies show that female farmers achieve the same yields as men when they have equal access to farm inputs and training.[4, 5]

Olam works to close the gender gap in agriculture by providing equal opportunities for women to obtain farm inputs and support; encouraging farmer groups to include women leaders; actively drawing women to training on Good Agricultural Practices and farm management; providing targeted trainings on nutrition and crop diversification; and sensitising communities about gender equality. In the past year, the number of women farmers we support through the Olam Livelihood Charter (OLC) has increased by 6% to 67,708 or 20% of OLC farmers. Two-thirds of these attended training on Good Agricultural Practices in the past year.

True gender equality will require change at all levels of society and institutions in order to break down the social barriers that keep women from realising their full potential. Ensuring that women have access to education, healthcare, and land rights are critical issues that can only be addressed by the private and public sectors working together, and, of course, there being significant investment. In the face of these formidable challenges, Olam strives to ensure that women have an equal opportunity to be successful farmers.



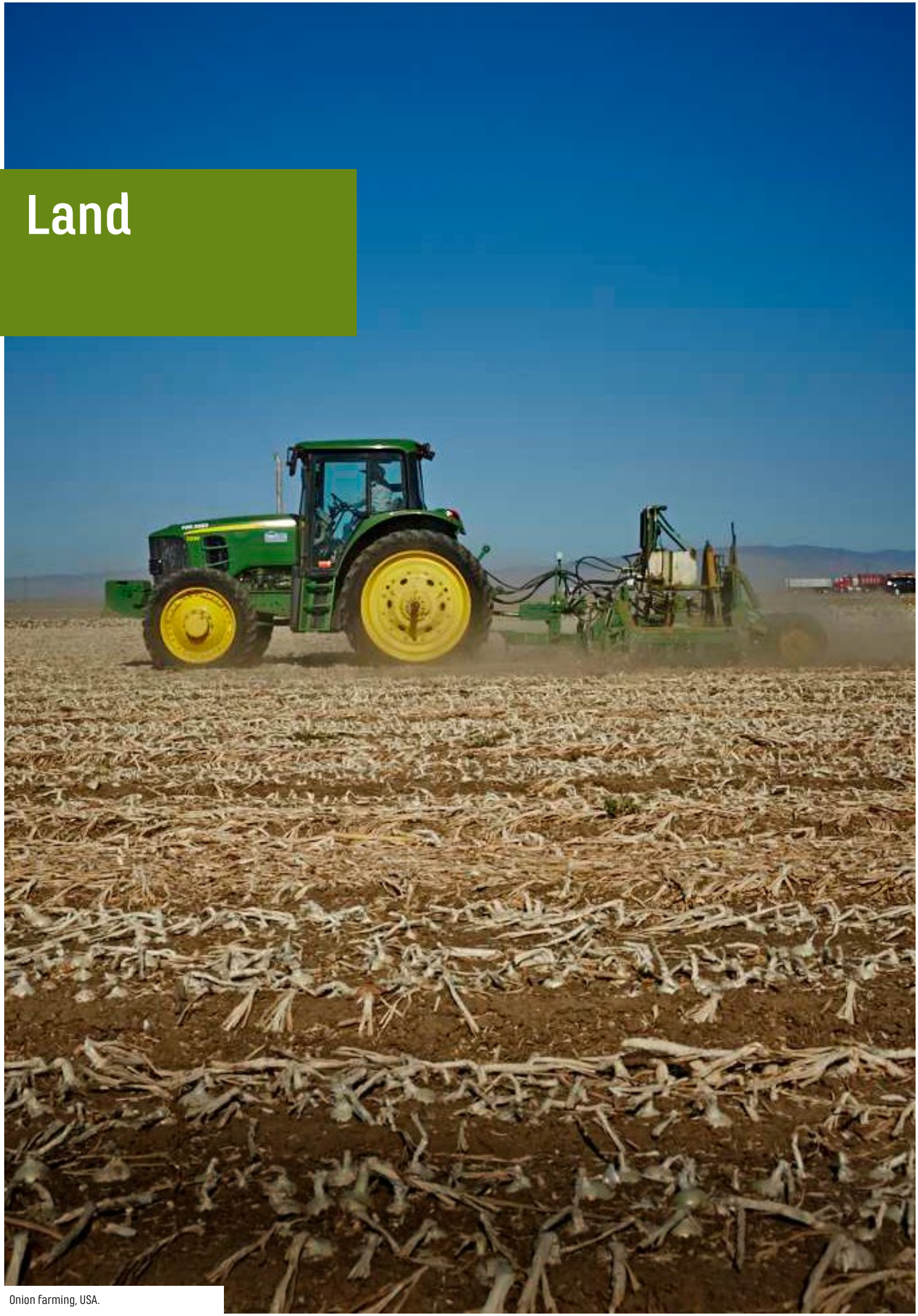
Chekedy Happiness, Arabica coffee farmer, Cameroon

"Before, my harvest ranged between 30 and 50 kg of coffee a year. With the training from the Arabica project, I am doing pruning, mulching, applying fertilisers, and other activities. Now I produce between 100 and 120 kg. I also farm bananas and avocado as shade trees.

Today I see myself as an enlightened woman compared to 6 years back. Olam's presence in the market has brought competition and the prices of coffee are improving. Another good part is their support to our communities, like HIV/AIDS programmes that Olam organised. My daughter is now in lower 6th form and I have been able to pay her school fees and pay for healthcare for my family. Young people in my community are opening new farms, thanks to Olam, and now that they see that they can earn a living from coffee."

[1] Womenthrive.org [2] Ids.ac.uk [3] Chathamhouse.org [4] FAO.org [5] Feedthefuture.org

Land



Onion farming, USA.

Our overall approach to land

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

In this section we cover:

- Why land is material to our business
- A bird's eye view of the land in our supply chains
- How we manage key issues
  - Taking a precautionary approach – due diligence in land development
  - Community rights and land tenure
  - Protecting biodiversity
  - Protecting High Carbon Stock forest/reducing deforestation
  - Soil degradation
  - Understanding the smallholder landscape
- Progress on Olam's goals
- Q&A with Dr Christopher Stewart, Head of Environment and Sustainability, Olam Gabon

2015 highlights

- Supplier Code roll-out continuing, covering 30% of all tonnage, including cocoa, hazelnut and major coffee origins
- Participated in the development and subsequent road-testing of the Natural Capital Protocol (NCP)
- Updated our Sustainable Palm Oil Policy with our Commitment to Forest Conservation
- First company globally to complete a High Conservation Value assessment according to the HCV Resource Network for palm
- First company to field test the HCS+ methodology for palm (featured in the High Carbon Stock Study Group Report in December 2015)
- Supplier Code now covers all third-party palm suppliers

Aviv Coffee plantation, Tanzania.

Why land is material to our business

Every crop we grow or source comes from a landscape where it is nourished by the nutrients in the soil, may depend on insects for pollination, and relies on adequate water and sunlight.

Land, we must remember, is a finite resource. As a global agri-business with major plantations, farms and concessions, we are therefore conscious of our role as stewards of the environment and that we must always seek a social licence from the communities to operate. Getting land management wrong carries both significant operational and reputational risk.

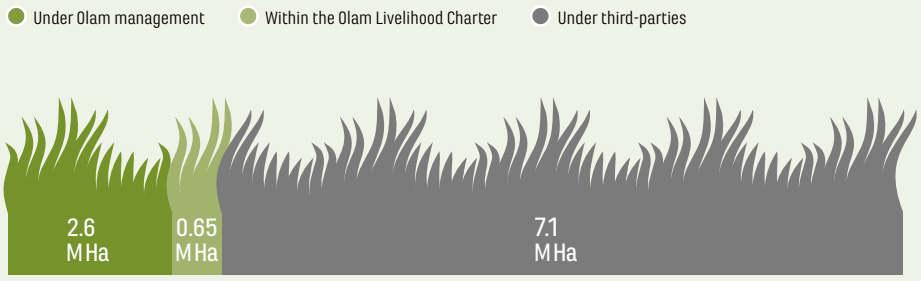
Operating sustainably also means that we use no more productive land than is absolutely necessary, and ensure that sufficient good quality land is available for alternative activities and the livelihoods of others. While modern advances in farming mean we can grow more on less land than was previously possible, we aim to reduce, wherever feasible, our land use and increase productivity for both Olam and our suppliers.

A particular challenge is that we estimate that currently about 75% of the land producing crops for our supply chains is not under our direct influence i.e. we are procuring the crops from third-parties on their land holdings. As major buyers we appreciate that we therefore have to try to extend our Growing Responsibly ethos as far we can.

Cotton farmers in Mozambique.

A bird's eye view of the land in our supply chains

Estimated breakdown of land footprint



Olam-managed land

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

Land under our direct control

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

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

A sale-and-leaseback is when we sell the land, or the leasehold rights to the land, to an investor and lease it back on the remaining useful life of the crop. This brings a number of advantages to Olam – for example, we regain the use of the capital (release cash) while continuing to use the land. You can read more in our FY15 Annual Report.

In December 2015, Olam Palm Gabon (OPG), the 60/40 joint venture company between Olam and the Republic of Gabon, 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. The 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.

At the time of the announcement there was some misunderstanding in the local Gabon press that Olam had sold land. However, as OPG does not own the land, it could only sell the lease rights. It should also be highlighted that as part of the Joint Venture, the Republic of Gabon also benefited from the sale of lease rights. This example serves to remind us that clear communication on land investment is essential.

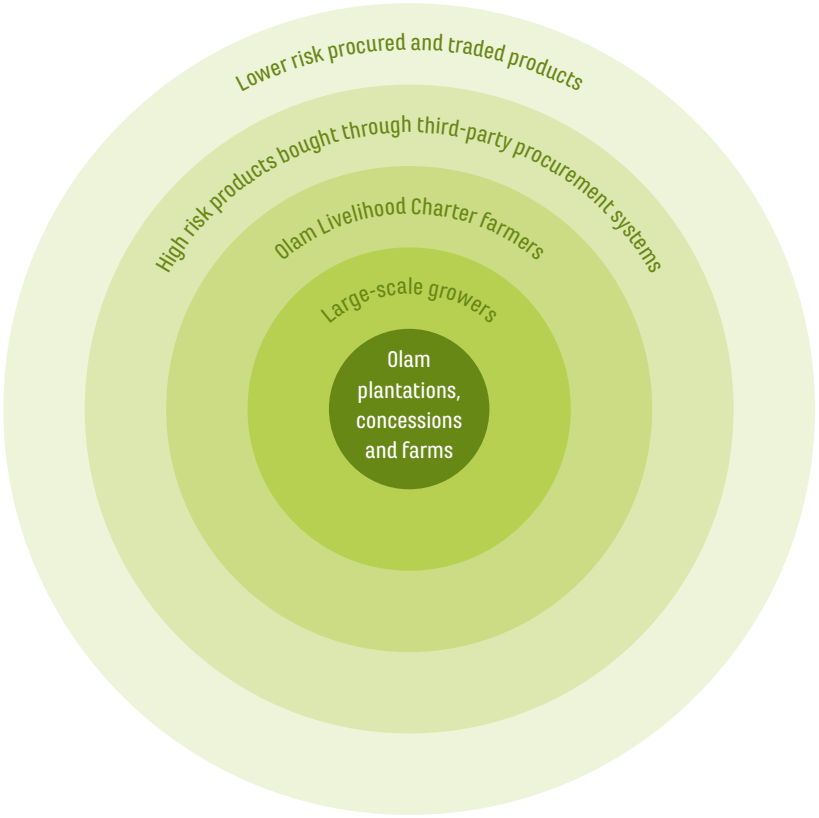
It is also worth highlighting here that investors assessing a sale-and-leaseback opportunity have to be confident that all environmental and social due diligence is undertaken on an ongoing basis so their investment remains sound for the long-term. All of the ongoing sustainability efforts made by the palm team therefore helped to achieve this agreement

Land not under our direct control

We estimate that about 75% of the land producing crops for our supply chains is under third-party control i.e. the 20,000 large-scale farmers and the 4 million smallholders. It is simply not possible to have physical access to all of these farmers to monitor their land processes so we prioritise high risk products and use the Olam Livelihood Charter and Olam Supplier Code to extend our reach of influence. The diagram on the next page explains this further.

As of the end of 2015, approximately 30% of our total tonnage was covered by the Olam Supplier Code. As per our 2015 Goals we had envisaged covering 50% of tonnage. We are therefore behind track. This is due to the complexity of ensuring that smallholder communities understand the implications of the Code. You can read more in the 'How We Do It' section of this Report.

How we tackle environmental and social risks in our supply chain based on ability of Olam to physically reach the farmers



- Cotton, grain, sugar, peanut, almond

  Support industry initiatives and Standards bodies.

- Coffee, cocoa, cashew, smallholder cotton, hazelnut, palm oil, rubber, wood products

  Licenced buying agents sign the Supplier Code and are responsible for ensuring our standards are met. Audit process in development.

- Cocoa, coffee, sugar, cotton, cashew, chilli, pepper, rice, hazelnut, sesame

  Considerable influence through farmer training.

  Supplier Code being rolled out via cooperatives

- Tomato, onion, peanut, USA & Australia cotton

  Considerable influence through contracting.

  Supplier Code, Customer Codes and Industry initiatives

- Must conform to Olam PCF Code and best practice industry standards e.g. FSC®, RSPO.

Under the Environment section of the Olam Supplier Code, all suppliers must:

Respect the natural environment by:

(1) Complying with all applicable, national, and local laws and regulations relating to the protection of the environment.

(2) Conducting any harvesting and collection of (wild) plant and tree resources at a scale and rate in a manner that does not damage existing populations and species renewal potential over the long-term.

(3) Avoiding contamination or pollution of water sources on and around its facilities and conserving water.

(4) Professionally managing agro-chemicals application and forbidding the usage of agro-chemicals that are not legally registered in the country for commercial use, or excluded as per Olam's specification.

(5) Minimising waste, recovering or reusing waste where practicable and disposing of waste in line with local regulations.

(6) Using fossil fuels and non-renewable resources efficiently and investigating alternatives where practicable.

(7) Upholding all applicable laws and relevant industry guidelines for the protection and humane treatment of animals.

Rubber plantation, Bitam, Gabon.

How we manage key issues

Taking a precautionary approach - due diligence in land development

Olam Palm plantation in Gabon.

Any land development by Olam is subject to the Olam Plantations, Concessions and Farms Code and the relevant industry best practice certification standard (e.g. RSPO or FSC®), where applicable to the products we are involved in.

For example, in Gabon in 2015, we undertook a full third-party verified Environmental and Social Impact Assessment for 25,400 hectares in order to identify about 12,700 hectares suitable for planting oil palm in 2016. In doing so, we became the first company globally to complete a High Conservation Value assessment according to the HCV Resource Network System. Their mission is to "identify, maintain and enhance critically important ecological, social and cultural values, by bringing together and helping stakeholders to consistently use the High Conservation Value approach". Like all of Olam palm HCV assessments, this is a public document available on olamgroup.com

This area has completed 30 days' public consultation under the RSPO's New Plantings Procedures and, like all of Olam's other palm plantation areas in Gabon, will be eligible for RSPO certification once production starts. Our first site, the Awala plantation and mill, will undergo audit certification in 2016. Our overall policy is for 100% compliance with RSPO in our own plantations.

Natural Capital Coalition

Globally, natural resources and eco-systems are often used in an irresponsible and unsustainable manner. To support the delivery of Olam's core purpose of 'Growing Responsibly' we joined the Natural Capital Coalition (NCC) with members from business, accountancy, consultancy, academia and government with the aim of providing a standardised protocol to measure and value direct and indirect impacts and dependencies on natural capital.

During 2015, as one of the business engagement partners, we participated in the development and subsequent road-testing of the Natural Capital Protocol (NCP) and its Food and Beverage Sector Guidance to ensure it was fit for purpose in practice. Going forward we will look to use the NCP as a tool to improve our risk management, increase competitive advantage, and deliver comparable and balanced reporting, but essentially we intend to use it to enhance our business decision-making around the use of and impact on natural capital.

How we manage key issues

Community rights and land tenure

One of the greatest risks to the success of our upstream activities is if we fail to gain the acceptance of the communities. Not just at the start of the programme but every day going forward. We therefore adhere to the Free Prior and Informed Consent Process (FPIC) for all new developments, and aim to maintain that dialogue as a matter of course.

Solar power street lamps in Gabon village.

In 2015 we participated in the Interlaken Group's development of a *Guide for Companies on Respecting Land and Forest Rights.* Published in August 2015, it provides support for companies wanting to align their operations with the Voluntary Guidelines on the Responsible Governance of Tenure of which Olam is already a signatory.

In terms of our own operations in 2015, we did not need to undertake any new FPIC engagement. Instead, we continued to deliver on our Social Contracts we had made in previous years.

Palm and Rubber in Gabon

All of our projects include participatory mapping and social impact assessments prior to land development. In our plantations, we obtain the FPIC of local populations, witnessed by a Social Contract. We have such contracts with 46 villages – note, all bar one were villages around the plantations, not on land within the concession areas.

These social contracts cover multiple activities. From 2012 to end of 2015 these have included:

Education: 16 houses for teachers and 14 schools built or rehabilitated to date; provision of classroom kits, and furnishing.

Health: 3 new pharmacies and dispensaries built; existing dispensaries supplied with medical kits and medicines.

Public infrastructure: 9 public meeting rooms built or rehabilitated; one market area and a police post.

Public utilities: 59 boreholes drilled and equipped with manual pumps; over 1,000 solar street lights installed; 300km of public roads rehabilitated and graded.

Leisure: 21 football fields prepared and equipped; sports and other kit donated.

Support for local economic activity: 2 village cassava mills built and equipped; 28 farmer groups trained and equipped; local development committees set up to manage social development funds totalling US$450,000 as of December 2015.

Through our GRAINE* Joint Venture with the Republic of Gabon, rural Gabonese communities will be able to manage their own mini-palm and food crop plantations. This pioneering programme aims to help rural communities to thrive and reduce pressure on urban areas by spurring economic activity and providing employment - Gabon currently records about 23% unemployment. It will also increase food security by forming farming cooperatives with guaranteed access to markets and improved farming methods.

Training for GRAINE plantation cooperatives.

* GRAINE stands for Gabonaise des Realisations Agricoles et des Initiatives des Nationaux Engages or Gabonese Initiative for Achieving Agricultural Outcomes with Engaged Citizens.

The project has been launched in 5 provinces of Gabon and, as of March 2016, almost 14,000 cooperative members have been registered in 447 different cooperatives. It is anticipated that the programme will embrace 20,000 members in the coming months. Each cooperative will receive 30 to 50 hectares of land guaranteed by their own land title. In order to ensure that the lands selected for farming do not negatively impact the environment, Olam has worked with the Government and civil society to devise a new, legally binding environmental and social due diligence framework, adapted to the scale of the project, trained environmental and social teams working at the provincial level, and initiated land preparation in dozens of sites across the country. We have also created nurseries supplied with improved planting materials and supervised by expert agronomists.

Wood Products in the Republic of Congo

Olam subsidiary Congolaise Industrielle des Bois (CIB) manages timber concessions in one of the most remote parts of the Republic of Congo. To tackle an absence of professional healthcare facilities near the timber concessions, CIB partnered with the Government of the Republic of Congo and PharmAccess (a Dutch medical NGO), to develop and run a hospital in Pokola, and 2 health centres in Kabo and Loundoungou. Today these serve nearly 1,000 CIB staff, their families and a diverse range of communities within the forest, including semi-nomadic indigenous groups.

The 40 bed hospital, together with the 2 satellite health centres, provides diagnosis and treatment for malaria, as well as pregnancy consultations and contraceptive advice, vaccinations, an HIV prevention and treatment programme, radiology, ultrasound, surgery, dental care and ophthalmologic care, all on a daily basis. In 2015, the health centres managed 20,901 consultations.

Local semi-nomadic and settled indigenous groups have traditionally lacked access to professional healthcare, and have difficulty in reaching the CIB hospital. These indigenous people are supported by the Fondation Frédérique Glannaz pour l'Assistance des Bambenzelé (FFAB) which covers their transport and hospital costs, and provides free school places for their children in Pokola and Kabo.

The "Biso na Biso" ("Between Us") community radio station, established by CIB and the Tropical Forest Trust (TFT) in 2007, with financial support from the World Bank Development Marketplace and the Fondation Chirac, supports the healthcare programmes for malaria and HIV prevention through local-language broadcasts which raise awareness and facilitate knowledge-sharing among widely dispersed forest people in the Congo Basin.

In addition to the hospital and clinics, Olam CIB has invested in local infrastructure for community development and wellbeing that includes modern housing with electricity, clean drinking water, schools, a library, and sports fields.

Hospital in Pokola, developed and run through a partnership with PharmAccess and the national government of Republic of Congo.

Biso na Biso community radio station in the Republic of Congo.

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

School desks provided for Lusonga village school, Tanzania.

Coffee in Zambia and Tanzania

For our coffee estates in Tanzania and Zambia, Olam has initiated a slightly different model called long-term Sustainable Development Plans (LTSDP).

In Tanzania, Olam and the villages (represented by the Village Development Committee who are nominated by the community) develop a 3 year plan where 1 priority project is selected for each year. This creates a sense of ownership at village level, as they decide on their priorities but it also streamlines the dialogue between Olam and our stakeholders as it fixes on a 3 year development plan.

Olam contributes each year and the villagers decide on the projects to be funded. For example, the village of Liganga elected to build a house for the teacher, while Lusonga purchased school desks. Since then, we are also building a classroom in Selekano Village and we have supported Lusonga to run a rental business (renting chairs, cutlery, plates, pans for wedding/events...) which further generates income for the village.

Also key to the success of LTSDPs is the financial (or in-kind) contribution of the community themselves so that they have ownership of village development and want to see it succeed. In Lipokela Village in Tanzania the community provided the bricks for a new dispensary with a consultation room, nurses and pharmacy, while Olam Aviv provided everything else. We expect the dispensary to be completed by June 2016 and it will serve 3,000 people.

It is worth highlighting here that despite much international focus on land tenure agreements, they can continue to be an area of considerable frustration for both communities and companies. Some of the Lipokela villagers in Tanzania, mentioned above, were cited in a report by German NGO Misereor in July 2015, as having either sold their land to Olam which they since regretted, or having been displaced by Olam. This is incorrect - all previous land negotiations and issues had been undertaken with the previous owner. Olam Aviv was only used as testimony in the process (to ensure compensation was paid). We engage on a continual basis with the villagers, some of whom are in our coffee outgrower programme and some of whom are working at the plantation.

In Zambia, when acquiring its fourth coffee estate from a previous owner, Olam subsidiary Northern Coffee Corporation (NCCL) undertook thorough due diligence and identified a village, Chimpokoso, which was using the land for firewood and collecting caterpillars. Of the 456 hectares, NCCL kept 156 hectares as a conservation area. Although access is controlled, villagers are still able to collect dead branches for firewood. We have also supported the villagers by buying improved cook stoves so that they reduce their consumption of firewood.

Lipokela Dispensary, Tanzania, where the community provided bricks and Olam Aviv provided everything else.

How we manage key issues

Protecting biodiversity

In Olam's supply chains, our main biodiversity risks embrace the tiny and the large: pollinators, especially bees, and the large mammals of the Congo basin – apes and elephants.

Keeping bees buzzing

As an agricultural company, we have a first-hand understanding of the vital role bees and other insects play in our food system and in our own global supply chains. There has been increasing publicity recently on the declining populations of bees around the world and the effect this will have: a third of the food we eat depends on pollinating insects, and in 2005 it was estimated that the "total economic value of pollination worldwide amounted to €153 billion, which represented 9.5% of the value of the world agricultural production used for human food"*.

We therefore balance the risk of combatting pests and disease with careful use of pesticides. 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 (including neonicotinoids) in our own upstream operations through our Plantations, Concessions and Farms Code, and among our farmer suppliers through our Supplier Code. In many of our smallholder training programmes we are teaching Integrated Pest Management techniques, where the growing of certain types of plants attract or deter insects and pests. See also our section on 'Food Safety' in this Report.

Working with expert partners to better understand bee behaviour

Pollination during the bloom period is key to a good yield in almond orchards. While bees can forage for nectar and pollen over large distances, they prefer to do so closer to the hive (within 350 meters). In Olam's operations in Victoria, Australia, where over 12,000 hectares are planted with 3 million almond trees, we require more than 80,000 hives with some 30,000 bees per hive, a total of 2.4 billion bees. As the local supply of bees is insufficient, Olam therefore transports bee hives from Queensland and New South Wales at the beginning of the blooming period. As bees come under the legislated laws of livestock movements inter-state in Australia, this makes Olam one of the largest transporters of livestock in the country.

As we all know, bee health is cause for concern and there is a pressing need to understand the bee eco-system in order to understand some of the more important factors that could potentially affecting the behaviour of bees (including understanding of flight patterns), the impact of activities on the farm (e.g. application of pesticides and irrigation) and changes in the environment (e.g. droughts, excessive rain, wind, other weed/grass species for flower source and noise). Not only does this help to maximise the ability of the bees to pollinate well, and encourage future generations of bees, but it also potentially reduces our reliance on so many hives.

Olam is therefore working with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to identify a solution that delivers: (a) a system for monitoring bee activity; and (b) an analytics, data query and visualisation system.

The system for monitoring bee activity is based on CSIRO's unique insect Radio Frequency Identification (RFID) tag, a 5.4 mg device measuring 2.5 x 2.5 x 0.4 mm, fitted to the bee. The system includes an RFID tag reader installed in the bee hive, able to log the entrance and exit of all honey bees that are equipped with the sensor backpack, and a scale for monitoring hive weight change. CSIRO currently tracks up to 5,000 bees in Tasmania using this technology. Data comprehension is based on statistical analysis and machine learning techniques, while visualisation could range from simple 2D presentation of statistics on a screen to overlaying data presented in 3D space and over a virtual image of the orchards.

Other partners supporting us include Monson Honey, Doug Somerville (Technical Specialist Honey Bees, New South Wales Department of Primary Industries) and AgEconPlus.

In addition to this research, we are also looking at which plants we can grow within the almond orchards that will complement bee activity and bee health.

Bee keeper in Australia for our almond orchards.

* Study by INRA, CNRS and UFZ

Western lowland gorilla in Gabon.

Protecting apes and elephants

Given our tropical wood concessions in the Republic of Congo, and palm and rubber plantations in the Republic of Gabon, we are extremely mindful that we work alongside the habitats of incredibly diverse and rich wildlife.

Gabon

The total land area of the Republic of Gabon is 267,667 km^2 and, of this, 88% is forested. Olam Palm Gabon will ultimately plant 500 km^2 (50,000 ha) by 2017 while the Phase 1 planting target for Olam Rubber Gabon is 120 km^2 (12,000 ha).

In supporting Gabon's land use policy and recognising the highly sensitive equatorial flora and fauna of the region, we have worked at taking the lead in developing the RSPO New Planting Procedures in Gabon. We have set aside 61,000 ha for biodiversity and High Conservation Value (HCV) protection in Olam Palm and, as a 'first in the industry' step, we have similarly set aside 17,000 ha of HCV forests and land bank in our Olam rubber project.

The identification and setting aside of HCV areas is undertaken with the help of recognised certification experts. Almost all of this HCV area is logged forest with a mix of secondary and old-growth species. These forests are relatively biodiverse, represent the best natural areas within our concession and provide connectivity to the adjacent landscape. They are home to the wild species found in Gabon: elephant, chimpanzee, gorilla and forest buffalo, as well as a host of lesser-known protected, rare or native species.

We have therefore conducted extensive biodiversity surveys during our Environmental and Social Impact Assessments (ESIAs) and supplementary surveys during the start-up phase of operations to guide land use plans, zoning and management. Once developments are complete, these will be monitored, tracked, and recorded every 3 to 5 years to better manage conservation objectives.

In 2015, Olam Palm Gabon added approximately 7,000 ha to conservation areas and we implemented a partnership with WWF and the Government of Gabon to prevent illegal hunting and enforce wildlife laws in our Mouila plantations. We aim to implement similar agreements elsewhere.

In addition for 2015, Dr Christopher Stewart, Head of Environment and Sustainability for Olam Gabon, contributed a case study to a book by the Arcus Foundation: *State of the Apes – Industrial Agriculture and Ape Conservation* (see Chapter 5).

The numbers of great apes (most notably Western Lowland gorillas and chimpanzees) near our concession areas are relatively sparse and include some family groups and individual apes. In *State of the Apes,* Dr Stewart outlines the 6 pillars of our ape management plan:

(1) Allocate areas for intact habitat (HCV areas) for preservation

(2) Ensure robust baseline and ongoing monitoring protocols

(3) Require scheduling of land preparation to enable wildlife to move to HCV areas

(4) Implement protocols that mitigate potential for disease transmission between apes and humans

(5) Impose hunting controls and raise awareness among local communities

(6) Support the development of subsistence programmes to promote alternatives to hunting.

Apart from setting aside and managing the conservation spaces related to our plantations, the key success determinant is the education and creating awareness amongst the local communities of the importance and process of maintaining the sanctity of these sites. Eco-guards manage the prevention of illegal logging and hunting in the conservation spaces. An Environment Manager and an HCV team at each site are dedicated to managing buffer zones and set-aside areas.

In March 2016 an article on MongaBay reviews our approach: *Oil palm company takes a lead on sustainable agriculture in Gabon.*

Republic of Congo

Our tropical wood concessions under Olam subsidiary Congolaise Industrielle des Bois (CIB), operate by harvesting trees from within natural forests. All of our active concession areas are FSC® certified* so there are rigorous stipulations regarding the number of trees that can be harvested per hectare from the forest (A new concession granted in 2016 is targeting certification in 2018).

Since 1999 CIB has had a Memorandum of Understanding with the Ministry of Forestry and the Wildlife Conservation Society (WCS) to help prevent poaching. This was renewed in 2015.

CIB also helps to prevent poaching by bringing in protein and other food sources to be sold to the local community. In 2015 they brought in 209 zebu cattle (which equates to 32 tonnes of beef) and 33 tonnes of frozen meat and fish from Brazzaville.

Assessing biodiversity and High Conservation Value in Gabon.

Elephants in the Republic of Congo.

Forests - Republic of Congo.

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

How we manage key issues

Protecting High Carbon Stock forest/reducing deforestation

In our palm plantation activities we are at the forefront of sustainability by applying Free, Prior and Informed Consent (FPIC), Environmental and Social Impact Assessments (ESIA) and RSPO Principles and Criteria (P&C) to our palm and rubber plantation investments. We also want to take the lead on the conservation of High Carbon Stock (HCS) forests.

These are early days of defining HCS forests and we are working with the leading groups to be an active part of the shaping and tracking of the developing definitions, particularly in terms of how they apply to heavily forested nations like Gabon that wish to develop their local agriculture, assure domestic food security and build the modern agriculture skills in their populations even as they address matters related to activating their rural economy.

Gabon is the first country in Africa to have committed to reducing its greenhouse gas emissions by 2025 relative to its 2000 baseline under its 2015 Climate-Action Plan for the UNFCCC. This includes the protection of HCS and HCV forests in its land-use plan where it sets out how it will deliver on its UNFCCC commitment.

In December 2015, the international High Carbon Stock Study Group published its Science Study Report in December 2015, in which the Technical Committee presented Olam's Mouila landscape as a case study to guide an HCS+ process suitable for forest-rich nations - Olam was the first company to field-test the HCS+ methodology.

Considering all our palm plantations in Mouila, the HCS Study Group concluded that our palm project will be at least climate neutral, if not carbon positive (i.e. net fixation or removal of 4.8 million tonnes of CO_2 equivalent from the atmosphere) over the first 25 years of the project.

The HCS+ Study paper is available at olamgroup.com

Preventing deforestation in third party supply chains

In the development of Olam's own plantations, we have always been committed to no deforestation of High Carbon Stock and High Conservation Value forests.

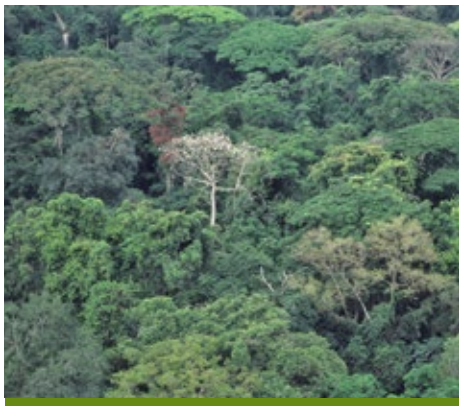
Mapping our palm and rubber supply chain

As a new entrant to the sector, Olam has the advantage of learning from the sustainability journey that the industry and various other stakeholders have already travelled. We have a gestating plantations business in Gabon (see previous section) for which we were the first company in Africa to achieve the RSPO New Planting Procedures; a refining business in Mozambique, and a trading business sourcing palm oil from third-parties. In June 2015, we updated our Sustainable Palm Oil Policy, with its Commitment to Forest Conservation, to include targets for ensuring that our third-party supply chain is traceable and sustainable:

- All Palm Oil suppliers to Olam will have signed the Olam Supplier Code by the end of 2015 (achieved).

This commits our suppliers to ensuring that the palm oil they supply to us can be classed as not impacting on natural resources or the environment. However, we are also undertaking our own full traceability mapping as follows:

- Palm oil supplies will be traced back to the sourcing mill of production through information verified by our suppliers.
- We will complete the work we started in 2014 on full traceability of our sources of Crude Palm Oil and Palm Kernel Oil (CPO and PKO) by the end of 2018. This will be based on verified targets for the following years: 2016 – 30%; 2017 – 50% and 2018 – 100%.
- Traceability of palm oil derivative products will be completed by the end of 2020. This will be based on the following verified targets: 2017 – 30%; 2018 – 50% and 2020 – 100%.
- We will progressively work with our suppliers to eliminate uncontrolled and unsustainable sources by the end of 2020, including sources that do not conform to our Commitment on Forest Conservation.



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

In 2015 we developed a Memorandum of Understanding to help detect and reduce tropical forest deforestation in our upstream third-party supply chains. This MoU was signed in February 2016. Key elements include helping Olam to further develop and refine supplier risk assessments, as well as helping us to build supplier capacity and understanding of the issues by using the Global Forest Watch (GFW) platform. GFW also includes a satellite alert system that tracks deforestation in near-real-time. In as little as 8 days after a tree has been felled, Olam would receive an email alert enabling us to investigate and take appropriate action.

Cocoa farmer in Nigeria being shown how to use OFIS on his phone.

In the absence of a globally accepted standard for the new development of rubber plantations, Olam is applying its internal Plantations, Concessions and Farms Code based on FSC®, RSPO and IFC performance standards.

For the supply chain, we have begun our journey to engage rubber suppliers - at least 70% of our rubber suppliers have committed to Olam's Supplier Code. For sourcing from small-scale farmers at farmgate, we are using the Olam Farmer Information System (OFIS) to map the supply base, it is also an interactive platform for yield improvement. We aim to complete OFIS mapping with 850 rubber farmers in Côte d'Ivoire by the end of 2016.

Understanding the smallholder landscape

Smallholders live in highly rural areas across emerging markets. They supply Olam with cocoa, coffee, cashew, cotton, chilli, pepper, sesame, sugar, rubber and palm oil. Many smallholders have very little education, and therefore limited or no understanding of environmental impacts such as deforestation, water pollution or biodiversity loss. Our farmer training sessions use pictorial aids to help them understand this. Our field staff also audit for poor practices on their visits. However, understanding the landscape of all smallholder suppliers is a mammoth task! In 2015, we therefore focused on mapping high risk product areas aided by technology.

GPS mapping smallholder farms

One of the most significant developments in 2015 was the roll-out of the Olam Farmer Information System (OFIS) among cocoa farmers. Using GPS technology, one of the functions of this proprietary platform is to map the farm of an individual smallholder, from the lay of the land to the age of the trees. This means that not only can tailored advice be given to improve yields, we can also help to minimise environmental impact.

For example, OFIS can estimate exactly how much fertiliser the farmer needs to apply and when to do so. This means the farmer does not waste their fertiliser (or money) by over-applying, while greenhouse gas emissions from the fertiliser are also minimised. Roll-out of OFIS is enabling the production of individual farm management plans for thousands of cocoa smallholders. In 2016, OFIS will be used by the coffee, rubber and hazelnut teams.

For information on how we help to educate and monitor smallholders on deforestation please refer to our section on 'Climate Change' within this Report.

Roll-out of OFIS is enabling the production of individual farm management plans for thousands of cocoa smallholders.

How we manage key issues

Soil degradation

2015 was the UN International Year of Soil, an apt precursor to the launch of the Sustainable Development Goals. The Montpellier Panel encapsulated the importance of soil in its report: "as soil is the cornerstone of food security and agricultural development, its care, restoration, enhancement and conservation should intuitively become a major global priority".

The Panel also highlighted some stark facts:

- Degraded soil affects nearly on third of the earth's land area. Land degradation reduces topsoil, depleting nutrients and resulting in enormous environmental, social and economic costs.
- There has already been substantial impact in Africa with 65% of arable land, 30% of grazing land and 20% of forest damaged.
- As a result, the Panel estimates that in Sub-Saharan Africa 180 million people are affected and there is a US$68 billion per year in economic loss due to land degradation.

Soil management is therefore an ongoing priority for our business, but as with many issues it is interconnected to other material areas such as climate and water scarcity. Here's a snapshot of the measures we took in 2015:

Supporting smallholders

For many smallholders, soils are exhausted due to poor soil management practices, population pressure on land, expensive chemical fertilisers, and labour-intensive organic nutrients. In many cases Olam is supporting smallholders through an integrated soil fertility management programme to improve access to fertilisers and soil management techniques to improve yields and at the same time help the farmer save money.

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

(1) Increasing organic matter through compost, household waste, rotting leaves, and pulp;

(2) protecting the soil through mulching (to reduce evaporation and increase organic matter), planting agroforestry trees for shade and leaf fall, and intercropping with leguminous trees and food crops, and

(3) appropriate application of inorganic fertilisers, coupled with access to these fertilisers on both cash and credit.

Improving nutrient and moisture uptake for our almonds in California

In California, our almond orchards have been subject to drought conditions for 4 consecutive years, going into its 5th in 2016. Optimising water through soil management has therefore been essential. To improve soil health, the teams have been increasing the use of soluble calcium which improves soil porosity, allowing water to infiltrate through the root zone which will improve nutrient uptake efficiency. At the same time, they have been working to increase the activity, diversity, and populations of soil microbes by increasing soluble carbon levels. Soil microbes release nutrients in the soil for plant growth and health.

Taking an industry leadership role for cotton

During 2015 we also collaborated with the University of Cambridge Institute for Sustainability Leadership along with Asda, Bayer, C&A, Cargill, Kering and Value Retail on *'Threading natural capital into cotton'*. The report, published in February 2016, highlights the dependence of cotton production on natural resources that relate particularly to water, biodiversity and soil. An online tool can help businesses purchasing cotton 'determine the types of interventions that they should be discussing with their supply chains for sustainable cotton'.

Key issues for cotton and soil include high rates of pesticide application, compaction due to farm machinery and vehicles, and erosion of top soil. Improved farming practices in the USA have shown considerable improvements: "since 1980, each acre of cotton farmed in the USA has 40% less soil erosion, whilst yields planted almost doubled." If we can help advance these practices in cotton growing regions across the world, the impact will be considerable.

Olam is encouraging adoption of sustainability standards for producing cotton among the large cotton growers in Brazil and Australia by providing a ready market for BCI (Better Cotton Initiative) certified cotton. The BCI certification programme is founded on the progressive use of sustainable environmental, social and economic practices – the 3 pillars – on growers' farms. Our BCI compliant purchases in Brazil represented 71% of our 2014 and 87% of our 2015 volume.

A Colombian coffee farmer incorporating compost into the soil.

Testing soil and moisture quality in almond orchards, USA.

Maximising yields

We recognise that we need to derive the maximum quality and yield from the land we have developed. For our palm plantations in Gabon, we have invested in the construction of a Centre of Excellence which will undertake the testing and analysis of plant tissues, soils, fertilisers, water, effluent, and agri-chemicals to improve yield and efficiency. It also aims to reduce production costs through breeding, tissue culture, agronomy and crop protection.

Research and Development is also an area characterised by strong collaboration and partnerships. For our palm plantations, we have initiated tie-ups with reputable research organisations, such as Temasek Life Sciences Laboratory (TLL) and the National University of Singapore (NUS), the Agropolis Fondation in France, and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in Australia.

For example, we collaborated with TLL on bio-fertiliser and pollination during the rainy season and recently undertook the management of elephants and palm weevil Rynchophorus Sp in the plantation as part of an integrated pest management and crop protection programme with CSIRO and Agropolis.

Additionally, we are working with NUS to provide sufficient high quality planting materials for future expansion developed specifically for utilisation in Africa. Our long-term goal is to identify and select planting materials with 30% higher yield (oil per hectare per year basis) than the current commercial planting materials adapted to conditions in Africa.

Independent research activities also include irrigation, fertiliser, progeny trials, clonal plantings, drone application, oil palm breeding, integrated pest management and fruit ripening using plant growth regulators and bio-fertiliser as catalysts.

Palm nursery in Gabon

Progress on Olam's goals

Goal 3 on Sustainable development and use of land-based eco-systems has 3 objectives. New for 2016 to 2020 is community-based conflict.

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

⊙ On target ○ Started + New

Q&A
with Dr Christopher Stewart
Head of Environment and Sustainability for Olam Gabon

(1) Olam has palm operations. Why don't you have a zero-deforestation commitment?

'Zero-deforestation' commitments, whether stand-alone policies or pledges made through the Consumer Goods Forum (CGF), Tropical Forest Alliance (TFA) and the New York Declaration on Forests, are surprisingly complex to implement. Highly forested nations feel that they should not be held to the same standard as those which have already deforested a large proportion of their lands, and there is heated debate about forest definition and thresholds, 'zero-gross' versus 'zero-net' deforestation, and carbon offsetting.

Olam's plantations are in Gabon, a country which has about 88% forest cover. However, to reduce its reliance on food imports (currently about 60%) and to diversify its income away from fossil fuel exports, the Government has embarked on a major agricultural plan where there was previously very little activity – mainly subsistence. Hence the joint ventures with Olam for palm and rubber.

While grassland, savannah and scrub are the preferred landscape for our plantation development, it has been supplemented with some areas of low density logged over forest. These areas are where carbon stocks are significantly lower than mature forest, and only where a third-party assessment with full public and expert consultation has not revealed the presence of High Conservation Values.

The debates continue over definitions of 'zero-deforestation' and we are in the lead working groups on the subject. In the meantime, we focus on our Commitment to Forest Conservation which is practical and transparent.

Based on our experience of responsible plantation development in Gabon, and governed by our Sustainable Palm Policy (2015) and our Plantations, Concessions and Farms (PCF) Code, this commitment aims to:

- protect High Conservation Value (HCV) and primary forests, in order to conserve biodiversity and eco-system services
- protect High Carbon Stock (HCS) forests and manage greenhouse gas emissions, in order to limit climate impacts from land use change, and
- respect the rights of local communities through Free, Prior and Informed Consent (FPIC).

Olam has set a benchmark of quality for HCV assessments in Africa since 2011, selecting sites with the least possible impact, and protecting the most valuable forests in the landscape.

We are the only company to date (2016) to publish a fully independent High Carbon Stock analysis of our plantation footprint, which showed a net positive impact on the climate. We have delivered on social contracts with all the villages in the vicinity of our plantations. We have improved the underlying science through multiple research projects, and supported the Gabon Government in its efforts to establish a sustainable National Land Use Plan. Whilst the policy debate rages on, we hope that our record speaks for itself.

(2) Why will it take until 2020 for all Olam palm suppliers to comply with the Olam Palm Policy?

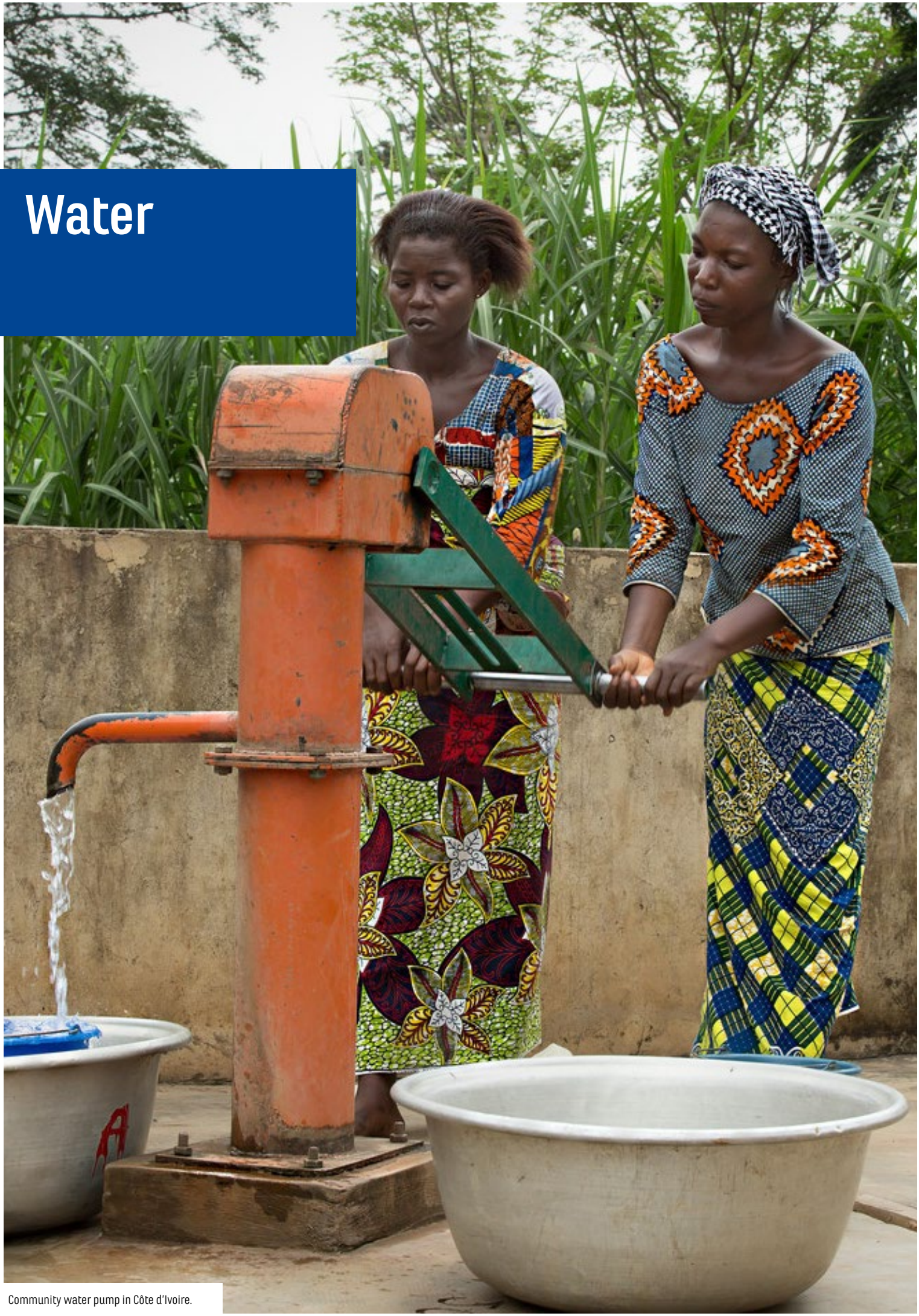
All suppliers of oil palm to Olam have already signed the Olam Supplier Code and/or have established a sustainable palm oil policy that includes commitment on supply chain traceability. This means that all of the palm oil we trade and use comes from suppliers who are committed to ensuring that their suppliers conform to the Code which covers environmental and labour issues.

The process of complete certification of the supply chain is a path dependent process, it needs to know exactly where and how the fresh fruit bunches (FFB) are grown. We are working with our suppliers to trace the oil to the mill as a first step and have taken the logical timeline for this activity to be duly completed.

The debate about environmental footprint certification also overlaps the livelihood of smallholders in remote locations and this exercise of tracing the supplies back to sustainable sources needs to also take into account the human impact of the decision. The sustainable chain of custody for derivatives requires engagement with multiple partners.

As a way forward, our company is partnering with other international organisations, such as World Resources Institute (WRI), to monitor the supply base around a 50 km radius of a specific mill, a common distance. This will assist our team to prioritise field inspections to verify compliance and design engagement actions with our progressive suppliers.

Water



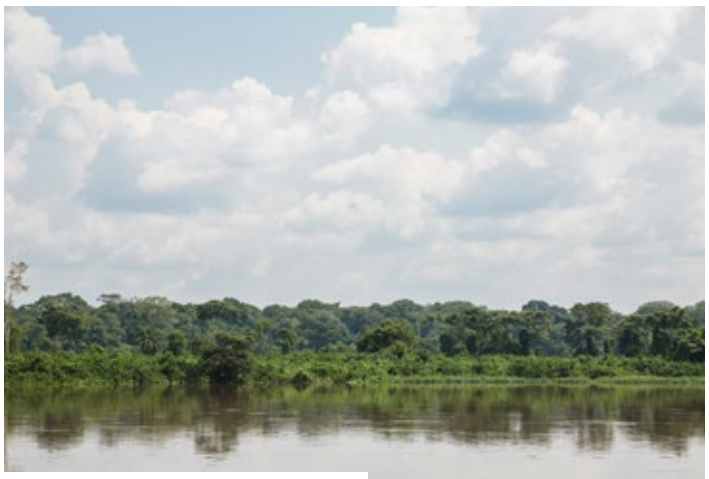
Community water pump in Côte d'Ivoire.

Water

We are committed to the sustainable use of water resources. Changing climatic conditions and rapid alterations in land and water use in many regions, driven by intensifying demand from population growth, dietary changes and economic growth, have increased the threat to the supply, quality and reliability of water for people across the world.

In this section we cover:

- Why water is material to our business
- Mapping our water impacts
- Improving water efficiency in the face of drought
- Embracing international standards
- Supporting smallholders
- Improving waste water quality
- Implementing Water Access, Sanitation and Hygiene (WASH)
- Progress on Olam's goals
- Q&A with Chris Brown, Vice President, Corporate Responsibility and Sustainability



The Republic of Congo.

2015 highlights

- 2020 water targets for Olam plantations and farms achieved by end of 2015 (>10% improvement in blue water intensity)
- Completed two-year term on Steering Committee of UN CEO Water Mandate (key out-put was driving inclusion of SDG on water), also co-sponsoring the Sustainable Agriculture section in the Water Action Hub
- Olam Aviv coffee estate in southern Tanzania is the first African business to be audited against the Alliance for Water Stewardship (AWS) Standard
- 120,000 cocoa, cotton, coffee, sugar, and rice OLC farmers trained in sustainable water management
- Drip irrigation promoted to 7,000 farmers growing chillies, coffee, and sugar in India and black pepper in Vietnam
- IFC, Olam, Solidaridad and Hindustan Unilever Foundation 'Madhu Shree' smallholder sugar programme in India saved over 15 billion litres of water between June 2014 and March 2015
- Improved access to clean water for 15,000 cocoa, coffee, sesame and cotton farmers
- Olam WASH Standard developed for implementation in 2016 by all Olam-managed operations
- Olam SVI's California Tomato operations awarded first place in the OpX Sustainability Excellence in Manufacturing Awards (SEMA) for water conservation efforts

Why water is material to our business

Water sustains all life, so without water there are no crops. According to the UN, water scarcity already affects every continent. Around 1.2 billion people, or almost one-fifth of the world's population, live in areas of physical scarcity, and 500 million people are approaching this situation.

Yet very few governments prioritise agriculture over industries that generate greater currency revenues. If water becomes scarce, it is often farmers who feel it first.

There is therefore added impetus for agri-businesses (like Olam) to take action to ensure the long-term viability of our supply chains and food security around the world. Not only must we consider our vulnerabilities today, but also plan for future scenarios of increased water scarcity, including any measures that governments might take in response. To mitigate these risks, we need action now, both to reduce our own water consumption and also to ensure that other players within our water landscapes are practising responsible water stewardship.

In parallel, we must address issues of clean drinking water and sanitation in emerging markets –for our farmer suppliers and our workforce.

According to Water Aid, 1 in 3 people do not have access to adequate sanitation. Meanwhile, the World Health Organization (WHO) estimates that 50% of under-nutrition is associated with infections caused by unsafe water, inadequate sanitation or insufficient hygiene.

Aside from the ethical impetus to address these issues in our supply chains, there is a clear business imperative – healthy people enable greater productivity and increased volumes for our customers.

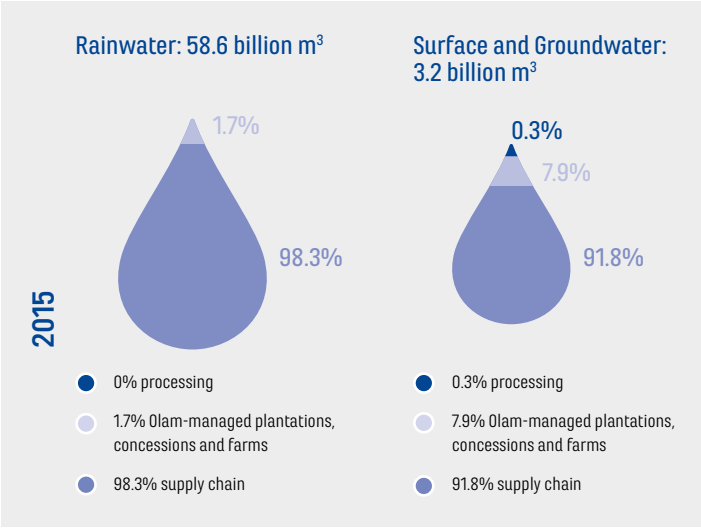
Irrigation waterway at the Olam rice farm, Nigeria.

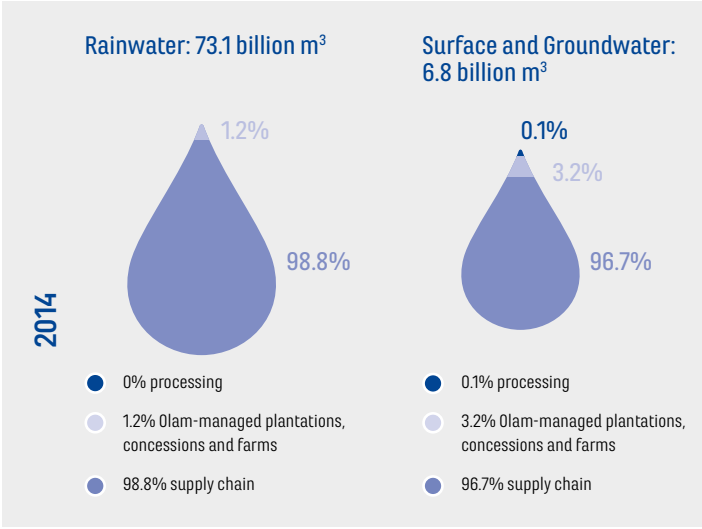
Mapping our water impacts

Since 2013 we have estimated our water footprint associated with Olam's direct operations, as well as our supply chains through third parties. To do this we have used a combination of primary data for Olam's direct operations and from 2014 we have used the Water Footprint Network's Assessment Tool for our supply chains. For 2015, our water footprint was estimated at 65 billion m^3 which equates to almost 26 million Olympic swimming pools.

- 90% of this water is classed as 'green' water - water from precipitation that is stored in the root zone of the soil and evaporated, transpired or incorporated by plants
- 5% is classed as 'blue water' - water that has been sourced from surface or groundwater resources. Key products using blue water are cotton, grains, rice, almonds, sugar, peanuts and coffee. Only 0.4% of the water footprint is for irrigation in Olam's own plantations and farms
- 5% is classed as 'grey water' which is the amount of fresh water required to dilute pollutants to such an extent that the quality of the water remains above agreed water quality standards

The result of our 2015 water footprint is 4,265m^3/MT of product, which is 10% less than our 2014 result of 4,758m^3/MT.





Total water intensity reduced by 10.4% from 4,758m^3 per tonne of product in 2014 to 4,265m^3 per tonne of product in 2015.

Reduced water used for irrigation in our own plantations, concessions and farms by 25% against our 2013 baseline.

Improving water efficiency in the face of drought

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

Measures taken by the teams include:

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

Assessing almond tree health in California.

Tomatoes in California.

Embracing international standards

In our 2014 Report we highlighted the approach taken to managing water in our Aviv Coffee plantation in Tanzania. During 2015 we adopted the stepwise methodology shown to align our operations with the requirements of The Alliance for Water Stewardship (AWS) Standard launched by the International Water Stewardship Standard in 2014 to guide and recognise responsible water use and collective action on water risks by private sector water users.

AWS stated that although Olam Aviv was already performing well as a water steward, implementing the standard bolstered our efforts. The full AWS case study can be read here but examples of significant change driven by the Standard include:

- Improved water quality management and pollution control
- Greater ability to demonstrate compliance with the water use permit and protect environmental flow so that activities don't impact on others
- Strengthened approach to Water, Sanitation and Hygiene (WASH) provision at the plantation for our workers, and globally as a result of working through the AWS Standard.

Olam Aviv is also co-investing in the establishment of the Upper Ruvuma Water User Association, which includes representatives from local villages, government and other users to share resources and knowledge for a more co-ordinated strategy.

On-farm water storage for irrigation at Aviv Coffee plantation in Tanzania.

Trialling the AWS Standard in California

As part of the ongoing challenge to tackle drought in California, Olam SVI advanced their water stewardship efforts via a pilot implementation of the Alliance for Water Stewardship (AWS) Standard. In partnership with WWF and Ecolab, Olam SVI spent the winter of 2014 piloting the Standard at their onion dehydration plant in Firebaugh, California.

Using an in-depth facility tour as a foundation, the cross-industry group explored water use, water stewardship, and its importance within Olam SVI's operations. The following 2 months were spent gathering internal water use data, larger watershed status information, and gaining a greater appreciation for water stewardship efforts in the context of the Central Valley.

Using the WWF Water Risk Filter, Ecolab's Water Monitizer Tool, as well as inner company risk assessments, Olam SVI analysed the collected data in order to better comprehend the water risks facing the food processing industry. As the first food processor in the USA to pilot the Standard, the process animated a stronger understanding of the shared water challenges of the local community as well as Olam SVI's own internal water management strengths and weaknesses. In 2015, Olam SVI continued their commitment by developing an over-arching Olam SVI water stewardship policy for all manufacturing facilities in California. Watch the video at olamgroup.com.

Supporting smallholders

With the impacts of variable rainfall, poor water retention ability of their soil, and often poor access to water infrastructure, smallholders can be at the mercy of scarcity impacts.

Under the Environment Principle of the Olam Livelihood Charter, smallholders receive training on sustainable water management. In 2015, this reached about 120,000 cocoa, cotton, coffee, sugar, and rice farmers (250,000 hectares). Topics include maintaining a buffer zone (not planting nor spraying) near water ways and protected areas; avoiding water wastage; mulching and smart irrigation.

We also promoted drip irrigation for 7,000 farmers across chillies, coffee, and sugar in India and black pepper in Vietnam.

Under our social investment programmes (Nigeria cocoa and sesame; Tanzania, Zambia and Zimbabwe cotton, Cameroon and Indonesia coffee) we improved access to clean water for 15,000 farmers through the construction of:

- 15 boreholes and wells
- 1 aqueduct
- 1 gravity water system
- 5 water purification systems.

Mrs Lilabai Bharmu Patil, weeding sugar cane in India.

Mrs Lilabai Bharmu Patil

"Under the Farmer Support Programme – Madhushree, Olam trained us on micro-entrepreneur development and financial credit management. We started a project providing irrigation in our village. Our success helped our villagers to grow sugarcane and it encouraged new entrepreneurs from my village to develop uncultivated land into cultivated land. My village is now moving towards a model village. Thanks to Olam and its management for the valuable guidance and support."

Water pump in Côte d'Ivoire.

Showing impact over the long-term

India's sweet tooth is well known – it's the world's largest consumer of sugar and the second largest producer after Brazil. Yet sugar is a relatively thirsty crop, so water saving became a key objective of this smallholder programme to improve smallholder productivity and resilience to feed our sugar mill.

Together with our partners, International Finance Corporation (IFC) technical NGO Solidaridad, and Hindustan Unilever, we supported about 17,400 farmers to adopt less water-intensive irrigation systems like drip irrigation, skip furrow and furrow irrigation. They were also trained in how to trash-mulch which uses the old dried leaves of previous crops to supply carbon and nutrients, as well as helping the soil to retain moisture by improving soil physical and chemical property.

The water the farmers saved could then be used for intercropping and the growing of accompanying short duration crops to improve incomes.

Water saving results:

A process assurance audit through Grant Thornton confirmed the water savings for the farmers of around 11.5 billion litres from October 2013 to May 2014.

Another audit through E&Y confirmed water savings for the farmers of around 15.14 billion litres from June 2014 to March 2015.

This is a total of 26.64 billion litres of water saved in 18 months, which would fill approximately 10,600 Olympic swimming pools! A reduction of 20% while increasing productivity by 15%. Read more about the success of the 'Madhu Shree' smallholder sugar programme on olamgroup.com.

A sugar farmer setting his irrigation pipe and trash mulching.

Irrigation furrows for sugar farming in India.

Improving wastewater quality

As an agricultural company it seems obvious to focus on improving the use efficiency of our water sources but we should not overlook the need to focus on the quantity and quality of wastewater arising from our operations.

Effluent treatment plant at our soluble coffee factory in Vietnam.

In our farms and plantations water can run off the surface of the land, washing away valuable top-soil and nutrients, which in turn can then impact on the quality of nearby watercourses. This is why as part of the Olam Plantations, Concessions and Farms Code, we continue to focus not only on water use efficiency but to also incorporate the activities which could affect wastewater quality into our Integrated Water Resource Management plans and our Soil Management Plans.

In our factories we have wastewater quality standards for the water we discharge. This year we have undertaken a wide range of improvement activities in our factories including:

- Improvements to the effluent treatment plant for our onion processing factories in Egypt
- Commissioning an on-site sewage treatment plant at our Cochin spices factory in India, which is capable of handling 60MT/day for the entire domestic effluent generated in the unit
- Commissioning an effluent treatment plant at our Lagos noodle factory in Nigeria from which we will use the treated water for gardening and washroom flushing.

This is all part of our continual improvement programme.

In December 2015, our Arabica coffee processing facility in the Lam Ha district of Vietnam was fined for discharging wastewater that did not meet environmental standards. This part of our operations was contracted to a third party specialist vendor and we demanded immediate corrective actions. Our learning from this incident is to more closely monitor contractors to ensure that they are fully complying with all legislation.

Water course in Nigeria.

Implementing Water Access, Sanitation and Hygiene (WASH)

We are living in a world where 2.5 billion people lack access to improved sanitation and 748 million people lack access to an improved source of drinking water. As such one of the world's most urgent issues is the lack of safe water, sanitation and hygiene, commonly known as WASH.

In 2011, the UN General Assembly and Human Rights Council agreed to resolutions affirming the Human Right to Water and Sanitation (HRWS) as a right equal to all other human rights.

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

As a member of the UN CEO Water Mandate's Steering Committee, we supported the work on WASH as one of their four priority areas, and also the work which culminated in the creation of Sustainable Development Goal 6: *Clean water and sanitation for all*.

This year we have now taken the step of defining our own 2020 target to provide clear expectations and ensure all of Olam's direct operations, including our farms and plantations, are compliant with our own WASH Standard.

As our farms and plantations grow into the next phase of their development, and employee numbers increase, we expect our most difficult ongoing challenge will be ensuring access to safe water and sanitation. This is due to the lack of water and sewerage infrastructure in these rural regions. We have achieved notable successes in tackling these challenge in our coffee farm in Tanzania and we also hope to replicate this in similar farms, but in our larger farms the same solutions may not be transferrable. In response to this we are involved in knowledge-sharing with other companies through the Water Solutions group of the World Business Council for Sustainable Development (WBCSD).

Sanitation blocks at the coffee plantation in Zambia.

Progress on Olam's goals

Goal 4 covers the sustainable use of water resources. We have introduced one new objective for 2016-2020: Long-term equitable water access and usage.

Some additional context to our objectives and targets

As can be seen from the table, we are delighted that we have been able to deliver our 2020 water goal for Olam's plantations, concessions and farms 5 years early by reducing the amount of water used for irrigation from a 2013 baseline of 5,532m^3/MT of product to 4,350m^3/MT of product for 2015. We shall determine a revised 2020 target for our own irrigation during 2016.

While we have already hit our targets for 2015 and 2020 for our plantations, concessions and farms we have not achieved the 10% reduction in process water intensity in Olam Tier 1 factories from our 2013 baseline. We need to revisit and determine a revised 2020 target and improvement action plan following two significant changes:

- You can only manage what you measure so we undertook a programme to improve water metering across our Tier 1. We now have a complete picture of our water consumption which shows we consume more than our baseline estimations 2013
- During 2015 our US SVI business undertook a number of improvements and procedural changes to further enhance the food safety requirements set by customers. The trade-off was an increase of water use in production.

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

⊙ On target ○ Started + New

Q&A
with Chris Brown
Vice President, Corporate Responsibility and Sustainability

Chris Brown (centre) and Moray McLeish of the CR&S Function in Madhya Pradesh, India with colleagues from Olam's sugar team and local sugar farmers to see and hear about the improvements achieved in the Madhushree project.

(1) What role is water policy playing in preventing water scarcity?

Given all of the water scarcity challenges we face, you would think that governments would have implemented stronger water policies. It is refreshing to see that California, with its Sustainable Groundwater Management Act, has really taken the bull by the horns. Across the world, we debate water policy issues and spend months discussing the minutiae. But without being joined up across borders, businesses and water basins, it means very little. The last 20 years of deliberation on water policy have yielded very little real impact on the ground.

Why? Water cannot be ring-fenced. We are all guilty of viewing challenges through our own particular lens, assessing impacts and targets based on our own particular silo. But this simply does not work for water.

Water does not respect the boundaries of our administrative systems or the borders of national governments. There are between 250 and 275 transboundary river basins, and at least as many transboundary aquifers globally, yet only 6 of these aquifers have international legal structures that encourage co-operation. Water cannot be siphoned off into its own department, but rather water planning must be a central plank to every policy decision by every department – be that on housing, environment, business or infrastructure. Perhaps even more importantly, these decisions must be consistently reviewed and maintained if they are to have any chance of success. Decisions on water planning can start with good intentions but come unstuck when they are gradually shunted to the bottom of the priority list as time goes on.

We have seen that even when coherent water policies are decided at the top, they often are not cascaded down consistently to the actors on the ground. If the myriad stakeholders in a water landscape aren't brought in at the earliest possible stage to have a voice in assessing the practicalities and application of policy, it is unlikely to stick. Initiatives like the International Water Stewardship Programme (IWaSP) and WWF's Water Stewardship Programme are vital in helping the private sector to collaborate with government departments, other businesses, NGOs and communities across boundaries and borders to protect shared freshwater resources.

Water is infinitely challenging to measure, monitor or mediate. To mitigate these risks, we need action now both to reduce our own water consumption and to ensure that other players within our water landscapes are practising responsible water stewardship – and if we wait for policy-makers to make the first move, it may be too late.

(2) What are your focus areas for 2016?

It is clear that our greatest water risks lie outside our direct operations, in our 3rd party supply chains. So it is no surprise that by far the greatest area of focus is to understand where exactly those water risks exist and implement actions on the ground to address those risks. We shall continue to utilise technology and data sources, such as the World Resources Institute (WRI) Aqueduct Tool, to support us in assessing agricultural exposure to water stress.

From a smallholder perspective our major focus will be to expand our work on improving water management practices, including better irrigation, new water retention techniques for soils and increasing the number of farmers we train as part of our wider implementation programmes on Climate Smart Agriculture.

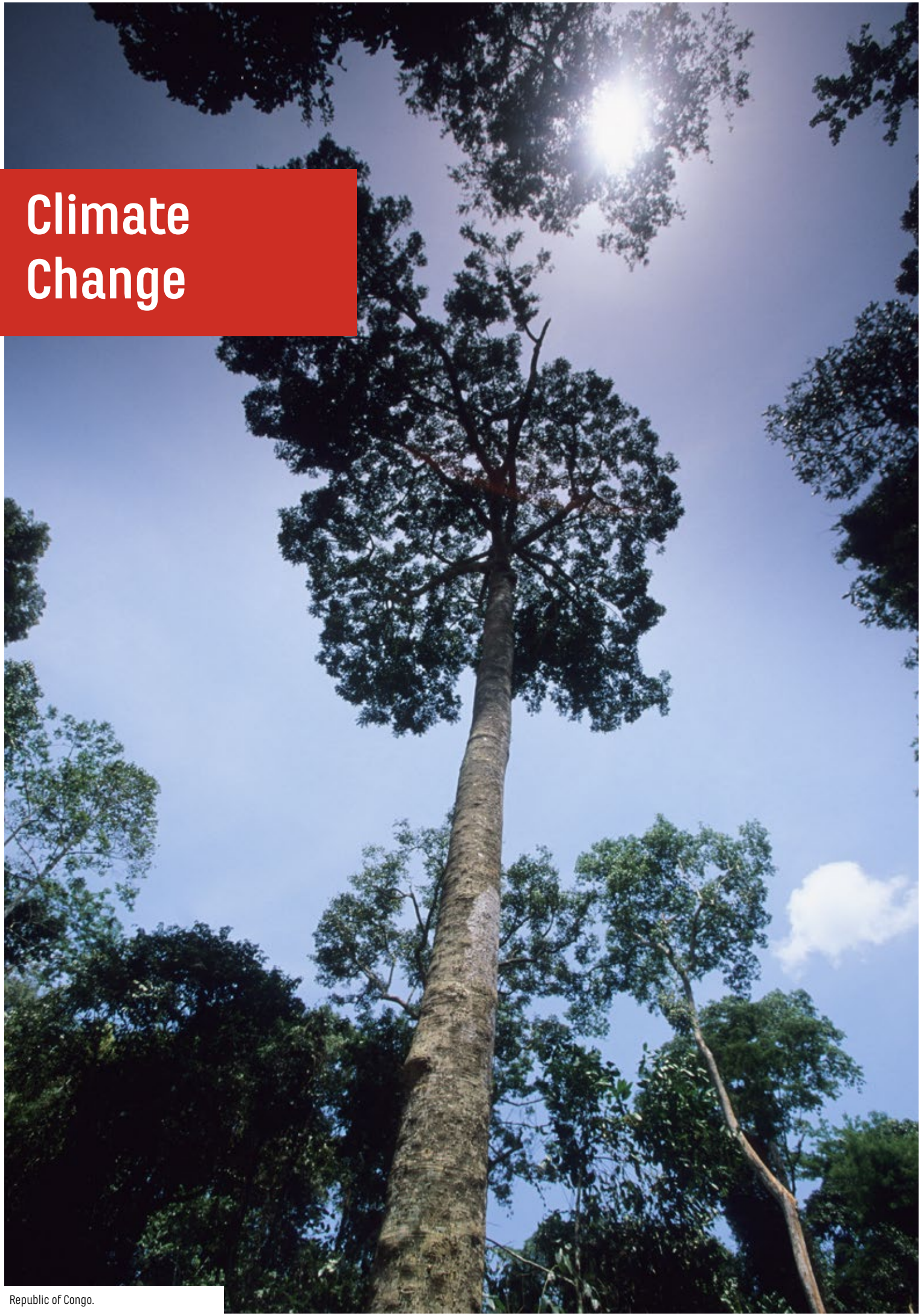
Olam's farms and plantations will continue to improve their water efficiency practices on the ground. In addition we will use the Olam Plantations and Farming 'Community of Practice' to share knowledge and leading practices on water management subjects, such as irrigation, water harvesting and soil erosion across our operations. We are also exploring new technologies for the future.

Across Olam's portfolio of factories the Global Engineering Group of the Manufacturing and Technical Services Function will continue to develop and execute Plant Improvement Plans to drive water and wastewater efficiencies.

We will participate in, or if necessary, develop water stewardship programmes to create multi-stakeholder approaches to tackle the broader challenges outside of our operational boundaries when we see risks in our water catchment areas. The involvement of our Californian team as a founder member of the California Water Action Collaborative is a good example of such an approach.

Finally, we will work to identify and implement the necessary solutions to WASH challenges in our farming and plantation operations to deliver not only against our own objective but to contribute towards SDG 6: *Ensure availability and sustainable management of water and sanitation for all.*

Climate Change



Republic of Congo.

Climate Change

As one of the world's leading agri-businesses, we are already seeing that changing weather patterns are affecting crops and therefore communities. We are committed to reducing greenhouse gas emissions and increasing resilience to climate-related risks for our own operations, and for those of our suppliers.

In this section we cover:

- Why climate change is material to our business
- How we are contributing to the 2°C Target
- Progress on Olam's goals
- Q&A with Chris Brown, Vice President, Corporate Responsibility and Sustainability

2015 highlights

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

Training cocoa farmers on climate smart practices in Ghana.

* Greenhouse gas ** REDD Reducing Emissions from Deforestation and Forest Degradation

Why climate change is material to our business

Computer models of the climate used by the Intergovernmental Panel on Climate Change (IPCC) indicate that changes will continue under a range of possible greenhouse gas (GHG) emission scenarios over the 21st century. If emissions continue to rise at the current rate, impacts by the end of this century are projected to include both a global average temperature of 2.6–4.8 degrees Celsius (°C) and sea levels 0.45–0.82 metres higher than present.

Cocoa farmer in Indonesia.

If the issues are not addressed, climate change will impact crop production, putting global food security at risk and preventing "the ending of poverty in all its forms everywhere" as defined by the UN Sustainable Development Goals. This is why the outcomes from the COP21 in Paris during December 2015 are significant – see box.

We expect farmers in emerging economies to be the first to feel the impacts of climate change because of vulnerable geographies and their lower ability to cope with damage from severe weather – given we source from 4 million smallholders across Africa, Asia and South America this is a particular risk. Poverty is a key barrier which we need to address in order to improve farmers' ability to manage, mitigate and, where necessary, adapt to the impacts.

We also have a responsibility to help reduce the temperature rise.

As stated by the IPCC in its Fifth Assessment Report, emissions from agriculture, forestry and other land use (AFOLU) sectors contribute about 24% of GHG emissions. These emissions come mainly from deforestation as farmers seek more land to increase production and agricultural emissions from livestock, soil and nutrient management. Moving to sustainable agricultural practices will play a significant role in limiting global warming to no more than 2°C.

What was agreed at COP21?

- 195 countries set a path to keep global average temperature rise well below 2°C with 'efforts' to limit it to 1.5°C by 2100
- Countries will submit updated climate plans, called nationally determined contributions (NDCs), every 5 years to steadily increase their long-term ambition
- The Paris agreement sets out an equation to ensure that what is emitted will be absorbed by forests, lands and oceans. This effectively means reaching net-zero emissions after 2050
- The long-term goal of greenhouse gas neutrality will require a phase-out of fossil fuels but in a way that avoids stranded assets and energy insecurity
- The Paris agreement also established a 'global goal' on adaptation of "enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change"
- Countries will work to deliver US$100 billion/year of climate finance by 2020
- All international Development Finance Institutions (DFIs) agreed to align their financing with the Paris climate goals.

How is Olam contributing to the international 2°C target goal?

Reducing the intensity of GHG emissions from our own farming and processing operations

While the goal of COP21 is to deliver an action plan to limit global temperature rise to 2°C by 2100, temperatures may well remain elevated for centuries due to the effect of greenhouse gases already present in the atmosphere. The effects of climate change on crop and food production are already being seen in several regions of the world and, as shown by the Center for Global Development, there are more negative impacts than positive.

One of our challenges is to manage this uncertainty and risk, hence the absolute need to measure, understand and reduce our impact now. In the spirit of transparency, Olam has been reporting its GHG emissions, strategies and actions to the Carbon Disclosure Project (CDP) for the past 5 years and encourages more businesses to do so.

By 2020 our target was to achieve a 10% reduction in GHG intensity (MT CO_2e/MT) in:

- Olam-managed plantations, concessions and farms
- Tier One operations in Olam processing and manufacturing
- Marine vessels

San Pedro port, Côte d'Ivoire.

We are proud to state that we have achieved our GHG reduction target 5 years early and that we reduced GHG emissions (tonnes CO_2e/tonne product) in Olam-managed plantations, concessions and farms by 52% against our 2013 baseline and by 28% against our 2013 baseline in processing. We have also incorporated a GHG vetting system into our selection of marine vessels. In 2016 we will determine a revised GHG reduction target for 2020.

Challenges that we have had to address include:

- Continuing to be at the forefront and evolve our approach to sustainable land development and management
- Improving our understanding and measurement of carbon sequestration
- Implementing sustainable farming practices e.g. precision farming
- Reducing our reliance on fossil fuels e.g. the consumption of diesel/fuel oil due to the remoteness of many Olam operations and lack of energy infrastructure
- Increasing knowledge sharing across Olam operations to speed up effective implementation of improvement activities.

Olam's global carbon footprint

Olam-managed plantations, concessions and farms

FY12 baseline = 7.3 tonnes CO_2e/tonne product
2020 target = 10% improvement
FY15 result = 3.54 tonnes CO_2e/tonne product
FY15 result = 51% improvement
New 2020 target to be determined in 2016
Long gestation projects starting to deliver increased yields e.g. almonds, rice, coffee etc

	FY13	FY14	FY15
Scope 1 (million tonnes CO_2e)	1.75	1.52	1.76
Scope 2 (million tonnes CO_2e)	0.005	0.06	0.08
Scope 1+2 (million tonnes CO_2e)	1.755	1.58	1.84
For every tonne of product produced this many tonnes of CO_2e were generated	5.95	4.15	3.54 15% reduction against previous year

Footnote: FY14 data revised to run from Jan to December 2014 as per new reporting timeframe.

Olam's processing

This excludes processing facilities through the ADM acquisition which only transferred towards the end of 2015.
FY12 baseline = 0.36 tonnes CO_2e/tonne product
2020 target = 10% improvement (to give 0.324 tonnes)
FY15 result = 0.2 tonnes CO_2e/tonne product
FY15 result = 45% improvement
New 2020 target to be determined with MATS

	FY13	FY14	FY15
Scope 1 (million tonnes CO_2e)	0.53	0.38	0.33
Scope 2 (million tonnes CO_2e)	0.16	0.18	0.12
Scope 1+2 (million tonnes CO_2e)	0.69	0.56	0.45
For every tonne of product produced this many tonnes of CO_2e were generated	0.36	0.26	0.21 23% rseduction against previous year

Footnote: FY14 data revised to run from Jan to December 2014 as per new reporting timeframe.

Examples of business achievements in 2015

Olam Wood Products

Olam's subsidiary Congolaise Industrielle des Bois (CIB), invested in a co-generation plant at its site by the small town of Pokola in rural Northern Congo which has been operational since March 2015. Previously the community and 5 mills had to rely mainly on diesel.

Using the waste wood pieces, trim ends and other biomass from the saw mills, the co-gen plant produces hot water and 4 MW of electricity which goes to CIB operations and to Pokola.

This has created savings of about 8,000 litres of diesel per day, which is the equivalent of taking 120 tankers off the road per year. It has reduced the use of diesel generators in Pokola by 85%. Some of the ashes are used in the soil composition for the seedlings in a cocoa nursery to support the Government's Cocoa National Development Plan. By helping communities to become cocoa farmers on already degraded land, the Plan is helping to diversify the economy in the region, while reducing illegal encroachment into the forest. CIB is the implementation partner, and from June 2014 supplied 1.6 million cocoa seedlings to 377 cocoa farmers in 51 villages.

Co-Gen Plant.

Cocoa nursery.

Olam Palm

As outlined in the Land section of this Report, the international High Carbon Stock Study Group published its Science Study Report in December 2015, in which the Technical Committee presented Olam's Mouila landscape as a case study to guide an HCS+ process suitable for forest-rich nations - Olam was the first company to field-test the HCS+ methodology.

Considering all our palm plantations in Mouila, the HCS Study Group concluded that our palm project will be at least climate neutral, if not carbon positive (i.e. net fixation or removal of 4.8 million tonnes of CO_2 equivalent from the atmosphere) over the first 25 years of the project.

Olam Spices and Vegetable Ingredients (SVI)

In 2015, Olam SVI launched the Sustainable Plant Initiative (SPI), a behavioural change-based sustainability programme within Manufacturing.

Results for 2015 included:

- More than 1,500 employees from 6 U.S. processing facilities, being trained on how to reduce their Water, Waste, and Carbon footprint in the workplace and in the home
- A total of 18 goals, in all 3 focus areas, were set amongst senior leadership and plant employees

Tomato processing in USA.

- The Las Cruces, New Mexico plant won 2015 'SPI Plant of The Year' award. Plants were scored on 5 key areas:
  - Demonstration of leadership
  - Monthly meeting attendance
  - Sustainability training and employee education
  - Data entry
  - Progress on sustainability goals

Plant specific highlights:

- The 'Reduced Mill Spillage' goal at the Firebaugh plant (onions) resulted in an overall 45% reduction in scrap volume, with projected savings of US$110,000. (The milling occurs when onions are turned into granulated onion powder.)
- The 'Recycling Improvement' goal at the Las Cruces plant (chilli peppers) led to a 15 metric tonne reduction of CO_2 in 1 month alone
- The 'Recycling Improvement' goal at the Williams plant (tomatoes) led to an 80% increase in recycling and US$97,000 in reduced spending
- The 'Carbon-Air Leak' goal at the Lemoore facility (tomatoes) led to the development of an air leak detection team that dedicated 120 hours from July to December 2015
- 'Energy and Carbon Improvement' efforts at the Williams facility (tomatoes) conserved 1,406,736 kWh of energy

Onion processing in the USA.

How is Olam contributing to the international 2°C target goal?

Adapting our own farming operations to build in climate resilience

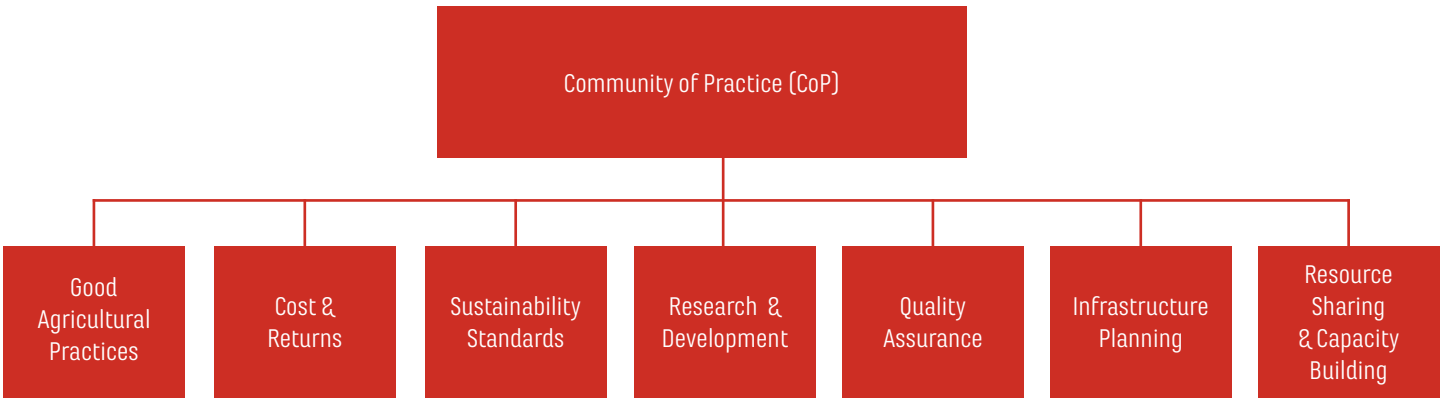
To ensure both current and future climate change impacts are addressed, our Plantations, Concessions and Farms Code includes not only greenhouse gas (GHG) mitigation actions but encourages adaptation techniques, such as the planting of shade trees in our coffee plantations and building water retention of soils for our almond orchards.

Climate smart agriculture (CSA) is one of the solutions that we have identified as critical for our own operations. During 2016 we shall further incorporate CSA into the action plans for each of our farming operations. Nowhere has this been more evident than in California which was in its fourth year of drought in 2015. High tech irrigation methods coupled with building soil moisture retention capacity are increasingly essential to improving water usage efficiency in our plantations, farms and concessions. You can read more in the Water section of this Report.

Olam's Plantations and Farming 'Community of Practice' (CoP), launched in 2015, is integral to sharing knowledge between products and geographies. Its vision is to develop and manage plantations to maximise profits, environmental and community benefits.

The outputs of the CoP will feed into our 2020 Adaptation Plan to ensure we build future climate resilience into our operations to reduce vulnerability to the impacts of climate change.

7 key aspects of best practice



How is Olam contributing to the international 2°C target goal?

Encouraging our farmer suppliers and logistics providers to improve their GHG emissions intensity and build in climate resilience

Olam's scope 3 emissions emanating from our suppliers are the major source of emissions associated with our business. There are four main indirect emission sources requiring mitigation:

(1) Changes in land use

(2) The production and use of synthetic fertiliser

(3) Paddy rice cultivation

(4) Ocean logistics

Farmers can adapt to some changes but there is a limit to what can be managed. If temperatures increase by 3°C or more, the capacity for farmers to adapt in regions closest to the equator is likely to fall short. This is why we need to employ a combination of mitigation and adaptation techniques in our supply chains.

Challenges include:

Climate change cannot be tackled in isolation

Climate-related risks for agriculture are particularly acute in developing countries. They expose vulnerabilities of farmers who lack resources fundamental to resilience including finance, technology and knowledge. Moreover, climate-related risks interact with existing environmental stressors such as biodiversity loss, soil erosion, and water contamination, and with social stressors such as inequality, poverty, gender discrimination, and lack of institutional capacity. These interactions compound risks to agricultural production and food security.

Reducing waste

Global estimates suggest that about 30 – 40% of all food produced is lost in the supply chain from harvest to consumption (Godfray et al., 2010).

When comparing losses in the developing world versus developed nations the statistics are startling:

- For developing countries, up to 40% is lost on farm or during distribution due to poor storage, distribution, and conservation technologies and procedures.
- In developed countries, losses on farm or during distribution are smaller, but the same amount is lost or wasted in service sectors and at the consumer level.

Reaching farmers

Olam sources from 4 million smallholders. Reaching so many is simply not possible on our own. Where we can reach farmgate, we still have to encourage those farmers to come together in groups and cooperatives to facilitate training. Climate-smart practices are now a key component of the Olam Livelihood Charter and in 2015, we reached 60,000 cocoa, cotton, coffee, cashew, sugar, and black pepper farmers with training on forest conservation, reforestation, avoiding bush fires, and climate education.

Black pepper farming in Vietnam.

Solutions to these challenges include:

Working with nature

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

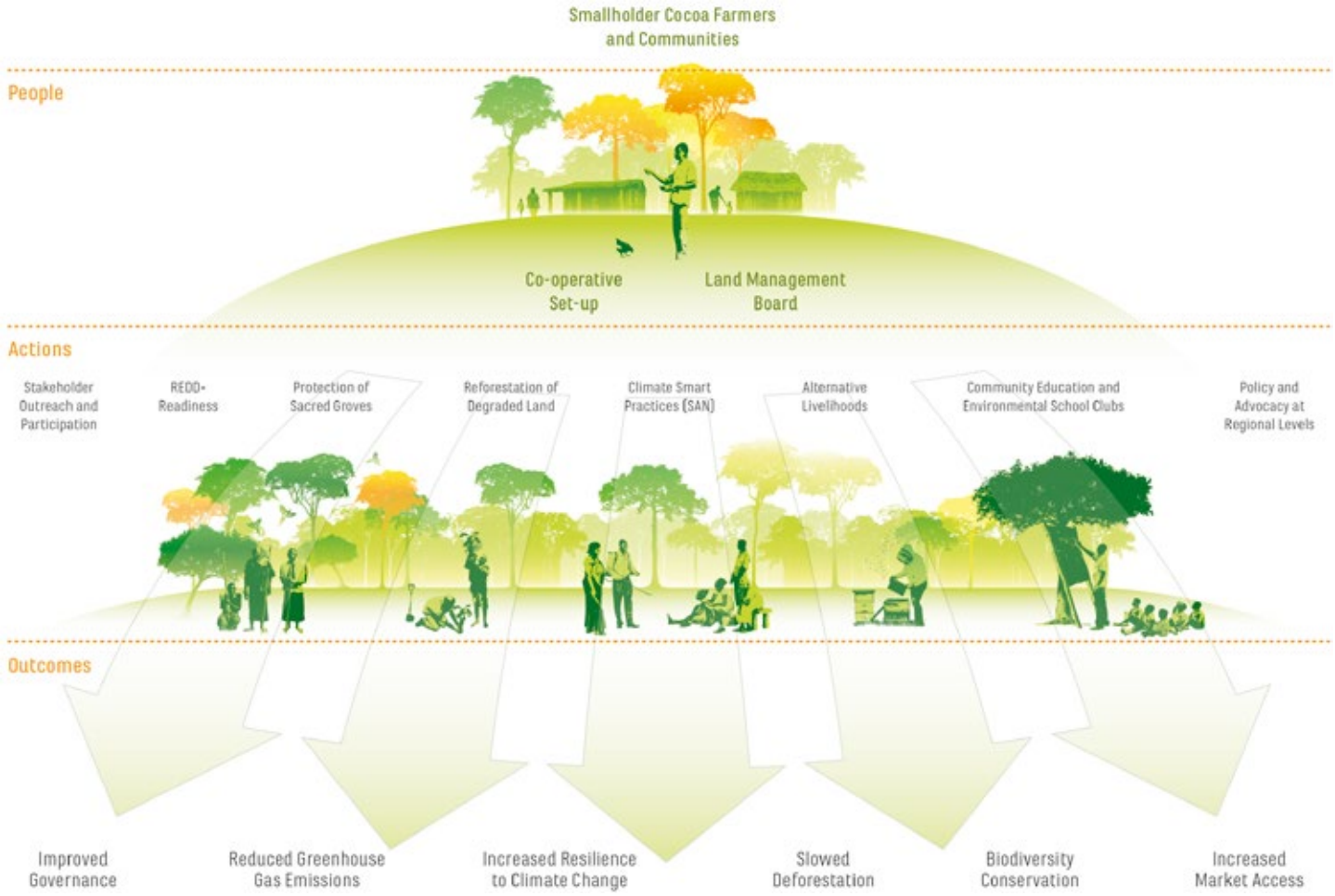
- Through decomposition it provides vital nitrogen and other nutrients to the soil, improving the soil fertility which in turn improves water retention
- Through the shade cover, it reduces weeds and significantly extends the productive life of the trees
- At the same time it helps to reduce the farmers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

Taking a wider landscape approach

Olam and Rainforest Alliance's five-year landscape level programme in Bia Juabeso, Ghana, has produced the world's first verified climate smart cocoa. The programme focuses on developing an agri-business model which breaks the link between cocoa production and deforestation.

As of the end of 2015, the partnership had trained 2,000 farmers from 34 communities in the voluntary climate module of the Sustainable Agriculture Network (SAN) standards to increase yields without illegal encroachment, while 286 hectares of trees had been planted to reconstitute the forest.

The graphic below helps to explain the landscape approach being taken.



How is Olam contributing to the international 2°C target goal?

Collaborating to scale up and speed up implementation of climate smart practices

Low Carbon Technology Partnership Initiative (LCTPi)

Strengthening our commitment to help our sector to mitigate and adapt to the impacts of climate change, we have taken a role as Co-Chair with PepsiCo, Kellogg Company and Monsanto for the Low Carbon Technology Partnership Initiative for Climate Smart Agriculture (CSA), set up by the World Business Council for Sustainable Development (WBCSD).

Together the LCTPi members will focus on 4 priority action areas that we feel are not yet being adequately addressed in other programmes, and where we believe we can make the greatest difference:

1. Building smallholder resilience

2. Scaling-up investment in Climate Smart Agriculture (CSA)

3. Improving businesses' ability to trace, measure and monitor CSA progress

4. Implementing agriculture-driven zero deforestation and sustainable land-use commitments.

To help achieve this vision Olam has taken responsibility for chairing Priority Area 1: building resilience among smallholders.

This will include gaining the support of other businesses in the sector to:

- Drive access to finance, including insurance
- Drive capacity-building through data access, training and investment
- Create enabling environments – which will focus on environmental and social aspects
- Drive greater awareness of land tenure issues
- Empower women
- Develop appropriate tools to support farmers to adopt CSA
- Develop mass media content and use this for awareness raising and training
- You can read more on olamgroup.com.

Vision: "Producing 50% more available food and strengthening the climate resilience of farming communities whilst reducing agricultural emissions by at least 1.6 Gt CO_2eq/yr by 2030 (30%) and halving agricultural emissions by 2050."

Pillar 1: Productivity ambition	**Pillar 2:** Climate change resilience, incomes and livelihoods ambition	**Pillar 3:** Climate change mitigation ambition

Sustainable Rice Platform

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

Less than 10% of the world's rice production is shipped internationally, environmental pressures risk reduced availability, increased inflation, and political restrictions. Olam, as the world's second-largest rice supplier based on shipped volumes, recognised that the current rice production was unsustainable in many locations. To counter this risk, Olam partnered with UNEP, International Rice Research Institute (IRRI), GIZ, Mars, and others to establish the first international scientifically-verifiable rice standard; the Sustainable Rice Platform (SRP). Olam continues to sit on the Advisory Committee of the SRP, guiding the standard to reduce the environmental footprint of rice and reduce farmers' costs, thereby increasing incomes for smallholder farmers. SRP released the first version of the Standard in 2015. It is now focused on trial projects to verify the Standard.

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

Rice farming in Vietnam.

Realising value from standing forest through carbon credits

In the Blue Zone at COP21 in Paris in December 2015, the Government of the Republic of Congo (Brazzaville), carbon partner and expert Terra Global Capital, and Olam Wood Products subsidiary, Congolaise Industrielle des Bois (CIB), outlined the country's advancement toward implementing REDD+*, including its readiness process.

CIB manages the world's largest contiguous FSC® certified tropical forestry concession (1.3 million hectares) in the Republic of Congo**. It is also 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.

As one of only two countries leading with a Public Private Partnership, the programme was selected into the FCPF's Carbon Fund Pipeline in June 2014 and received US$650,000 funding to support the full development of an Emission Reductions Programme. This will tackle the root causes of forest degradation in the Republic of Congo, conserving standing forest as carbon sinks and ensuring that impacts on the forest cover are reduced.

Once the emission reductions have been verified, the Carbon Fund would purchase up to 11.7MtCO_2e in carbon credits if an Emission Reduction Purchase Agreement (ERPA) is signed. This equates to taking some 500,000 cars off the road between 2017 and 2022.

Forest Economy and Sustainable Development Minister of the Republic of Congo, Henri Djombo, commented,

"With the support of the Forest Carbon Partnership Facility through the World Bank, and in collaboration with CIB, the Republic of Congo can realise our ambitions of balancing the twin goals of protecting the environment and supporting our economy.

Cocoa nursery in the Republic of Congo.

* REDD Reducing Emissions from Deforestation and Forest Degradation ** License numbers: CIB Kabo - FSC-C128941; CIB Pokola - FSC-C014998; CIB Loundoungo - FSC-C104637.

"The Republic of Congo invited CIB to be both a strategic partner and a key implementer based on its expertise in the sector and, specifically its work on our pioneering REDD+ joint initiative in the Pikounda Nord timber concession which is also a Public Private Partnership.

"Working with CIB on the ground, we have been able to redefine industrial logging in the context of climate change, and drive innovation in sustainable agroforestry."

The Emission Reductions Programme in the northern area of the Republic of Congo will encompass an area of 12.35 million hectares (in the two northernmost provinces of the country - Sangha and Likouala) with 97% forest cover and 12 timber concessions. Taking a landscape approach, and in consultation with forest-dependent communities and indigenous peoples and the private sector, actions will include:

- Advancing sustainable forest management in all industrial concessions through reduced impact logging techniques, (ii) new protected areas, and (iii) an increase in the number of certified concessions
- Encouraging sedentary agriculture over slash and burn techniques, through reviving cocoa cultivation on already degraded land and supporting smallholders with profitable and productive crops
- Increasing forest conservation areas and better land use planning; limiting the impacts of palm oil plantations in secondary/degraded forests and developing village palm to also encourage sedentary agriculture
- Promoting 'green mining' by working with extractive industries to reduce their net impact on forests.

Republic of Congo.

Progress on Olam's goals

Goals 5 and 6 relate to climate change. Goal 5 looks at reducing greenhouse gas emissions and there are 2 new objectives. Goal 6 focuses on increasing resilience for OLC farmers and our own plantations and farms.

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

◎ On target ○ Started + New

Q&A
with Chris Brown
Vice President, Corporate Responsibility and Sustainability

1. Olam is calling for a carbon tax. Based on Olam's 2015 carbon footprint, what would be the potential tax impact?

Ahead of COP21, Olam called for a tax of between US$35 and US$50 per tonne. We believe that if a resource is free, it is likely to result in its indiscriminate use. If carbon emissions are free and no tax is imposed, indiscriminate emissions will continue – global food security cannot afford this.

If Olam had paid this level of tax for our direct emissions (scope 1) in 2015, we would have paid a tax in the range of US$73-105 million.

In addition to a tax on emissions, we also call for incentives to implement the necessary improvements (such as REDD+ and renewable energy), many of which are not currently possible in emerging economies due to financing or regulatory challenges.

We believe that due to the actions we are implementing now, and those we have in the pipeline, we would be better prepared should a carbon tax be introduced.

We see carbon tax as a catalyst for innovation and the start of a transition away from a fossil fuel-based economy and help decarbonise the economy.

2. How can you tell whether an impact is related to climate change versus cyclical weather occurrences such as El Niño? And are all impacts negative?

I'd like to answer using a quote from Gavin Schmidt, a climatologist at NASA's Goddard Institute for Space Studies: "What matters, is that this decade is warmer than the last decade, and that decade was warmer than the decade before. The planet is warming."

Primarily the impact we are seeing in the countries in which we operate is negative. Agriculture needs a degree of predictability. Climate change is affecting this predictability, as well as bringing impacts, so we are improving our assessment of future risk to include climate change and incorporate this into our business decision-making.

However, necessity is known as the 'mother of invention' and so as we address these issues there can be positives – such as the Glyricidia trees being able to nourish the soil, provide shade cover, prevent weeds and extend the productive life of cocoa trees.

Nigeria rice farm.

3. Aren't all of the mitigation measures too little too late?

For the Agriculture, Forestry and other Land Use sector, there are indeed many barriers to emission reduction. Mitigation measures may not be implemented for several reasons such as economic (e.g. market failures, need for capital investment to realise recurrent savings), or others including risk-related, political / bureaucratic, logistical and educational / societal barriers.

However, we are encouraged that the economic reasons will be overcome by financial commitments from COP21. We also see that technological barriers can be overcome by research and development; logistical and political / bureaucratic barriers can be overcome by better governance and institutions; education barriers - through better education and extension networks; and risk-related barriers can be overcome, for example, through clarification of land tenure uncertainties.

I am pleased to see the INDCs* as the aligning force for action and a 5-year review process being agreed. This allows Olam to make better strategic decisions to drive actions.

We will endeavour to build on our reputation as an implementation partner of solutions to support mitigation and adaptation actions in the countries in which we operate.

We will continue to do this through partnerships with farmers, technical organisations and customers. Of course, the need for adaptation will remain as important as mitigation and should not be overlooked especially for our smallholder supply chains.

On the demand side, however, I'd welcome more activity. We can play our part by addressing loss of agricultural products in our supply chains but I would like to see the involvement of other players to tackle the challenge of over-consumption and consumer food waste in regions where it is prevalent. We also need to think about the impact of diet generally. It is estimated that agricultural non-CO_2 emissions (CH_4 and N_2O) would triple by 2055 to 15.3 $GtCO_2eq$ / year if current dietary trends and population growth were to continue, so tackling this challenge is essential - adoption of a healthy diet would reduce global GHG abatement costs.

And, finally, we also call on the agri and food/ beverage sectors to implement procurement policies and consumer awareness campaigns that help drive the market for sustainable/ climate smart crops and products and reduce retail and consumer waste.

You can read more in Olam's 2°C Call to World Leaders and Industry at olamgroup.com.

4. What are your specific focus areas for 2016?

We will undertake a forward-looking 'Value at Risk' approach based on current and future climate risk scenarios. Specific actions include:

- Embedding an Olam Climate Smart Agriculture Action Plan
- Assessing the true potential for carbon sequestration in our own operations
- Improving impact metrics for supply chain emissions and improvement activities
- Leveraging Olam's ability to contribute towards the delivery of the INDCs* in the key countries in which we operate
- Building on the Olam Supplier Code to assess deforestation and afforestation in our supply chains through the use of technology
- Improving our ability to measure and reduce post-harvest loss in Olam farms and priority supply chains.

Coffee farming in Colombia.

* Intended Nationally Determined Contributions

Labour

Onion operations, USA.

Labour

Olam recognises that we depend on the engagement and motivation of our workforce to create profitable growth responsibly so we are committed to providing a safe workplace where everyone's rights are protected. We also need our 4 million farmer suppliers to understand and uphold good labour practices which depends on their understanding and commitment despite barriers including education, culture and low income.

In this section we cover:

- Why labour is material to our business
- Key facts about our direct workforce
- Management priorities in our direct workforce
  - Specialist and regional talent
  - Labour management
  - Safety
  - Health and wellbeing
  - Gender equality
- Managing issues in supplier networks
  - Child labour (with a focus on hazelnuts and cocoa)
  - Forced labour (with a focus on Uzbek cotton)
- Progress on Olam's goals
- Q&A with Chris Brett, Global Head of Corporate Responsibility and Sustainability
  - Do you see mechanisation helping or hindering emerging market communities?
  - What are the factors contributing to child labour aside from lack of schools in emerging markets?
  - What are your specific focus areas for 2016 – 2020?

2015 achievements

- A 50% reduction in Lost Time Injury Frequency Rates (LTIFR), from our 2014 baseline, was achieved in Olam processing operations
- 80% of employees trained on Behavioural Safety via our in-house programme: 'A safe Olam'
- Olam Scholarship Programme for Change Catalysts in Africa supports postgraduates at Harvard, INSEAD, LSE and The Lee Kuan Yew School of Public Policy
- 30% of all tonnage is covered by the Olam Supplier Code and its labour standards
- Olam's 3rd year of being an affiliate member of the Fair Labor Association. Cocoa and Hazelnut external audit systems, particularly for child labour, established and reported publicly via the FLA website
- Through the Olam Livelihood Charter, we supported education for children to mitigate against child labour by:
  - Constructing 5 primary schools in Côte d'Ivoire and 2 school libraries in Indonesia serving 930 students
  - Providing school materials to over 10,000 students in Ghana
  - Improving infrastructure and equipment at over 60 primary and secondary schools for over 20,000 students

Why labour is material to our business

At the end of 2015, Olam's primary workforce, across our full value chain, was 26,300 people across 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 which together brought 1,700 new employees to the Olam Group.

Olam is our workforce. In fact, we have an internal campaign called 'I am Olam'. We rely on both our primary and secondary workforce to source, grow, and process legal and safe raw materials and ingredients; we rely on them to carry out their roles responsibly, to be accountable for their actions, to motivate others, serve our customers and to come up with new ideas. Not fulfilling these brings considerable risk in the form of losing talented people, potential product withdrawals due to negligence, injuries, strikes and lost time, and reputational loss.

All of our direct operations are therefore based on ensuring that people are kept safe, and that they have the right to air grievances. This is upheld by our managers implementing the Olam Code of Conduct (updated in 2015 for roll-out in 2016) and International Labour Organization (ILO) compliant labour standards.

In addition to our direct workforce, we are also focused on labour within our indirect supply chain – how to ensure that the 4 million farmers, primarily smallholders in emerging markets, are not engaging in child or forced labour, and that they are employing safe practices on their respective farmlands.

The strategic importance of getting labour right therefore, cannot be underestimated, especially when it is one of our most complex material areas. It requires the combined and concerted efforts of business and country managers, Human Resources (HR), Manufacturing and Technical Services (MATS) and Corporate Responsibility and Sustainability (CR&S).

Olam Cocoa Processing facility in Jurong, Singapore, which was acquired as part of the ADM Cocoa acquisition. We welcomed our new colleagues in October 2015.

Key facts about our direct workforce

Olam operates in 70 countries with a total workforce of 62,500. This comprises 26,300 full time employees and 36,200 temporary, contract or part-time employees. It is an extremely diverse workforce with colleagues from all around the world

Full time employees

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.

Cashew processing team in Côte d'Ivoire.

Management priorities within our direct workforce

Hiring specialists and regional talent

To support our business diversification into upstream (plantations and farming) and midstream (manufacturing) operations, we have built significant expertise in the organisation in these 2 areas. In the last 5 years our expert technical talent has grown from 45 to 150 people.

Managers meeting in Ghana.

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.

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.

In addition, we welcomed scholars from Côte d'Ivoire, Ghana, Ethiopia and Nigeria to the Olam Scholarship Programme for Change Catalysts in Africa. Between them they are studying business management, developmental economics and public administration at Harvard and INSEAD business schools, The London School of Economics and Political Science and The Lee Kuan Yew School of Public Policy.

Launched in 2014 in celebration of our 25th anniversary, this postgraduate scholarship programme is for nationals of Sub-Saharan Africa who are committed to catalysing change in their home country during their career. Through the scholarships and Olam mentoring, we hope to play our part in creating a generation of leaders who will contribute towards economic transformation, provide good governance, and act as change agents in their home country.

Growth in manufacturing and plantation managerial talent

	2010	2015
Manufacturing	39	105
Plantation and farm	6	45
Others	485	948

41% of managerial talent is in Africa

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

Management priorities within our direct workforce

Labour management relations

Given the growth in our upstream farming and plantation operations, we now have an extensive workforce engaging in tending and harvesting crops.

Equally, we now have 135 primary and 64 secondary (midstream) processing facilities with a workforce including machine operators, lab technicians, supervisors, engineers and logistics operators.

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

- Compliance to relevant labour national laws and international agreements (covering wages, working hours and conditions, freedom of association, collective bargaining, no discrimination, gender and age equality)
- A grievance mechanism accessible to all workers without retribution
- An accessible communication framework of policies to the workforce
- The application of these requirements to contracted, seasonal and migrant workers where relevant

As with any business, restructuring is sometimes necessary. Whenever this occurs we seek to ensure that employees and their representatives are given notice of any significant changes. This may vary between countries and also on the significance of the change so it might be 2 or 4 weeks or a few months. Based on data from our key operating countries, about 40% of our primary workforce (26,300 people) are covered by collective bargaining agreements. It should be noted, however, that where collective bargaining agreements do not exist we support employee representation. So, for example, as a country Gabon does not have collective bargaining structures in place but Olam Gabon has a system of employee delegates who negotiate with management on the employees' behalf – we have over 7,000 employees in our primary Gabon workforce.

Primary processing plants in origin

Secondary processing plants in origin or closer to the customer processing approximately 3 million MT

Management priorities within our direct workforce

Safety

We are absolutely committed to providing a safe working environment for anyone working for Olam, whether a full time employee, seasonal worker or contractor. Every Olam site has dedicated Health and Safety staff and we have a publically committed goal of Zero Harm.

Working in the rubber plantation in Gabon.

This is sometimes more challenging in emerging markets than in developed nations where there is a strong prevalent safety culture in the workplace and outside. So, for example, where countries do not enforce road safety procedures such as seatbelts, we have to constantly reinforce that seatbelts must be buckled and that drivers must not go over the speed limit.

Other challenges revolve around the use of Personal Protective Equipment, for example the wearing of protective boots. We have encountered situations where the new boots provided for workers are considered 'too good' for work and they wish to wear their old shoes. In other cases, large numbers of gum boots are not returned to the clothing stations, as they are being sold in the community.

However, the 'A Safe Olam' modular training approach that we highlighted in our 2014 report, continues to be cascaded and repeated. By the end of 2015, 80% of employees had been trained on Behavioural Safety.

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), with a focus on driving a safety culture within all our operations.

During 2015 we rolled out new software across the business that has ensured consistent reporting of all incidents, and also gives managers supervising numerous sites a faster comparative oversight.

In terms of goals to achieve a zero harm workplace, we are pleased to have achieved:

- A 50% reduction in Lost Time Injury Frequency Rates (LTIFR), from our 2014 baseline, bringing LTIs to 0.6 in Olam processing operations. Our 2015 target had been 25% from a 2014 baseline of 1.2
- All locations including plantations and farms, and warehouses have been included in Safety training, including incident reporting, so baseline safety metrics will be available in 2016.

You can read more about our Health and Safety governance and policies, codes and standards in the How We Do It Section of this Report.

Australia cotton operations.

Management priorities within our direct workforce

Health and wellbeing

Olam's operations do not require workers to engage in activities where there is an associated incidence or high risk of contracting specific diseases. However, in today's world, our employees across the world face different types of health and wellness issues.

In countries that can be classed as developed, such as the USA, UK, Singapore etc. we focus on fitness, for example encouraging cycle to work schemes, regular exercise and healthy eating.

In 2015, the U.S. team launched a comprehensive wellness programme, Olam Living. With the diversity of the workforce and learnings from other industries in mind, it was evident that a wellness programme within Olam needed to focus on more than just physical health to satisfy its vision of having a vibrant, engaged, healthy and productive workforce.

Today, Olam Living is piloted in Fresno, California, with its focus on 5 key areas of wellness: Physical, Nutrition, Financial, Purpose, and Community. The team utilises education and engagement activities to promote shared value through newsletters, 'lunch and learns', community and volunteer events, and various wellness initiatives.

In celebration of World Health Day (7th April 2016), Olam Living promoted the World Health Organization's 2016 campaign: Beat Diabetes. Throughout the week, the team hosted various wellness initiatives such as having a nutritionist coming to speak about diabetes, and the launch of a walking club.

Developing countries

Olam has long supported health campaigns in the rural communities where we have operations. Issues include diseases such as HIV, malaria, diarrhoea, Ebola and Zika virus, but also malnutrition.

Implementing effective health strategies

Effective health strategies address knowledge, availability, and access, which includes:

(1) Knowledge about disease prevention, hygiene, and nutrition;

(2) Water, sanitation, hygiene and food infrastructure must be available in sufficient quantity and quality; and

(3) People must have access to infrastructure and care, meaning that it is affordable and reliably available close to home or work.

On World AIDS Day 1st December 2015, we launched the Olam Healthy Living Campaign in Africa. In addition to supporting our farmer suppliers, the Campaign also focuses on our workers. During 2015 proposals from Olam's teams across the continent were received, outlining initiatives to drive education, availability and access to better nutrition and disease prevention.

Nineteen successful initiatives across Olam's cotton, rice, palm oil, timber, cocoa, coffee and Packaged Foods businesses are expected to reach an estimated 270,000 people over the course of 2016 across 8 countries including Côte d'Ivoire, Ghana, Nigeria, Mozambique, Republic of Congo, Tanzania, Uganda and Zambia.

Led by the Business Units, or in collaboration with other partners, most of the proposals include an HIV component in tandem with nutrition or disease prevention programmes, including increasing access to sanitation and safe drinking water, improving nutritional quality of food at employees' canteens, providing health insurance for workers and farmers, and pre- and post-natal education for women in local communities.

Zambia, for example, is among the most severely affected by the HIV/AIDS epidemic in sub-Saharan Africa, and the team managing Olam's coffee plantation in the country's Northern Province is determined to not only provide a healthy and safe workplace for employees, but also to support wellbeing in the community.

This includes working with 200 pregnant women, around 1,000 workers, 20 communities and 500 school pupils to improve HIV prevention awareness, access to care and reduce stigma and discrimination around the disease and its causes. This programme will run alongside cooking demonstrations and nutrition education to encourage healthy diets and reduce infant mortality as well as promoting female empowerment through prizes for female-run community businesses.

Ebola and Zika virus

Although the severity and international focus on Ebola has diminished, our West Africa operations still implement strengthened hygiene and awareness practices. In recent months we have seen the outbreak of Zika virus in South and Central America. All employees have been given guidance and we do not allow female colleagues who are pregnant, or who intend to become pregnant, to visit high risk areas.

Water Access, Sanitation and Hygiene promotion (WASH)

According to WHO estimates, the return on US$1 investment in Water, Sanitation and Hygiene (WASH) is over US$4 just in reduced healthcare costs. Some estimates find a benefit for society of US$1,000 – giving WASH projects the highest ROI among social activities such as electrification, school infrastructure, and premiums for farmers.

Olam has developed a WASH standard that shall enable all direct operations to consistently ensure availability and sustainable management of water and sanitation for its own workforce, contractors and visitors, fully compliant to international standards. You can read more about WASH in the Water section of this Report.

Hospital in Bouaké, Côte d'Ivoire.

Management priorities within our direct workforce

Gender equality

Olam is committed to ensuring gender equality throughout our value chain – from our plantations and farms, to the processing units, offices and senior management. This includes wages, opportunity for promotion and training.

We currently have about 15,600 women in our direct supply chain and 47,000 men. To some extent this difference reflects the nature of our work and is fairly typical in our sector. At a management level, it also reflects the fact that many of our businesses started in the highly rural areas of emerging markets where the majority of applicants tended to be male. However, today there are many women beginning to grow into senior roles across Olam, rising further through the ranks on merit.

In 2015, we also welcomed our first female board member Marie Elaine Teo. As part of our 2016 International Women's Day activities she wrote an inspiring account on *"how real equality comes from each of us – men and women, having the freedom to make our own tracks knowing no boundaries apply"*.

We are committed to ensuring equal remuneration for women and men.

Women in agricultural processing

According to the UN's Food & Agricultural Organisation (FAO) report, on average 43% of the agricultural labour force of developing countries are women. It notes that 'new jobs in high-value, export-oriented agro-industries offer much better opportunities for women than traditional agricultural work'.

One of our most significant areas of contribution for female employment is the cashew sector. Here women excel at the delicate peeling process required by the cashew. We therefore employ around 12,000 women across Africa and Asia. Of course, the more dextrous ability of the women drives our employment decision but our commitment to investing close to where the cashew is grown (where commercial factors allow), means that we have brought employment to women in areas where none previously existed. We also seek to empower those women by providing literacy classes and, where feasible, opportunities to develop into supervisors.

Read more about how cashew processing can empower women in this article that appeared on the Huffington Post for International Women's Day 2015: Cashews, Co-ops and Constantine.

Not just jobs for the men!

But it's not just processing where women from rural communities are able to find employment. Our Zambian coffee subsidiary Northern Coffee Corporation Limited (NCCL) is championing workplace diversity by introducing a training programme for women tractor drivers in the coffee estates. Based in Kasama, Northern Zambia, this programme is aiming to promote economic development and create role models whilst also tracking the progress towards women empowerment and gender equality.

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

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

This new initiative set up by the NCCL management has taken steps to create diversity on the estates, which also has a positive business and social impact. More and more rural women are becoming leaders and changing agents of economic growth by seeking jobs to increase their income and promote an environment for social change.

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

Management priorities within our direct workforce

Career development

From the very beginning, investing in and developing talent and leadership has been one of our top priorities and that process is deeply embedded in our corporate culture.

We place a strong emphasis on developing a deep bench-strength among managers and leaders. We understand that success stems from the ability of our people to execute our multiple growth initiatives, so our people are empowered to grow their careers across multiple businesses and geographies, maximising their learning and development from different roles and business contexts. This means each time a new business is started, a new geography is opened, or a new value chain initiative is developed, we are able to deploy a core team of leaders and managers who have the capabilities to spearhead the opportunity.

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 2015, 160 new managers participated in the 3 workshops held, solely anchored by our CEO over 4 days.

In 2015, we initiated a bold approach to enabling our managers to develop, grow and deliver to their full potential. We redefined our Performance Management Process introducing a process that relied less on the past, and is more future-focused. The case for change emerged from our employee survey feedback which indicated that 66% of our managers experienced the performance management process to be ineffective in driving performance. The performance appraisal discussions tended to focus on past achievements and justifying the performance rating rather than improving performance to deliver on potential.

Olam Cocoa team in London.

We launched Aspire – *Delivering Potential* in January 2016 targeting our managerial cadre as a pilot before rolling out to the wider business. Aspire represents a future focus shifting the primary focus to timely conversations anchored around performance, development and careers rather than rating justification. Aspire aims to impact 3 fundamental individual needs that help drive discretionary behaviour:

(1) How do I enhance my role and its significance to the business?

(2) How am I doing and how should I improve?

(3) What is my future?

At the start of 2016 we energised the goal setting process through Strategy Sharing Sessions delivered by Business and Function Heads targeting managers. These sessions are aimed at helping managers set high impact goals aligned to the broader strategy and annual operating plans of the business enhancing the significance of individual roles. You can read more about the process of embedding Aspire in the How We Do It section of this Report.

Managing labour issues in our supplier network

Olam's sourcing network of 4 million farmers, of whom the vast majority are smallholders in emerging markets, means that eliminating poor labour practices is an ongoing focus. Poor practices include the potential for:

- Child labour
- Forced adult labour
- Poor management practices, such as not providing protective equipment or instructions

This diagram shows how we have been able to prioritise out-reach given that we cannot physically audit all 4 million farmers.

Farmers within the Olam Livelihood Charter are much easier to reach and we provide extensive training.

In our next sphere, where we buy from Licensed Buying Agents, we are asking them to verify their own supply chains by signing the Olam Supplier Code, which will then be subject to audit. This now covers 30% of tonnage (of which 60% is contracted large-scale). You can read more about the challenges of implementing the Supplier Code in the How We Do It Section of this Report.

Crops in our furthest sphere tend to have lower risk and we use the Olam Supplier Code and industry leadership to eradicate issues. Cotton from Uzbekistan is an individual case which we address separately in the sections that follow under Forced Adult Labour.

How we tackle environmental and social risks in our supply chain based on ability of Olam to physically reach the farmers

- Cotton, grains, sugar, peanuts, almonds
  - Support industry initiatives and Standard bodies
- Coffee, cocoa, cashew, smallholder cotton, hazelnuts, palm oil, rubber, wood products
  - Licensed buying agents sign Supplier Code and are responsible for ensuring standards are met
  - Audit process in development
- Cocoa, coffee, sugar, cotton, cashew, chilli, pepper, rice, hazelnuts, sesame
  - Considerable influence through farmer training
  - Supplier Code being rolled out via cooperatives
- Tomatoes, onions, peanuts, USA & Australia cotton
  - Considerable influence through contracting
  - Supplier Code
  - Customer Codes
  - Industry initiatives
- Must conform to Olam PCF* Code
  - And best practice industry standards e.g. FSC®, RSPO

* Plantations, Concessions and Farms Code

Managing labour issues in our supplier network

How we tackle child labour

While there have been incremental efforts to shift cultural norms so that globally the number of child labourers has declined by one third since 2000 from 246 million to 168 million children (ILO), child labour is still mostly found in agriculture. *"About 100 million boys and girls are engaged in child labour in farming, livestock, forestry, fishing or aquaculture, often working long hours and facing occupational hazards." (FAO)*

FAO further defines child labour as *"work that is inappropriate for a child's age, affects children's education, or is likely to harm their health, safety or morals. It should be emphasised that not all work carried out by children is considered child labour. Some activities may help children acquire important livelihood skills and contribute to their survival and food security. However, much of the work children do in agriculture is not age-appropriate, is likely to be hazardous or interferes with children's education. For instance, a child under the minimum age for employment who is hired to herd cattle, a child applying pesticides, and a child who works all night on a fishing boat and is too tired to go to school the next day would all be considered child labour."*

Our commitments

Olam is committed to the responsible and sustainable management of our supply chains from seed to shelf. At the heart of this commitment, Olam is against all forms of child exploitation and the use of forced or trafficked labour, respecting and abiding by the ILO conventions No 182 on the Worst Forms of Child Labour and No. 138 on the Minimum Age for Admission to Employment and Work.

In addition to ensuring this is applied across all of our direct operations (plantations, farms and processing units), Olam works proactively with others, including our suppliers, governments, specialist NGOs, such as the International Cocoa Initiative, and industry peers, to progressively eliminate these abuses in the labour markets related to agricultural supply chains. Olam follows, and expects its suppliers to follow, the table below as a direct reference to ILO Convention No 138 defining child labour by the following categories:

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

Minimum Age for Admission to Employment or Work		
	Developed Countries	Developing Countries
Regular Work	16 years	16 years
Hazardous Work	18 years	18 years
Light Work	15 years	15 years (or 14 years subject to exceptions allowed by the ILO of national law)

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

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

Specific actions and issues relating to child labour in 2015

In 2012, Olam was the first agri-business company in the world to become an affiliated member of the Fair Labor Association (FLA). Since then we have been actively engaging through the development of specific programmes across our cocoa and hazelnut supply chains to improve labour standards. FLA has also given technical advice to strengthen the content of the Olam Supplier Code and the systems required to roll it out and monitor compliance.

Hazelnuts

In May 2015, we ran a presentation on tackling labour issues in hazelnuts on the Guardian Sustainable Business website as part of our Know Your Nuts Series, revealing the landscape from which 70% of the world's hazelnuts are produced. Our Hazelnuts business has been working with the FLA since 2014 and has made considerable progress.

In 2015 the hazelnuts programme fulfilled all of the principles of the Olam Livelihood Charter (OLC), meaning that 2,631 hazelnut farmers are classed as OLC.

In total, the OLC farmers produced 6,965 tonnes hazelnuts, an increase of 4,465 tonnes on 2015. The remaining tonnage purchased from an indirect network of about 27,000 farmers is almost completely (99%) covered by the Olam Supplier Code which demands adherence to good labour practices.

Each year, the FLA conducts independent assessments of our operations, auditing our suppliers and farmers. In 2014 we trained 650 hazelnut farmers on good labour practices. In the 2014 harvest 39 farms received unannounced audits and 3 incidents of child labour were found. In 2015 we trained 1,907 farmers on good labour practices. During the FLA audits to 30 farms for the 2015 harvest, they identified 3 incidents of child labour.

The Turkish context now represents an exceptional case as the human cost of war is increasing the risk of exploitation in our supply chains. The UNHCCR and Government of Turkey recorded the number of registered Syrian refugees, as of March 2016, to be over 2.7 million. What is more concerning is that, of the refugees under 17 year of age, 28% are male children and 26.3% are female children, equalling a staggering number of 1.47 million registered migrant children in Turkey (UNHCCR - Syrian Refugee Regional Response). The FLA recognised that this evolving situation presents exceptional circumstances for brands sourcing from Turkey.

In November 2015, Olam initiated, in partnership with key customers and the FLA, a 28-month-long project to further address child labour risk in the Turkish hazelnut supply chain with the aim of reaching 1,000 hazelnut farms in the region of Ordu and Sakarya.

Collecting hazelnuts in Turkey.

Cocoa

In 2015, child labour in cocoa was brought to the fore with the report from Tulane University on the West African chocolate industry, estimating that over 2 million child labourers worked in cocoa production in the 2013/2014 cocoa harvest season in Côte d'Ivoire and Ghana.

Given all of the efforts being taken by many in the cocoa and chocolate industry, and by the Governments of Côte d'Ivoire and Ghana, this was extremely disappointing. The World Cocoa Foundation, of which Olam is a Board Member, provides a succinct response to the report. As outlined by WCF *"several core interventions are needed to dramatically accelerate progress toward achieving reductions in child labour"*. Here we outline Olam Cocoa's efforts during 2015:

Improving farmer incomes, especially considering the vast majority of cocoa in West Africa is grown on small, family-owned farms

By helping farmers to improve their incomes, they are able to employ labourers rather than rely on the family, including children, to work on the farm. Improving farmer incomes is a core principle of the Olam Livelihood Charter (OLC). In Côte d'Ivoire and Ghana, Olam Cocoa has 5 OLC initiatives embracing over 50,000 farmers with 120 dedicated sustainability staff working with partners. In 2015, US$132 million was provided for short-term financing to help farmers invest in their crops, while 29,000 farmers received training in Good Agricultural Practices. Over 1 million improved variety cocoa seedlings were distributed free of charge.

Involving local communities in the effort, including awareness-raising and training of farmers and communities

As with all of the Principles under the OLC, educating farmers on labour practices is a year on year process. However, in 2015 in Côte d'Ivoire and Ghana, over 28,000 cocoa farmers were trained on good labour practices.

Transparent and regular auditing of supply chains to assess farmer understanding of training

In 2015 the FLA carried out 100 unannounced audits and found 2 incidents of child labour for which remedial actions were immediately taken.

Establishing child labour monitoring and remediation systems in the cocoa supply chain based on strengthening the cooperative or group structure

With partners and the technical guidance of FLA we have established Project CLEAR at 3 cooperatives. This involves initiating an Internal Monitoring System and strengthening the management of the cooperative in the delivery of:

- Increasing the awareness of farmers, their workers and family members about labour standards with a focus on the elimination of child labour
- Assessing the compliance of the no-child labour policy and other workplace standards in the cooperatives' supply chain in line with the Olam Supplier Code
- Progress will be then monitored by the FLA undertaking external audits. Corrective actions will developed and enacted upon.

The first step involved the sensitisation of co-operatives' members, their workers and family members. The second step concerned the pilot-test of farm inspection methodology and tools to assess the compliance toward labour standards based on the designed Internal Monitoring System. Prior to these activities, the Fair Labor Association representative had trained the project staff on the understanding of labor standards with a focus on the elimination of child labour and the application of the internal monitoring system.

Olam is also a founding member of CocoaAction, the industry initiative to boost productivity and strengthen community development in Côte d'Ivoire and Ghana. A key element will be child labour monitoring.

Managing labour issues in our supplier network

How we tackle forced adult labour

To date, forced adult labour has primarily been only an issue for our cotton supply coming from Uzbekistan.

Cotton is a key crop for this nation and it is fully controlled by the Uzbek Government. It became controversial due to its long term association with child labour and, more recently, adult forced labour. This occurs at the harvest stage as due to a lack of mechanisation, all of the cotton must be hand-picked.

Olam is against all forms of child and forced labour and we commit to ILO compliant labour standards across our supply chains. As one of the world's largest cotton merchants, Olam is a member of the Association of Cotton Merchants in Europe (ACME). Key stakeholders, such as the ILO, together with ACME members, have for several years been actively promoting the importance of improving labour standards within the cotton sector to the Uzbek Government and changes have been witnessed in the reduction of child labour.

From 2008 to today, we have voluntarily reduced our purchase from about 10% to 2% of the available crop. However, along with other members of the Association of Cotton Merchants in Europe (ACME), we firmly believe that a complete withdrawal at this stage would be ineffectual, and would instead inadvertently undermine the advances that have been made, particularly as the Uzbek Government has not been short of other international buyers who may have less interest in labour standards. While the NGOs quite rightly campaign and hold the Uzbek Government to account, through our minimal procurement, Olam is able to retain a level of access (through ACME) to apply both pressure and encouragement. Olam will continue to monitor the situation closely and take guidance from the ILO.

What cotton looks like in the field.

Developments during 2015

The ILO's 'Better Work Program' was approved by the Uzbek Government in April 2015 to review current government labour standards and to ensure they are compliant with ILO conventions.

Formalising the employment sector meant that workers such as cotton pickers were able to obtain official labour contracts compliant to ILO and national standards. Through this process, working conditions were specified, helping to drive awareness amongst farming communities on health and safety, wage protection and grievance mechanisms.

However, as could be seen by the 2015 harvest, many challenges remain in the rolling out of the national standards in provincial areas where weak Governmental capacity and deeply engrained cultural norms make it difficult to implement improved labour policies.

It is also unclear how much volume is being or will be picked by the machines promised by the Government as part of its strategy to reduce labour dependence. Going forward, efforts from ILO and the Association of Cotton Merchants Europe (ACME) must be continued to ensure nobody is coerced into involuntary work to fulfil state-imposed quotas on national cotton production.

Olam fully recognises that change has not taken place as quickly as we had previously hoped. However, along with all ACME members, we remain unanimous that a united approach by the world's leading cotton companies is the most powerful way to drive change and we can only do this by having access to the Government through procurement.

Other product supply chains

The only other supply chain where forced labour and poor labour practices has been raised in the industry was for Brazil coffee. In October 2015, along with the rest of the coffee industry, we were asked to complete a survey by the NGO Danwatch about labour practices. Danwatch asked about a particular supplier, Neuza Cirilo Perão, and we confirmed that we had been buying coffee up to 2012. We had ceased buying from the supplier in 2013 when the Ministry of Labor placed this plantation on the official blacklist. All purchases prior to this were made in good faith and we had no prior knowledge of any malpractice.

In 2015, we began the roll out of the Olam Supplier Code in Brazil and since 1st July, 100% of all coffee procured in Brazil has been from suppliers who have signed the Code.

Progress on Olam's goals

Goals 1, 7 and 8 are relevant to our Material area of Labour. Goal 8 on respect for workers' rights is a new goal. Goal 1 has a new objective of eliminating child labour.

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

* Lost Time Incidents

⊙ On target ○ Started + New

Progress on Olam's goals

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

Q&A
with Chris Brett
Global Head of Corporate Responsibility and Sustainability

Chris with doctors in Gabon.

1. Do you see mechanisation helping or hindering emerging market communities?

It's very difficult to hold back technology, especially when everyone is striving for efficiencies and to remain competitive. In our Côte d'Ivoire Bouaké cashew processing plant we introduced new machines, and while we still employ over 2,000 people, we had to make 147 people redundant. But given the new efficiencies, we anticipate this will encourage other processors and entrepreneurs to set up processing in the country, which will help it to reach its ambitious target of 100% processing of the cashew crop and create many more jobs.

For smallholders, it's a case of thinking through the long-term maintenance. Does he or she need their own tractor or are they better off renting for example? In India we have been working with a company called New Holland to supply harvest machinery to sugar farmers in an area where labour deficits needed to be overcome. Fifteen machines have been provided which the farmers can rent – 1 machine can harvest 110 - 130 tonnes a day (the average farmer has 2.5 hectares). By hiring the machine, the farmer is not burdened with the capital expenditure of a machine he only uses once a crop season, nor does he risk losing the crop quality due to his inability to source or pay for labour.

2. What are the factors contributing to child labour aside from lack of schools in emerging markets?

As highlighted in our Goals and the section on child labour in this report, Olam is constantly tackling the risk of child labour. Certainly a lack of schools in the area is a key indicator – if there is no school then the family will invariably bring the child to the farm, where they may be given key tasks such as weeding or collecting the crop.

It's also important to note that in most of our countries of operation, primary school is free whilst secondary school isn't. So even if there is a secondary school in the region, most of our farmers are struggling to meet tuition costs. Defining economically viable mechanisms to pay school fees at the community level is an approach currently being considered through a remediation project in partnership with the Fair Labor Association.

By helping farmers to increase their yields and incomes they can afford the school fees.

Another problem encountered is the lack of birth certificates making it hard to identify the age of a child and keep operations in compliance with ILO convention No. 138 on the Minimum Age for Admission to Employment and Work. Not being registered at birth can also deprive children the possibility of ever accessing their local school system. This represents a major legal barrier local governments need to urgently address. If child labourers are identified, our policy is to immediately remove the child off the farm, and meet the parents to reinforce the No Child Labour policy. We explain that their actions are breaking the law and we must take remedial action.

We know now that child labour risk increases when schools are more than 4 km away from the farms. So one of the most impactful ways to tackle child labour is to prioritise education. By applying our Olam Farmer Information System (OFIS) programme we are able obtain information on social infrastructures and measure the distance between our suppliers' farms and the nearest schools. That way, we identify priority areas and can advise governments on the communities where investment is needed.

This is not a fast process, as we need to ensure that the school has the ongoing resources to flourish. During 2015, in Côte d'Ivoire, with the support of our commercial partners and the Government, Olam Cocoa has developed a viable 3 year education model, where we lead on the development of the school, and for the first 3 years, the funding for the teachers. After this, it is transferred to the national education budget.

In March 2015, the First Lady of Côte d'Ivoire, Madame Dominique Ouattara, officially opened a primary school complex close to Olam Cocoa Processing in San Pedro. Jointly financed by Olam Cocoa and customer partner The Blommer Chocolate Co., the Dominique Ouattara School Complex provides the community with a much-needed education facility. It has the potential to teach 300 children and has a canteen, nurses' station and library.

Olam Cocoa is also working at a pre-competitive level to better align sustainability strategies and therefore improve impact. Olam Cocoa is a founding member of CocoaAction which by 2020 intends to support 300,000 cocoa farmers and empower communities.

In addition, Olam Cocoa is helping to develop best practices in child labour reduction strategies through its involvement as a board member in the International Cocoa Initiative (ICI).

One final point that I would add is that distinctions also have to be made between activity on the farm that helps the family business and passes on knowledge as they might do with parents in the USA or UK, versus activity on a farm that deprives the child education or is harmful to a child, such as applying pesticides or carrying heavy sacks. These are the distinctions we make in our farmer training programmes and the Olam Supplier Code.

3. What are your specific focus areas for 2016 - 2020?

Labour remains a key material area to our operations and we, like others, across all industries face many challenges ahead.

In 2016 we will continue to directly collaborate with our global workforce and with all of our agricultural suppliers, continuing the partnerships we have initiated in improving labour management, monitoring and reporting progress.

In our direct workforce, having a Zero-Harm workplace is critical. However, we have also introduced a new objective for 2016-2020: to ensure that 100% of businesses with more than 100 employees have a documented and reported diversity strategy.

In our indirect supply chain, the focus continues to be labour standards. Continuing the roll-out of the Olam Supplier Code, and then then ensuring the systems are in place on monitor its compliance is a priority across the Business Units and Geographies. To strengthen this further, we have formalised our ongoing actions to tackle child labour by including a clear objective of elimination so that by 2020 there are no reported breaches in compliance or observed in audits.

By working collaboratively with our suppliers, industry bodies, and partners we will continue to make advances in this complex area.

Food Security

Rice farming in Nigeria.

Our overall approach to food security

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

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

In this section we cover:

- Why food and nutrition security is material to our business
- How Olam contributes to food security using SDG2 as a framework
- Progress on Olam's goals
- Q&A with Chris Brett on food security and nutrition issues, plus our 2016 focus areas

2015 highlights

- 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
- Over 24 billion servings of micronutrient fortified foods manufactured and sold across West Africa through our Packaged Foods and Grains Businesses
- One of Africa's most ambitious outgrower models, GRAINE, is launched with the Republic of Gabon for palm and other cash/food crops like cassava, banana, tomatoes and pepper
- 13,387 cotton and cocoa farmers (of whom 11% are women) trained on nutrition and crop diversification as part of the 'Farmer Business School' curriculum in Côte d'Ivoire
- Olam initiates industry landscape gap analysis with the World Business Council for Sustainable Development (WBCSD) to help companies be better informed when undertaking sustainability programmes for food security

Awarding the Olam Prize to Professor Uphoff and the SRI team based at Cornell University.

Cooperative planting under the GRAINE project.

Why food and nutrition security is material to our business

Some people may wonder how a company selling cocoa, coffee, cashew and cotton can contribute to global food security. Others, who know that Olam is the world's second largest rice supplier, and an importer of wheat into Africa, may see our contribution as helping to direct the flow of these key crops.

But once people understand that we source from 4 million smallholders in highly rural areas in emerging markets, our role quickly becomes apparent within the context of these statistics:

- Almost 80 percent of the world's extreme poor live in rural areas where most are dependent on agriculture (FAO)
- 500 million small farms worldwide, most still rainfed, provide up to 80 per cent of food consumed in a large part of the developing world. (International Fund for Agricultural Development 2013)
- Agricultural growth in low-income and agrarian economies is at least twice as effective as growth in other sectors in reducing hunger and poverty (FAO)

Olam rice farm, Nigeria.

If we do not support these farmers and their countries in tackling the causes of rural poverty, hunger and malnutrition, then as a business we run the risk of seeing volumes reducing in the future as yields cannot meet the continuing increase in world population and natural resources are depleted. Farmers may also give up farming to find better sources of income and food in the cities. Olam, in many of our origins, contributes to the respective national food security policy by helping to make available affordable food to local populations. It is also, of course, the right thing to do as a global food company.

All of our material areas – but most notably Climate Change, Livelihoods, Land and Water – are therefore critical in the delivery of this SDG – and you can read more in the relevant sections of this report. In this dedicated Food Security section, we look at some key areas using the targets of SDG 2 as our framework.

We are therefore publicly committed to Goal 2 of the UN Sustainable Development Goals:

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

How Olam contributes to food security using SDG2 as a framework

SDG2 Target 2.1

"By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round."

In addition to the activities mentioned under Livelihoods, we focus on 3 key areas:

1. Promoting crop diversification and other income opportunities among smallholders to increase and stagger income flow over the year

Just as a balanced diet is nutritionally diverse, a healthy livelihood shouldn't be over-reliant on any one crop. Smallholder farmers, whether growing to sell or to eat, suffer the perennial cycle of glut and dearth that come with the agricultural seasons. Farmers can receive their entire annual income in just one post-harvest lump, from which all their family's food, school fees, medicines, debt repayments and purchases for the farm for the year ahead must come.

A poor harvest or a decline in market prices can put food security at risk. Diversification into multiple cash crops that are harvested at different points of the year can help hedge that risk – for example many of our coffee farmers in Laos also sell cabbages for export into neighbouring Thailand.

Meanwhile, in Indonesia our coffee teams are working with smallholders to plant a variety of cash and food crops: fruit trees provide shade and frost protection for coffee plants, and can be grown among vegetables, such as cassava and carrots, which thrive at a similar altitude to high-quality Arabica coffee. Livestock, such as goats or cows, produce manure for improving soil fertility, while their milk delivers vital nutrients for the family and any offspring (typically 1 per year) can be sold for additional income. Estimates vary, but keeping bees in the plot can improve pollination by 12 – 50% on coffee farms and honey from the hives can be consumed or sold too.

We also encourage our farmers, where possible, to initiate processing of the product so we can procure a more semi-processed item adding more value to the farmer. For example, in Côte d'Ivoire we have been organising the farmers into groups where they, through our support, have set up satellite centres that now semi-process the cashew kernel and then sell to Olam.

2. Inclusion of nutrition in farmer training modules

While previously many Olam product teams have been supporting the production of food crops alongside cash crops on an ad-hoc basis over the years, we are now starting to formalise education on diversification and nutrition with specific modules and pilot programmes.

Intercropping maize and coffee in Zambia.

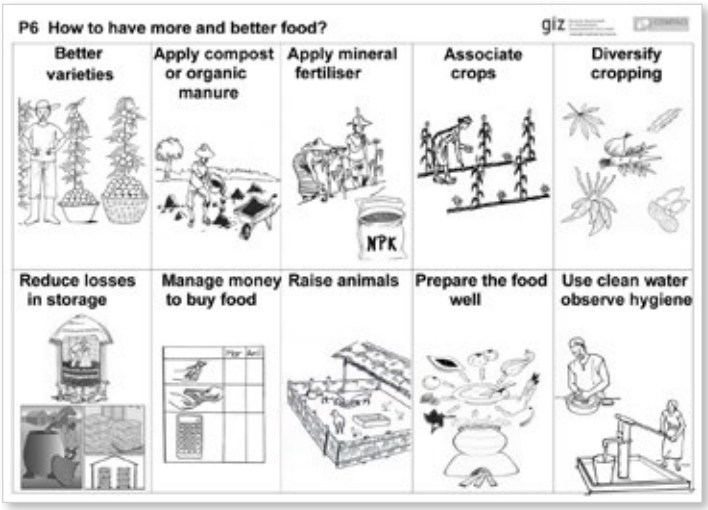
While we saw positive results we also had 2 interesting learnings:

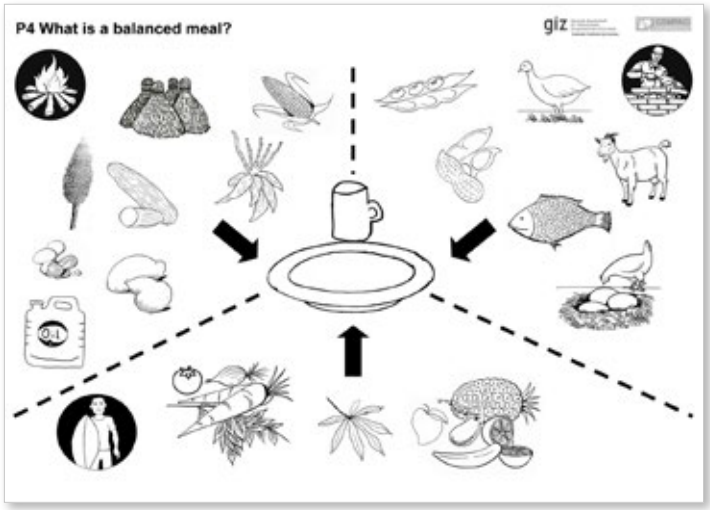
(1) Poor or uneven rainfall in many regions limits the yields of annual plants, which include most food crops. These tend to have relatively shallow root structures that stay within the top four inches (10 centimetres) of soil.

Tree crops, on the other hand, typically have very deep resilient root structures. Many cash crops tend to be perennial tree-based crops, such as cocoa, cashew, and coffee (although other cash crops, such as cotton, rice, and sesame, are annual crops).

We need to look, therefore, at how farmers can manage water for their food crops and other annual crops.

(2) Even though vegetables and protein-rich legumes grow well in most regions where Olam works, smallholders quite often prefer to eat carbohydrate-rich staple foods. This is due to eating habits as well as a lack of knowledge of the nutritional benefits of different foods and the importance of a balanced diet. We therefore have to make the benefits easy to understand through visual aids and education.





Images courtesy of development agency GIZ, which supports Olam in the delivery of nutrition training for its SECO cotton operations in Côte d'Ivoire.

In Côte d'Ivoire alone during 2015:

13,387

cotton and cocoa farmers (of whom 11% women) were trained on nutrition and crop diversification as part of the 'Farmer Business School' curriculum, which also included farm management and financial literacy skills.

11,457

cotton farmers were trained on crop rotation to ensure food crop productivity and balance with cash crops.

1,500

female farmers were supported with high-yielding cassava varieties to improve the nutritional status and revenue potential in cocoa communities in Western Côte d'Ivoire. This pilot activity will be scaled up to reach 10,000 women and 120 cooperatives in the coming years. This is part of the WCF Cocoa Livelihoods Programme.

16,021

cotton farmers were financed with US$2 million in agri-inputs to increase their staple food crop production (maize and rice).

1,000

female vegetable farmers were trained on nutrition and vegetable gardening, as well as simplified accounting and group management (cotton).

Project Maize

was piloted with cotton farmers, supplying improved maize seeds and training to increase yields from 1,500 kg to a target of 4,000 kg per hectare. Farmers more than doubled their earlier yields, achieving 3,600 kg per hectare during the pilot phase.

3. Ensuring our workforce in emerging markets is strong through good nutrition

With processing units all over the world, we set ourselves a goal of ensuring that by 2020 all of our workforce would have access to nutritionally balanced food within the workplace and surrounding communities. To do this we would need to sensitise Olam managers and supervisors to the nutritional needs of the workforce and ensure there are adequate accredited catering facilities or hygienic and accessible food vendors for each location.

To kick-start this process we had planned to develop a standard in 2015 that was aligned with the Global Nutrition for Growth Compact. While we didn't achieve the development of the standard, we ensured that 15,000 of our workers across Africa had improved access to food at work through on-site canteens and meal subsidies, and we launched the Olam Healthy Living Campaign on 1 December 2015.

Businesses in Côte d'Ivoire, Republic of Congo, Ghana, Nigeria, Mozambique, and Tanzania are already promoting good nutrition and food hygiene through education, meal subsidies, fortified food distribution, and school gardens, expecting to reach 25,000 workers and community members in 2016.

Coffee plantation workers in the nursery in Tanzania.

Cotton farmer in Côte d'Ivoire.

A nutrition training session for women in Côte d'Ivoire.

How Olam contributes to food security using SDG2 as a framework

SDG2 Target 2.2

"By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons."

Tasty Tom production in Ghana.

All Milk biscuits, Nigeria.

FreshYo yoghurt in Nigeria.

One of the most exciting nutrition achievements for 2015 has to come from our Packaged Foods Business (PFB) which manufactures and distributes food staples in West Africa, and our Grains Business.

In 2015 they helped to reduce the risk of malnutrition by producing over 24 billion servings of micronutrient fortified foods manufactured and sold across West Africa. These included:

- 330 million servings of micronutrient fortified biscuits – Milky Magic in Ghana (Vitamins A, B, and E, plus iron, iodine, calcium, zinc and folic acid) and Energro All Milk in Nigeria (21.7% RDA calcium)
- 60.7 million servings of fortified yogurt drinks/juices (FreshYo and Frumil brands)
- and 23.65 billion servings of fortified flour (Nigeria, Ghana, Senegal and Cameroon)

One fortified product launch in 2015 was Tasty Tom Enriched Tomato Mix – this already popular product for everyday cooking is now fortified with extra fibre to improve digestion and Vitamin A, D, E and K which are essential for ensuring good eyesight, immunity, muscular growth and building strong bones in children and families. The natural redness, thickness and taste the Tasty Tom Tomato brand is known for has been maintained. In 2015 PFB manufactured and sold 536 million servings in Ghana and Nigeria.

How Olam contributes to food security using SDG2 as a framework

SDG2 Target 2.3

"By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment."

Much of our progress and contribution to this target is captured under our Livelihoods Section. However, there are 4 key additional areas for discussion:

(a) Helping smallholders to reduce post-harvest losses

Food waste is typically linked to the amount wasted by consumers and retailers in the developed world, but smallholders suffer too. As highlighted by the World Food Programme, lack of good drying and storage infrastructure in rural areas can mean that as much as 30% of cash crops go to waste, impacting heavily on incomes.

In 2015, Olam improved post-harvest infrastructure through the construction of 12 warehouses (Côte d'Ivoire and Ghana cashew), over 40 drying floors (Côte d'Ivoire and Ghana cashew; Uganda and Indonesia coffee), and 310 solar driers (Indonesia cocoa).

In 2014 we set ourselves a Goal of reducing post-harvest losses by 5% by the end of 2015. However, we realised that in reality this is incredibly difficult to measure. Post-harvest management is an integral component of our Good Agricultural Practices trainings, which reached three-quarters of our 344,466 Olam Livelihood Charter farmers in 2015. We continue to build farmers' skills and infrastructure to reduce post-harvest losses through training and investment in drying floors, warehouses, solar driers, hulling machines, and other post-harvest infrastructure, measured through the number of people benefiting from these initiatives. See more in our Goals section.

In January this year we joined Champions 12.3 – a coalition of 30 leaders across industry, government and civil society backing a new SDG effort to reduce food loss and waste all over the world by 2030.

CHAMPIONS 12.3

Cassava nursery, part of Project GRAINE.

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

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

Aimed at skilling rural communities and bringing them into the formal economy of food production, the GRAINE* Project identifies, allocates and transfers parcels of land (with title certificates) that are environmentally and socially suitable for plantation development to cooperatives of Gabonese citizens who will undergo training to grow and manage plantations for palm oil and cash/food crops like cassava, banana, tomatoes and pepper.

The joint venture effectively acts as a Public Private Partnership where RoG provides land and financial resources for developing the smallholder plantations and logistics infrastructure, while Olam leads in the development and management of the nucleus and smallholder plantations. You can read more in the Land section.

c) Helping governments to preserve foreign exchange by reducing imports

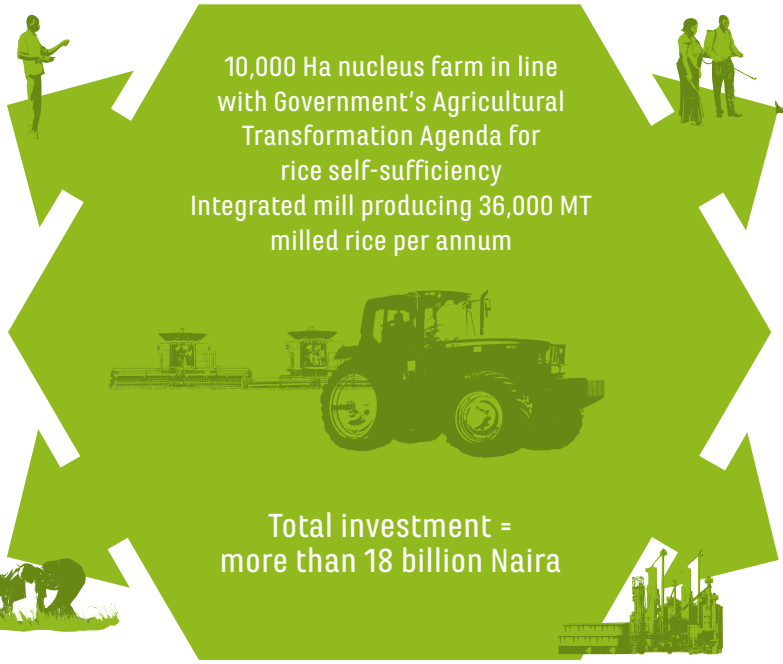
Nigeria is a major importer of rice, buying from a number of companies including Olam. In our 2014 report we described the benefits brought by our investment in a 10,000 hectare commercial rice farm with integrated parboiled rice mill, and surrounding outgrower programme. These benefits include helping the Government to reduce imports, providing employment at the farm and giving local rice farmers training to improve yields and a guaranteed market (the rice mill), thus catalysing food production in the area. In 2015, part of the rice outgrower programme was given OLC status.

Rukubi rice farm, Nasarawa State, Nigeria

4,017 outgrowers producing 11,250 MT of paddy rice

Average profit per farmer previously: $70 to $100/Ha
Now: $300 to $500/Ha

Target = 16,000 outgrowers by 2018



Partners: USAID Chemonics training

Seeds developed with West African Rice Development Association

1,000 people employed on farm and 950 at the mill in peak season

Data to end of November 2015

Farmer training.

Mama's Pride rice from Olam's rice farm in Nigeria.

In November 2015, our Grains Business announced its entry into the domestic Animal Feed and Protein sector in Nigeria.

Wheat does not grow well in Nigeria but the population (which is expected to grow to more than that of the USA by 2050 according to the UN) increasingly enjoy low-cost wheat-based staples such as pasta. Following an acquisition in January 2016, today Olam has the second largest flour milling operations in Nigeria (Crown Flour Mills). Recognising the need to maximise the value of the wheat imported by the Government, CFM has focused on bringing higher productivity which, in turn, has helped to drive the sector. The overall result is a more efficient milling industry that is able to pass on all the productivity gains to the consumer.

Innovating to help reduce costly wheat imports

Nigeria used to predominately import high value wheat from the USA. Through product and process innovation, Olam has been able to mill less costly wheat from other countries, while ensuring the same high quality flour for the Nigerian consumers. This has helped the country to reduce its annual imports bill.

Olam is also aligned to the Federal Government of Nigeria's plan to blend High Quality Cassava Flour (HQCF) grown by Nigerian farmers with wheat flour – thereby reducing the volume of wheat imported. To this end, we are actively engaged with the Nigerian Cassava Millers to further the availability of HQCF.

Stimulating domestic crop, poultry and fish production

In November 2015, we announced that we would be producing poultry and fish feeds in Nigeria, to support the change in consumer preference towards more protein-rich diets. These feeds will utilise wheat bran, a by-product of our wheat milling operations, along with corn and soy, and will be produced in mills located in different parts of the country.

Not only does this present a clear business opportunity for Olam, but it will also contribute to the development of the Nigerian agricultural sector in three ways:

- By stimulating the poultry and aquaculture sectors by providing competitively priced inputs and technical support to local poultry and fish farmers, thereby improving productivity and returns for the sector
- By creating rural self-employment opportunities, particularly for the youth
- By stimulating the production of corn and soy among local smallholders and guaranteeing a market for their crop

We also identified the non-availability of good quality day-old-chicks as a major impediment in the growth of the poultry sector and we are therefore investing in a modern, state-of-the art breeding and hatchery facility to ensure consistent supplies of high-quality day-old-chicks.

For the Government, the model will also help to conserve foreign exchange by substituting illicit, poor-quality meat imports with fresh, locally produced poultry and fish. This is because the import of (frozen) poultry meat and fish is officially banned in Nigeria, but a substantial volume still finds its way through cross-border channels. This model will therefore help to improve production capacity and cost efficiency locally to meet the domestic demand.

(d) Opportunities for value addition and non-farm employment

Wherever possible Olam has sought to keep as much value of cash crops (cocoa, coffee etc) in the country where it is grown by investing in large-scale processing units close to the growing areas. Whilst infrastructure and energy shortages can make such investments challenging, they are based on a win-win formula: for the government, the processing plant creates employment that is non-farm based, offering new skills development and ancillary jobs such as logistics. It also brings tax income.

For Olam, the investment typically reduces costs – we are not shipping waste and therefore reduce our environmental footprint. Having a processing facility in their locality also means that farmers can see a ready market for their crop and are therefore more inclined not to switch to growing another crop. Traceability for customers is also strengthened.

In March 2015, President Ouattara of Côte d'Ivoire opened our state-of-the-art cocoa processing unit in the port of San Pedro, Côte d'Ivoire. The complex has created employment for 450 people, which includes skilled roles such as engineers, R&D technicians, finance and administration managers, on-site nurses, as well as HR and IT professionals.

Our African cashew processing operations have been of immense interest to stakeholders over the years because typically raw cashew from Africa has had to be exported to Vietnam and India for processing as despite the added cost of shipping 70% shells (waste by-product), it is much more cost effective. Cashew processing is incredibly labour intensive – we currently employ 15,000 people globally.

Mechanisation, however, is gradually improving through significant investment from Olam and, in 2015, we introduced new machines in our Côte d'Ivoire Bouaké plant. An obvious consequence of introducing better machines is that fewer people are needed, but the efficiency is much better. While we still employ 2,000 people, we had to make 147 redundant. However, overall, the plant is now much more efficient and therefore competitive in the long term.

In turn we anticipate this will encourage other processors and entrepreneurs to set up processing in Côte d'Ivoire which will help the country reach its ambitious target of processing 100% of the cashew crop and create many more jobs.

Cashew processing, Côte d'Ivoire.

Cocoa liquor being poured into ingots, cocoa processing, Côte d'Ivoire.

Olam Cocoa San Pedro Processing Facility, Côte d'Ivoire.

How Olam contributes to food security using SDG2 as a framework

SDG2 Target 2.4

"By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality."

Our sections on Climate Change, Livelihoods, Water and Land will also address many of the issues in this target but we cover here additional activities undertaken in 2015:

The Olam Prize for Innovation in Food Security

Launched in partnership with leading scientific organisation *Agropolis Fondation* to celebrate Olam's 25th anniversary year, the Olam Prize for Innovation in Food Security recognises an outstanding innovation for its impact on the availability, affordability, accessibility or adequacy of food.

In March 2015 it was awarded to SRI-Rice, which is housed at Cornell University (New York), and has been promoting research and facilitating knowledge-sharing on the System of Rice Intensification, a climate-smart methodology with outstanding results for rice production that is surprisingly counter-intuitive.

SRI rice comparison in Liberia.

Capitalising on biological processes, on the genetic potential of the crop, and on plant-soil-microbial interactions, the system requires 80-90% fewer rice seeds, up to 50% less water and, in many instances, no fertiliser.

Professor Norman Uphoff received the US$50,000 prize to further the research in the SRI practices which are already increasing the yields of over 10 million smallholder farmers by an average of 1.67 tonnes per hectare, while simultaneously reducing their costs and lowering water requirements.

To read more about the SRI system and to hear farmers talking about their success go to: Farming First: the story behind SRI.

Call for entries for the 2016/17 Prize will be announced with Agropolis in September 2016.

Launch of an industry landscape analysis with WBCSD

Open the Sustainability Report of many major agri-businesses or food and beverage manufacturers and you will see examples of sustainability initiatives for smallholders and rural communities. Equally, many NGOs, aid agencies and charities are also carrying out programmes on the ground. However, for competitive reasons, many of these initiatives tend to happen in silos. If we are to achieve SDG2 it became apparent to Olam that we needed to at least know exactly what the current global situation really looks like, especially if we are to derive maximum impact from our investments.

In 2015 we launched the idea to our peers, customers and other manufacturers, of conducting an industry landscape analysis to get a better picture of the strengths and gaps in the global food security matrix.

Conducted by the World Business Council on Sustainable Development (WBCSD) as the chosen (neutral) knowledge partner, the research reviews participating food companies' corporate commitments and sustainability programmes, as well as the partnerships and funding mechanisms cutting across the main commodities. In addition to the research, WBCSD has been conducting interviews with individual companies (over 20 by the end of January 2016).

The findings will be aggregated and presented for discussion at our **Building Sustainable Futures Forum in September 2016** which aims to bring together agri-business leaders as well as stakeholder representatives from NGOs, governments, international organisations, and research institutes. Together we will explore and engage on issues inherently connected to agricultural supply chains. It is our ambition that the gap analysis research outcomes will inspire participants to identify and collaborate on programmes in regions lacking any other form of support. We also hope to launch a Global Agri-business Alliance to work together on common 'real world' solutions.

How Olam contributes to food security using SDG2 as a framework

SDG2 Target 2.5

"By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to fair and equitable sharing of benefits arising from the utilisation of genetic resources and associated traditional knowledge, as internationally agreed."

Through the Olam Livelihood Charter we ensure that farmers have access to the best varieties of seeds and seedlings. In 2015 this included distributing:

- 1,793,880 cocoa seedlings
- 972,357 coffee seedlings
- 50,000 cashew seedlings
- 5,766 tonnes of cotton planting seeds

As stated by FAO, however "since the 1900s, some 75 per cent of crop diversity has been lost from farmers' fields. Better use of agricultural biodiversity can contribute to more nutritious diets, enhanced livelihoods for farming communities and more resilient and sustainable farming systems".
We therefore promote diversification of crops among smallholders.

On an ongoing basis we work with scientific organisations to produce better genetic varieties (non-GMO) including CIRAD, CSIRO, IRRI, IITA, Temasek Life Sciences Laboratory and AGRA.

A specific example of in-house research and development that we share with farmers is run by the Agri-Operations team of our Spices and Vegetable Ingredients (SVI) Business Unit. They are working in multiple ways to improve the performance and productivity of their crops (onions, garlic, tomatoes, chilli peppers, parsley).

The Variety Improvement team has active conventional breeding programmes to develop new varieties of onions and chilli peppers specifically for SVI's dehydration operations. These proprietary varieties bring improvements in attributes such as yield, efficiency, disease resistance and quality to benefit both Olam's farmers as well as their own processing operations.

For garlic, Olam SVI operates a plant tissue culture lab to annually produce new nematode and virus-free foundation material to feed their seed garlic programme. This foundation material is grown and increased under close supervision in Certified Seed Garlic areas to maintain its disease-free status. After 5 plus years of increase this clean seed is sufficient for production planting bringing significant improvements in yield and dry matter content to Olam SVI's garlic operations.

In addition to these crop improvement programmes, Olam SVI employs a large team of Crop Managers. These agricultural experts work very closely with Olam SVI's farmer suppliers, providing planting, harvesting, agronomic advice and other assistance in almost every aspect of our crops' growth and development.

"By replacing the old seeds being planted year-after-year with quality seeds provided by Olam at subsidised rates, we took a first step towards sustainable agriculture. Subsequent training sessions followed by regular crop monitoring and advice by field staff further helped to lay a strong foundation for a good harvest. Hassle-free purchase with immediate payment at a collection centre, helped me to get a motorcycle this year.
In addition, the association with Olam is providing us a platform to get in touch directly with the other major input companies and to interact with their staff at our door steps. With all such initiatives for farming community, we have developed personal relations and look forward for mutually beneficial association year-after-year."

Martha, an OLC rice farmer in Nigeria

Progress on Olam's goals

Goal 9 has one new objective – the increased availability of micro-nutrient fortified foods.

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

◉ On target ○ Started + New ⊘ Cancelled

Q&A
with Chris Brett
Global Head of Corporate Responsibility and Sustainability

1). Agricultural subsidies cause significant debate. Do you support the SDG statement 2.b?

SDG 2.b: Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round.

Olam believes in free and fair markets that are unencumbered by protective tariff and non-tariff barriers. This would allow countries with a natural comparative advantage to produce a particular crop, unfettered access to key markets. Trade distorting subsidies can negatively impact this and lead to misallocation of capital. For example, in some countries, governments offer production subsidies - we consider these to be trade distorting subsidies. However, as a company, we do believe in other types of subsidies, particularly where there is a clear market failure such as land-use change subsidies or climate mitigation subsidies where transitionary support is required and where it does not lead to unexpected and unpredictable impacts on markets.

We appreciate why governments want to protect the interests of their people and their economies. However, we believe our efforts at Olam are better focused on helping developing countries to increasingly close the productivity gap between them and the developed countries. Equally, by helping those countries improve their domestic production and reduce reliance on imports it is a win-win for both Olam and the respective governments. This is a path dependent process and will take time to deliver results but we believe it is better to be aiming for a level playing field than to hamper or even undermine the need to improve efficiency and yields through distorting subsidies.

We were very interested in the views of the contributors to our Portfolio of Perspectives on this complex issue:

- Investor Jim Rogers: If you want to make money be a farmer, not a financier
- Author of Feeding Frenzy Paul McMahon – Managing boundaries in an unbalanced world
- Senior VP of Food & Markets WWF, Jason Clay: The 21st century commodity trader

2) Olam is also a trader of commodities. Isn't speculation increasing food prices?

SDG 2.c: Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility?

Much has been written about this subject with the allegation that traders and other market participants are pushing up food prices by buying and selling futures contracts on commodity exchanges.

Agricultural futures and options markets have an important role to play in laying off price risks for the producer, the consumer and for all users of specific commodities. But in order to lay off the price risk, you need to have deep and liquid futures and options markets. And in order to have deep and liquid futures and options markets, you need a variety of participants in the market from the hedgers to the speculators. They each have a legitimate role to play.

Research is inconclusive that the flow of funds into commodity markets from hedge funds and other market participants actually distorts the cash value of a certain commodity with a futures price.

Food price volatility is a combination of many factors including: weather-related supply

disruptions; impact of climate change; under-investment in agricultural productivity; sudden export and import restrictions by governments to preserve domestic stocks or protect producers; lack of preparedness by policy makers and crop buyers; logistics inefficiencies; food wastage; fluctuating oil and energy costs; weather-related crop losses, and climate change.

At Olam, our focus is more on lifting people out of poverty, through helping them adopt good agricultural practices and thereby improving their productivity; helping them make better cropping mix decisions; providing them with inputs, support and micro-finance; and connecting them to markets so that people are better able to withstand shocks and volatility of the marketplace.

3) What will be Olam's areas of focus in 2016?

We have two key Goals for 2016 – 2020 which are focused on food and nutrition security in emerging markets:

- Educating our workers on nutrition and ensuring they have access to nutritionally balanced foods within the workplace and surrounding communities – our goal is 100% of workers by 2020.
- Increasing the availability of micro-nutrient fortified foods. We produced 24 billion servings in 2015, and are aiming for 40 billion by end of 2020.

Have a look at our Goals overview for more information.

Food Safety and Quality

Food Safety and Quality

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

In this section we cover:

- Why food safety and quality is material to our business
- How we tackle key issues:
  - Improving quality and traceability in smallholder supply chains
  - Balancing pesticide use with natural methods of pest control
  - Eliminating processing risks
- Innovating for quality and changing trends
- Progress on Olam's goals
- Q&A with Stephen Driver, President Manufacturing, Innovation and Technical Services

2015 highlights

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

Chilli testing at our factory in India.

* Food Safety Systems Certification ** BRC Global Standards

Why food safety and quality is material to our business

For an agri-business supplying food ingredients, food safety is really 'table stakes'. Our customers should have confidence that we have robust systems in place at each stage of the supply chain so that health risks are removed.

Customers also need to know that we are abreast of all regulation for their different markets. In September 2015, the U.S. Food and Drug Administration (FDA) published its unified plan to roll out and implement the Food Safety Modernization Act (FSMA). This law will dramatically transform the FDA's approach to one of prevention rather than reaction. Preventative Controls in managing food safety will therefore come to the fore across the USA, with Government agencies granted increased powers to carry out investigations and prosecute errant food companies with criminal liability. As part of the FSMA rules, the Foreign Supplier Verification Program (FSVP) will require importers of food products into the United States to undertake verification programmes to ensure "preventative controls" for supply chains outside of the country.

In parallel, consumers are increasingly looking for products that taste good without compromising health and wellness. Trends include organic, reduced sugar and sodium, preference for natural colours and flavours over synthetic, minimal processing and non-GMO, gluten and allergen-free. The growing call for transparency across the food chain is now an authentic demand.

Globally integrated food companies with both significant supply chain controls and innovation centres like Olam are therefore better positioned to help customers meet the needs of these regulations and trends.

Black pepper growing in Vietnam.

How we tackle key issues

Improving quality and traceability in emerging market supply chains

Among our smallholder initiatives, Quality and Traceability are two distinct principles that must be met for Olam Livelihood Charter status.

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

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

Traceability: smallholders live in some of the most remote parts of the world where often roads are nothing more than dirt tracks.

Collecting one sack of cocoa or coffee from every farmer is highly inefficient. We therefore work with farmers to help them form farmer groups or co-operatives where they bring their crop to a central warehouse. Here the crop is weighed and stamped, ready for collection by Olam.

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

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

Weighing coffee in Colombia.

Red chilli peppers drying in India.

Large-scale operations

Our efforts are not only confined to smallholder supply chains. Olam Spices and Vegetable Ingredients (SVI) has transferred onion seed from its USA operations to Egypt to reproduce a high solids onion programme in the same way as it is run in the USA.

Working with contract growers, SVI supplies the seed and agronomy advice, effectively controlling and managing the supply chain to ensure that it is compliant from a pesticide and/or contaminants perspective, whilst also ensuring consistency of supply and reducing market volatility. By crop year 2016, SVI will oversee 600 hectares of onion traceable from the fields direct to its two processing facilities in Egypt where the onions will be dried.

The 3S and Sustainable Cashew Grower Programme (SCGP)

In Côte d'Ivoire, Olam has partnered with IDH (The Sustainable Trade Initiative) to create '3S – Sustainable Supply System'. It brings together the traders, processors, roasters and retailers to provide a completely transparent, traceable supply chain of cashews. As is often the case, efforts to improve food quality, safety and traceability among smallholder crops are linked directly to improving farmer livelihoods.

Beginning in 2011, the 3S MIS system was created to provide complete information on the village from where cashews are purchased, including their quality, moisture and past performances.

The tool is now so powerful it can enable the user to find out how the cashew has evolved in the particular zone and where the best quality regions are. This empowers the user to collect top quality cashews for their customer, with traceability up to the village/ region level. It also enables farmers with better quality cashews to fetch a better price, which motivates the farmers to improve further.

SCGP started in 2011 with the first full commercial season in 2012. It covers 34,479 hectares and involves 27,350 farmers (FY2015).

Highlights include:

- 23,183 individual farmers and 15 cooperatives trained by 45 dedicated field staff and 7 team members of IDH (Sustainable Trade Initiative)
- 5 models farms set up in partnership with GIZ
- 80% of our 4,000 employees are women
- Two female cooperatives provide more than 500 employees to our Dimbokro factory.

The programme has directly impacted the livelihoods of 164,100 people in the targeted communities.

Cashew farmers in Côte d'Ivoire.

Cashew processing in Côte d'Ivoire.

How we tackle key issues

Balancing pesticide use with natural methods of pest control

Olam is committed to ensuring that pesticides are used with correct due diligence for the surrounding biodiversity and landscape, as well as for the health of the consumer.

On our own plantations, and with our large-scale farmers, we develop biodiversity action plans to maintain and monitor the environmental balance between pests and a healthy crop. Products are routinely tested for residues to ensure food safety standards are met.

Through the Olam Livelihood Charter and our Supplier Code, we educate smallholders on the same factors.

We are also strong advocates of maximising the methods supplied by nature to help reduce pesticide use – Integrated Pest Management (IPM).

The University of California, Davis, describes IPM as focusing *"on long-term prevention of pests or their damage by managing the ecosystem. With IPM, you take actions to keep pests from becoming a problem, such as by growing a healthy crop that can withstand pest attacks, using disease-resistant plants, or caulking cracks to keep insects or rodents from entering a building. Rather than simply eliminating the pests you see right now, using IPM means you'll look at environmental factors that affect the pest and its ability to thrive. Armed with this information, you can create conditions that are unfavourable for the pest."*

Examples include Olam SVI's chilli 'backward integrated programme in India', where they source from around 1,000 farmers in the Guntur region. In 2015, they sourced 5,500 MT of IPM chilli free of pesticide residues, dramatically reducing Aflatoxin, and meeting all major food safety norms in the EU and USA.

Harvesting red chilli peppers in India.

Anchored by 52 Olam employees, the programme offers specialised training for field assistants and farmers. Using IPM it promotes natural methods of pest control, such as planting maize as a border crop, using other crop and pheromone traps, and deploying hygienic drying techniques that minimise contamination of the harvest. As a result of the programme, costs have declined for Indian farmers by 15%, pesticide inputs are down 30% and average crop yields are up by 10%.

How we tackle key issues

Reducing processing risk

Following the acquisitions of ADM Cocoa and McCleskey Mills (MMI) in 2015, our processing footprint increased significantly, particularly in Europe.

Primary processing plants in origin

Secondary processing plants in origin or closer to the customer processing approximately 3 million MT

MMI added 2 peanut shelling facilities and a number of buying points and warehouses in Georgia, USA. With the ADM Cocoa acquisition, we added eight cocoa processing facilities in Canada, Brazil, Netherlands, Germany, Ghana, Côte d'Ivoire, and Singapore.

Our processed product range includes: peanuts, hazelnuts, almonds, sesame, rice, cashew, coffee, cocoa, spices and vegetable ingredients, as well as our Packaged Foods Business in Africa where we are manufacturing consumer products such as biscuits, pasta, and yoghurt drinks.

We have adopted the systematic preventative approach called Hazard Analysis Critical Control Point (HACCP). It addresses physical, chemical and biological hazards across the operation as a means of prevention rather than relying on finished product inspection. We adopt Good Manufacturing Practices (GMP) across our facilities and 5S is now also a requirement. This has further improved housekeeping and employee ownership.

By the end of 2015, 67% of the top 61 processing units had achieved FSSC 22000 or BRC certification. This was slightly below our 2014 target but due to the acquisitions, the number of sites had increased from 50 to 61.

By February 2016, two plants in Nigeria for our Packaged Foods Business had already been certified bringing us back in line with our goal of 100% of secondary/midstream processing plants being certified by 2020.

Our primary processing units are governed by our mandated QEHS policies, standards and codes of practice. In addition to self-audit, they are subject to regular audits by regional EHS managers, and customers.

To read more about the QEHS policies underpinning our operations, please refer to the 'How We Do It' section of this report.

Peanut processing in the USA.

Reducing Aflatoxin risk in peanuts

Following our acquisition of McCleskey Mills in 2015, Olam is the only peanut processor present in each of the world's major peanut producing and exporting origins, which together account for close to 90% of global trade. We operate shelling plants in the USA, Argentina and India. We are the largest independent peanut blancher in the world with 4 blanching facilities also located in those countries.

We also manufacture peanut ingredients such as dry roasted peanuts, peanut paste and granulated peanuts in 2 facilities in the key growing regions of America. The team's 30 years of experience in maximising quality and yield, combined with proprietary foreign matter removal technologies, ensures Olam has an unmatched advantage in solving the industry's toughest challenges.

Reducing Aflatoxin risk in peanuts

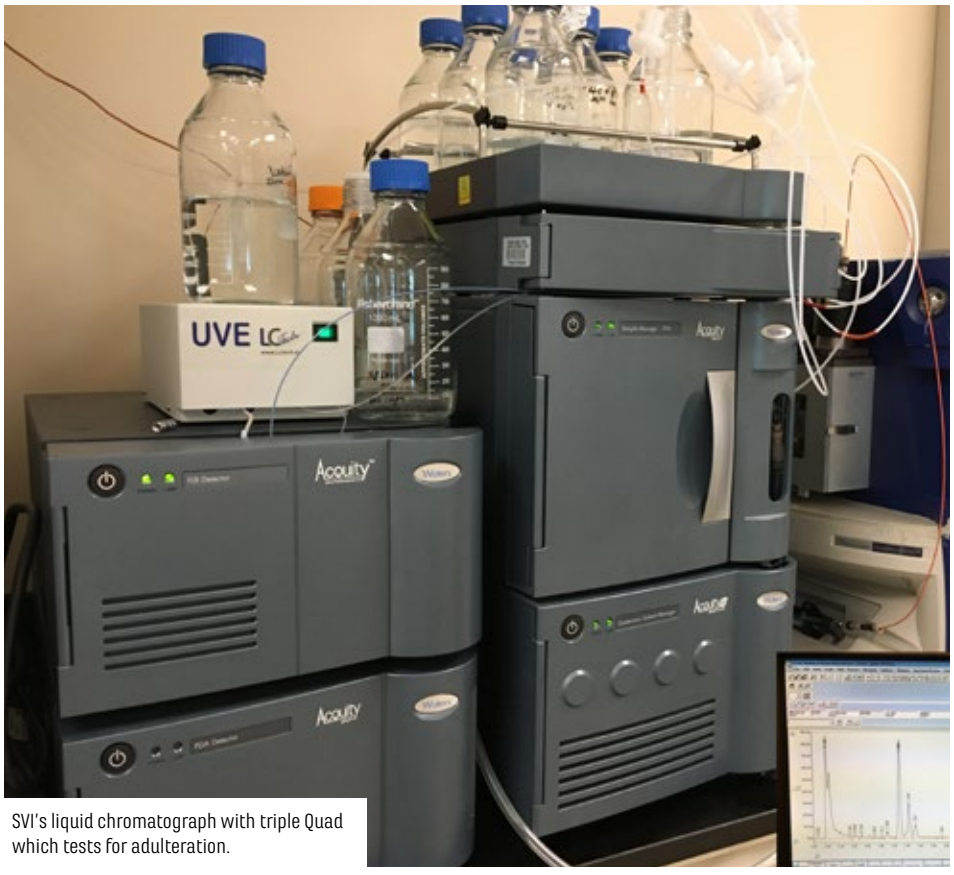
Peanuts (or groundnuts) aren't actually nuts at all, they are part of the legume family and grow under the soil. However, peanuts carry all the health benefits of nuts with a very high ratio of protein to calories. Currently a high percentage of peanuts produced in origins in Asia and Africa have Aflatoxin, making them inedible for direct consumption as snacks. Aflatoxins are toxic compounds and can cause both acute and chronic toxicity in humans and many other animals. It is not sustainable long-term if current demand for peanuts as snacks persist.

Olam therefore constantly tests peanuts for Aflatoxin and educates farmers on the risks associated with high levels being present in their produce.

All of our facilities are HACCP, ISO or BRC accredited with extremely stringent checks to ensure our customers receive only the highest quality, Aflatoxin-free peanuts.

Guarding against food fraud

Economically Motivated Adulteration is one of the key challenges within food supply chains (also known as Food Fraud in Europe). One example of how Olam is addressing the issue is at Olam SVI's Innovation and Quality Centre where they have a liquid chromatograph with triple Quad. But it's not just about having the right equipment. Olam SVI has also put in place the combination of people and infrastructure (laboratories) that enable the team to monitor products for any potential economically motivated adulteration. Coupled with deep supply chain understanding this helps to put Olam SVI at the forefront of authentic and transparent supply chains for spices and vegetable ingredient customers.



SVI's liquid chromatograph with triple Quad which tests for adulteration.

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 organic cultivation has proved popular in many markets.

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

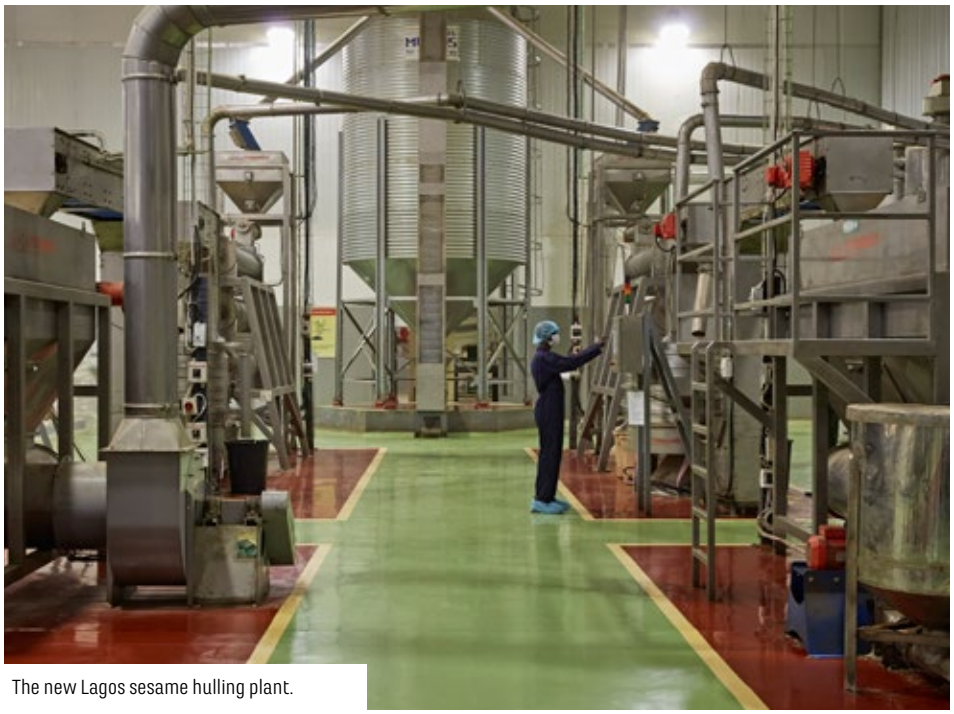
In Nigeria we work with 1,800 farmers (of whom 680 are women) under the Olam Livelihood Charter where our 'training of the trainer' initiative has increased the on-farm yields by 100% in the last 5 years.

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, a market for the smallholders as well as creating 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.



The new Lagos sesame hulling plant.

Sesame farmers tending crops in Nigeria.

Innovating for quality and changing trends

In addition to other centres, Olam has 5 major global innovation and quality centres around the world.

They are:

- Fresno, California for Spices and Vegetable Ingredients
- Koog, Netherlands for Cocoa
- Bangalore, India for Packaged Foods
- Johor, Malaysia for Dairy
- HCMC, Vietnam for Coffee

Exciting initiatives in 2015 include:

Olam Cocoa meets clean label needs

Following the acquisition of ADM Cocoa, Olam Cocoa added 4 development and innovation centres in Brazil, USA, the Netherlands and Singapore to its established centres in Spain and the UK. Today there are around 45 dedicated research and development professionals in these centres looking at tailor-made solutions for confectionery, bakery, beverage and dessert applications, supported by comprehensive quality testing and precision processing.

Part of Olam Cocoa's new product offering, deZaan®'s TRUEDARK™ cocoa powder was shortlisted in the category of Best Natural Innovation at the 2015 Food Ingredients Innovation Awards. Using unique, proprietary technology, the Cocoa Innovation Centre team developed the world's first non-alkalised dark cocoa powder, which is set to have a revolutionary impact on the cocoa ingredient market by meeting increasing demand for clean label ingredients.

Olam Spices and Vegetable Ingredients (SVI) publishes scientific paper on paprika

Olam SVI has over 40 research and development, application and quality assurance specialists working in 12 locations around the world. Together they provide a spectrum of services encompassing technical documentation, analytical methods and scientific and regulatory affairs solutions to ensure customers receive the best science-based information and support in the usage of our products.

In 2015, Olam SVI published its first research paper in the Journal of Food Processing and Technology, a peer reviewed scientific journal.

Titled "Effect of storage conditions on rate of colour degradation in Paprika based products" the paper brings out the key contributing factors and rate of colour degradation, one of the priority quality parameters in paprika, chilli peppers and chilli powders commercially sold worldwide.

Continuing to promote knowledge-sharing and collaboration, SVI also partnered with California State University, Fresno, during 2015 to create a sensory laboratory in the Jordan Research Center, which is expected to open in the spring of 2016.

Olam Coffee opens certified cupping lab near Manhattan

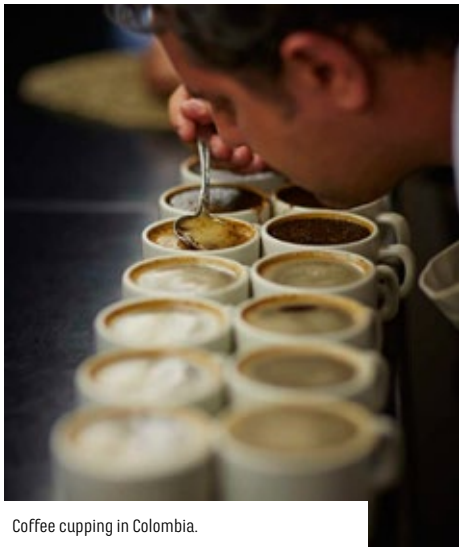
The opening of a new coffee cupping lab in Purchase, just 40 minutes outside of Manhattan, now makes Olam Americas Coffee a SCAA-certified "teaching campus" in the greater New York area. The lab boasts all the necessary equipment needed to thoroughly analyse, roast, and cup the best quality coffee; including scales, colour sensors, moisture sensors, roasters and grinders. The lab also gives Olam the opportunity to host a number of coffee industry events that will also serve to promote Olam Americas Coffee. ('Coffee cupping' is the practice of testing the aroma, taste and other sensory qualities of brewed coffee.)

Olam SVI enhances product integrity for spices with new steam steriliser in India

Steam sterilisation for spices is employed across our processing facilities in India, Vietnam and the USA. During 2015, SVI added a new line for steam sterilisation of spices (red chilli, turmeric, coriander, black pepper) at the India facility so it now has two steam sterilisation lines.

A new line for the steam sterilisation of capsicum (paprika) -based products was also added to the facility in Las Cruces, New Mexico.

Spices testing in Kochi, India.



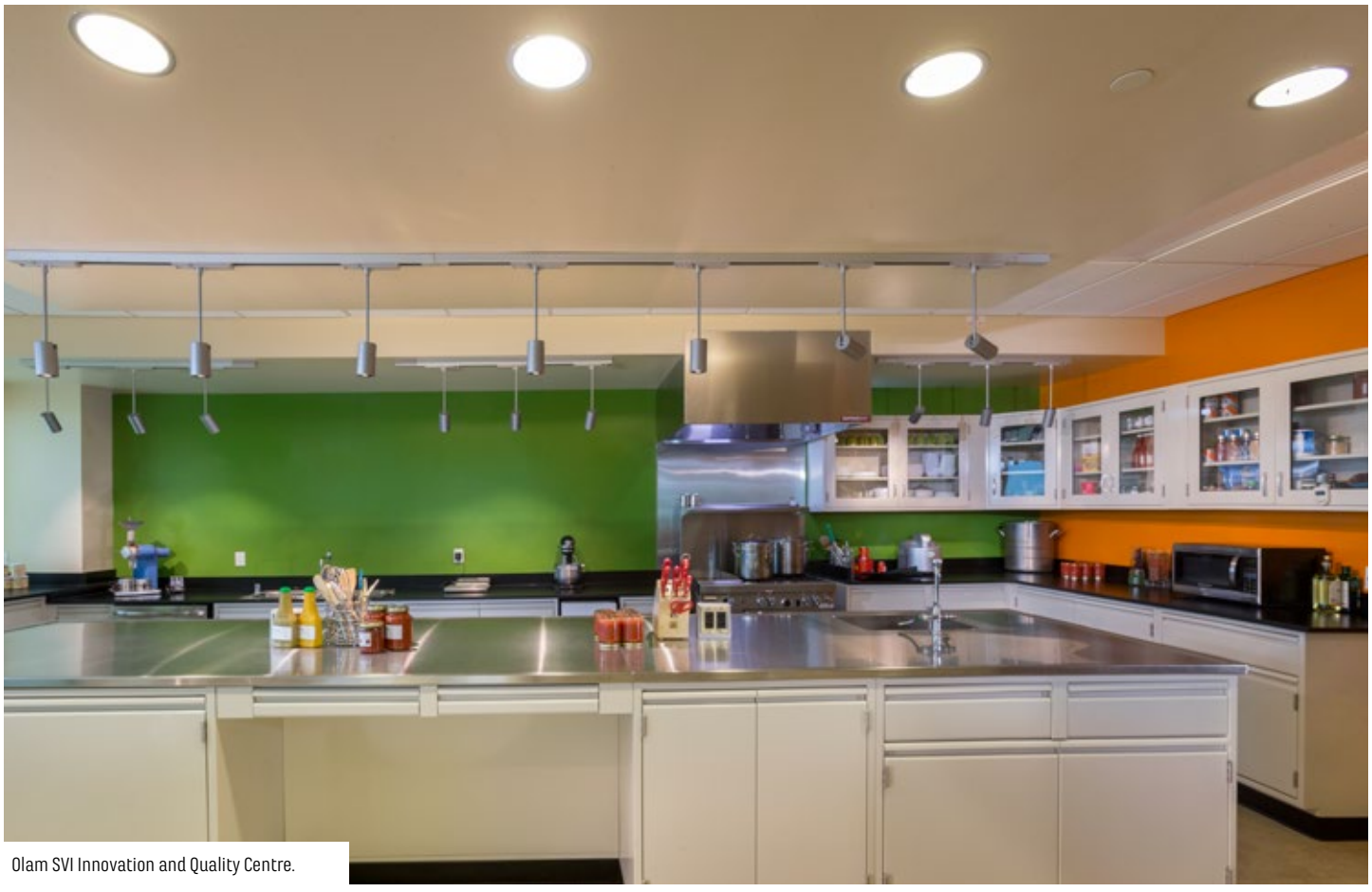
Coffee cupping in Colombia.

Progress on Olam's goals

Goal 10 specifies providing safe and reliable foods for our customers.

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

◎ **On target**



Olam SVI Innovation and Quality Centre.

Q&A
with Stephen Driver
President Manufacturing and Technical Services

1. How challenging is it to implement international QEHS standards in emerging market processing facilities?

There are 4 main challenges:

Firstly, there's typically a lack of regulatory frameworks in emerging markets with respect to QEHS requirements - for example a lack of Occupational, Safety and Health (OSHA) norms, or a regulatory authority with strict standards for public health and safety.

Secondly, you can find that in emerging markets, risk perception and legal compliance is relatively low as penalties/consequences can be limited due to weak enforcement of various statutory acts and rules, for example, with regard to product recalls or fines for serious incidents.

We can then experience a lack of trained and empowered manpower – so frequent re-enforcement from the organisation becomes critical to stay within the QEHS standards. This is what many multinational companies have had to do in emerging markets, and it has taken them many years to get to where they are today.

And finally, having authentic and visible senior management attention at every level, to enable the re-enforcement of QEHS standards, the empowerment and, at the end of the day, the courage to stop a line or change an unsafe behaviour.

2. Did Olam have any food safety fines?

Olam businesses did not receive any fines for violation of food safety from regulatory agencies during 2015.

There were some negative news reports in Bangladesh in February 2015 that erroneously stated that our Brazilian wheat had an incidence of Vomitoxin which can occur through poor storage.

As per our usual quality control procedures we had the consignment tested by a third party laboratory which found that the levels of Vomitoxin for our Brazilian wheat imports were well within international limits

The wheat we delivered met all tender requirements laid down by the Bangladesh government and was fit for human consumption. This was certified by accredited international surveyors as required by the tender. Additional tests undertaken by labs in Bangladesh also found the same result which certified the wheat.

3. What is Olam's position on GMO?

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

4. What are your focus areas for 2016-2020?

To progressively introduce GFSI compliant Quality Management Systems into more plants (mostly in Africa) and seek certification so that we complete our goal of 100% certification by 2020 of the top 61 secondary/ midstream processing facilities.

How we do it

Loading sesame in Nigeria.

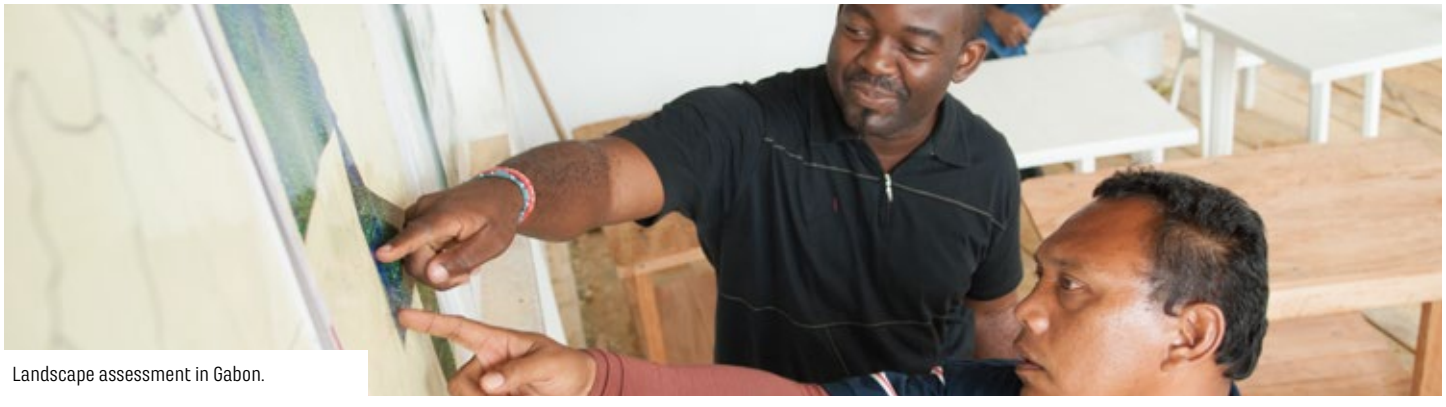
How we do it

In this section we cover:

- Embedding sustainability
  - How Olam Grows Responsibly: commercially, socially and environmentally
  - Roles and responsibilities of functions
  - CR&S Governance
  - Ethics and Integrity
  - Learning and Development
  - Policies, Codes and Standards
  - Wider employee engagement
- Working with partners

Key 2015 achievements

- 30% of all tonnage covered by the Olam Supplier Code
- Code of Conduct updated
- Palm Policy updated with Commitment to Forest Conservation
- Relaunch of Plantations and Farming Communities of Practice
- Launch of new intranet - OlamConnect
- New online library for farmer training with over 170 documents
- Workshops helping over 135 staff and managers understand key sustainability concepts in Africa
- 'Living our Shared Values workshops held with over 1,000 staff
- 80% of employees trained on Behavioural Safety
- Maintenance Best Practice programme rolled out across all Tier 1 plants
- Launch of new Aspire development programme
- 3 Core Process workshops with CEO Sunny Verghese, each lasting 4 days for 160 managers



Landscape assessment in Gabon.

Embedding sustainability

How Olam Grows Responsibly: commercially, socially and environmentally

Conducting our business in an ethical, socially responsible and environmentally sustainable manner has been part of Olam's ongoing strategy for many years. However, in 2012 we formalised this approach as our core purpose of 'Growing Responsibly'

Crucially, Growing Responsibly isn't just about taking care of communities and the environment, it has a clear commercial resonance: for example, we must ensure that our business model is sound, that we are competitively differentiated and that we have strong risk management systems in place so that we have a sustainable business for our shareholders, employees, customers and suppliers.

However, following a significant growth period for Olam - from becoming a commodity trader to an agri-business, undertaking many acquisitions - it became apparent to the senior management in 2015 that all employees would benefit from a simple and succinct description about Olam that gives clarity to who we are – our spirit and culture, what we stand for and what we do. And so The World of Olam was launched - a short booklet given to every employee to help them articulate and therefore more easily embody our business, brand and strategy.

Within this booklet, Growing Responsibly sits right next to the company vision "To be the most differentiated and valuable agri-business by 2040". Now all employees, including the 1,700 new joiners in 2015 (primarily from the acquisitions of ADM Cocoa and McCleskey Mills), see that Growing Responsibly is not just a company 'catch phrase'.

Of course, a booklet alone cannot ensure that everyone is aligned – it requires a multi-pronged approach:

- Governance from the top down (global and local)
- Ethics and integrity running throughout
- Codes, Policies and Standards providing clear rules and guidance
- Continuous learning and training
- Employee engagement from the bottom up

How Olam Grows Responsibly

Commercial	Environmental	Social
• Strong governance • Transparency • Reliable systems • Risk management	• Being good stewards of the environment • Protecting the natural capital essential to our business	• Improving the livelihoods of those communities where we work • Providing a fair, safe and healthy workplace for our people

Embedding sustainability

Roles and Responsibilities

The responsibility for embedding sustainable practices primarily lies with the Corporate Responsibility and Sustainability (CR&S)Function. However, other functions such as Manufacturing and Technical Services (MATS); Risk, Internal Audit and Market Compliance, Human Resources, Treasury and Corporate Communications all contribute:

Tomato processing in the USA.

Quality checking coffee in Laos.

Manufacturing and Technical Services (MATS)

Headed by President Stephen Driver, the function known as 'MATS' is responsible for Manufacturing, Innovation and Technical Services across the company globally.

The function comprises approximately 500 managers who manage a network of 65 manufacturing plants, 5 major Innovation and Development Centres and several smaller ones, across 10 Business Units in 24 countries.

In addition to Manufacturing and Product/ Process Development, MATS takes the lead in driving Health and Safety, Quality and Food Safety, and Environmental Compliance (QEHS), always seeking constant improvement. A set of standardised Olam corporate documents articulate exactly the 'why, what and how' of implementing a QEHS improvement programme.

Human Resources

The vision for the Human Resources (HR) team is to create and sustain a highly engaged organisation that acts as 'One Olam' with an entrepreneurial culture, possessing the required capabilities for Olam to deliver on its strategy.

The 6 strategic pillars in the HR strategy all help to create a culture in which sustainable practices – commercial, social and environmental – can be embedded:

- Create a high engagement and ownership mentality
- Build a 'one Company' mindset
- Institutionalise our unique culture
- Secure and develop talent for current and future needs
- Deepen existing and new capabilities
- Build leadership capacity.

Treasury

A key part of Olam's financing strategy is to diversify its borrowing across multiple sources. Funding from Development Finance Institutions (DFI) and foundations who have aligned interests in financing to stimulate emerging market economies, forms a key part of this strategy.

DFI engagement and participation is also a strong testament and endorsement of the Olam way which aims to always have responsible growth at its core, particularly as funded projects are subject to regular expert audits from the institutions.

Led by President Jayant Parande, the Treasury team maintains constant engagement and dialogue with several multilateral agencies across our global operations including International Finance Corporation (IFC), African Development Bank (AfDB), Dutch development bank FMO, French financial institution Proparco, and German development bank DEG.

Risk, Internal Audit and Market Compliance

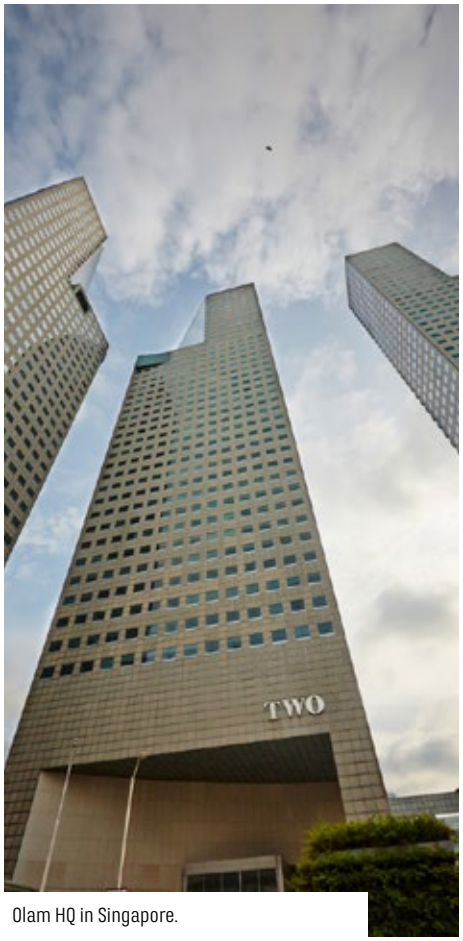
Led by Executive Committee member, Jagdish Parihar, the teams are key in mapping risks across the Olam Value Chain. This process identifies the specific risks at each stage. Olam seeks to identify, measure and control the drivers of risk from upstream risks such as yield and input costs, to credit and counterparty in the supply chain and trading, downstream and non-trading exposures. For example, when an investment thesis is submitted, the Risk team cross checks that potential environmental and social impacts have been assessed.

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 and those that require mitigation actions. The findings from the scorecard are presented to senior management and the Board Risk Committee.

The Market Compliance Office (MCO) is responsible for ensuring overall regulatory compliance for our derivatives trading units. Complying with the highest business standards is Olam's first priority.

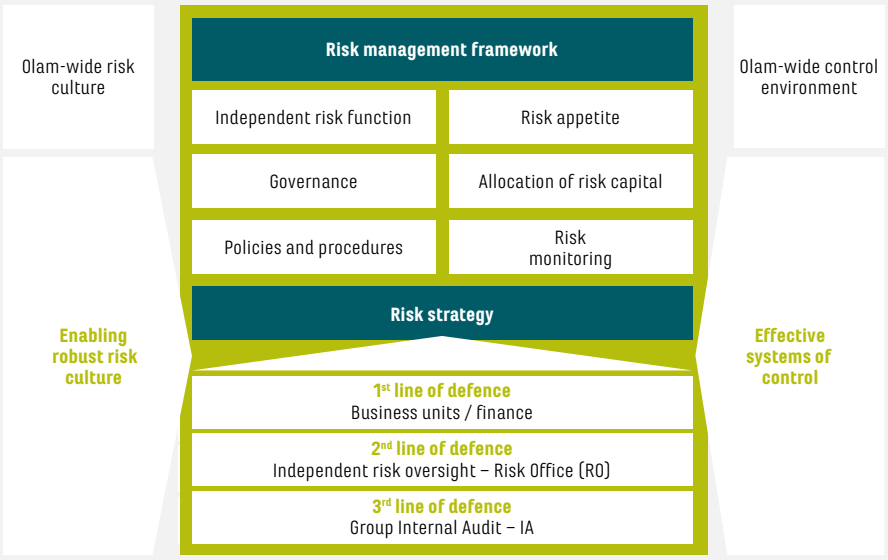
Corporate Communications

Corp Comms, as the function is known, is responsible for ensuring that the whole of Olam understands our ethos of Growing Responsibly, and how to articulate it, so that there is a constant messaging 'cascade' to employees but also to external stakeholders. However, the team is clear to make sure colleagues understand that they also need to evidence our efforts with examples and case studies, as well as be transparent about our journey. Headed by Briony Mathieson, the team works very closely with the CR&S Function to help our multiple stakeholders easily understand our business and sustainability vision, goals and practices – one of the outputs being this report!

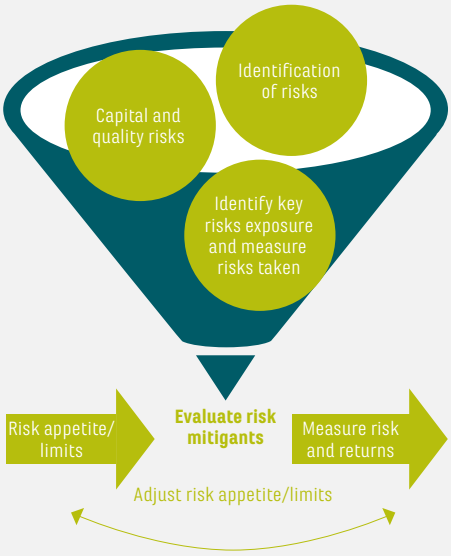


Olam HQ in Singapore.

Risk governance at Olam



Risk measurement



Embedding sustainability

CR&S Governance

Corporate Responsibility and Sustainability has 2 tiers of governance in Olam.

Corporate Responsibility & Sustainability Board Committee

Chairman Jean-Paul Pinard				
Robert Tomlin Michael (to April 2016)	**Marie Elaine Teo**	**Nihal Vijaya Devadas Kaviratne** CBE	**Shekhar Anantharaman**	**Katsuhiro Ito**

Gerard Manley and Christopher Brett report directly to the Board Committee

Corporate Responsibility & Sustainability Executive Committee

Chairman Gerard Manley				
Christopher Brett Global Function Head and Senior Vice President	**Chris Brown** CR&S Vice President, Environment	**Dave DeFrank** Senior Vice President, Almonds and CR&S USA	**Juan Antonio Rivas** Senior Vice President, Andean and Central America	**Moray McLeish** Manager, CR&S Asia
Jayant Parande President Treasury	**Supramaniam Ramasamy** President and Global Head of Plantations	**MD Ramesh** President South and East Africa	**M Sathyamurthy** Senior Vice President, Brazil and Latin South America Cluster	**Vasanth Subramanium** Senior Vice President, Palm

The first tier is the CR&S Board Committee which is a mix of executive and non-executive directors. In 2015, we saw some key changes as Mr. Narain Girdhar Chanrai retired. As a member of Olam's founding family sponsor, the Kewalram Chanrai Group, he had seen Olam transform from a trader of cashews from Nigeria to a global agri-business. His counsel, particularly on CR&S issues, was always astute.

Despite Mr Chanrai's departure, the non-executive director interest in the CR&S Committee expanded – we welcomed Ms Marie Elaine Teo, a Senior Advisor and Partner at the Holdingham Group Ltd and Mr. Katsuhiro Ito, Senior Vice President of the Mitsubishi Corporation, which took a 20% investment stake in Olam in 2015.

Our continuing CR&S non-executive and independent directors are Mr Jean-Paul Pinard, who as Chairman of the CR&S Board brings 17 years' of experience with the International Finance Corporation becoming Director of its Agricultural Department, and Mr Nihal Vijaya Devadas Kaviratne, CBE, who brings much direct experience from his 40 year tenure with the Unilever Group. Mr Robert Michael Tomlin stepped down from the Board Committee in 2016, having committed 9 years of service.

Their experience is augmented by that of executive director, Mr Shekhar Anantharaman, who as of February 2016 is Chief Operating Officer for Olam. Having joined Olam in 1992, Shekhar has played a variety of roles, leading and scaling several of Olam's global businesses, regions and functions meaning he has wide understanding of the sustainability challenges across our material areas and along our value chain.

More detail on the principles underpinning Olam's boards, including membership, attendance, composition, accountability and remuneration can be found in the 2015 Annual Report under Corporate Governance starting on page 54.

Meetings and agenda items

The CR&S Board Committee met quarterly in the financial year and were briefed on key developments and any challenges by Chris Brett, Global Head of Corporate Responsibility and Sustainability, along with Gerard Manley, Chair of the CR&S Executive Committee. Agenda items included:

- Review of potential investment theses and whether they meet Olam's environmental and social criteria. In 2015, one investment was rejected.
- Audit results from land investments (e.g. palm and rubber in Gabon; coffee in Zambia, Tanzania and Laos)
- Reports from the Fair Labor Association with whom Olam is working to improve labour practices in third party supply chains
- The development of health campaigns and impact assessments for our workforce but also in smallholder supply chains
- Environmental foot-printing progress, especially following the implementation of the new technology for capturing data across the whole of Olam's businesses
- Updates on stakeholder interests (examples include carbon stock calculations for our palm plantations and land tenure in communities near our coffee plantations in Tanzania).

"Many of the most commonly used food ingredients and natural industrial materials come from production systems and supply chains with significant social and environmental risk factors - cocoa, cotton and oil palm to name a few. For Olam to be recognised on the market as a supplier of choice, we need to remain on top of, and help mitigate, every aspect of these issues.

"In that respect, corporate governance plays a key role. Competition is fierce and operational managers need to balance environmental and social concerns with the need to reduce inefficiencies and maintain profitability. On the other hand, savings should not be achieved at the expense of local communities and the landscape where we operate. These dual objectives are at the core of Olam's reputation and long-term standing.

"The CR&S Committee of the Board was established in 2006 to help the Board of Directors to scrutinise, challenge and support Olam's CR&S function throughout the year. It functions just as the other Board Committees do, fostering the long-term profitable and sustainable future business of Olam."

Jean-Paul Pinard,
Chair of the CR&S Board Committee

CR&S Executive Committee (ExCo)

Gerard Manley.

As can be seen from the chart, the CR&S ExCo has representation from across the geographical regions as well as experts from across our upstream operations, smallholder supply chains as well as Treasury.

The Committee is chaired by Gerard Manley who has 30 years' experience in the cocoa and chocolate industry and through his many industry memberships, has helped to advance sustainability across the cocoa supply chain. In 2015 he stepped down from his role as Chair of the Federation of Cocoa Commerce, using his closing speech to highlight the need for continuing collaboration at a pre-competitive level.

The activities of the CR&S Committee are managed by Chris Brett, Global Head of Corporate Responsibility and Sustainability. Chris has been with Olam since 2007 and, in addition to advancing Olam's sustainability strategy and implementation, has developed a strong network of supporting partners, from customers to technical NGOs to foundations and Development Finance Institutions.

Embedding governance locally

The role of the CR&S ExCo is to ensure that the sustainability strategy is embedded across the business on a day to day basis. This means ensuring that Codes and Policies are developed in such a way that they can be accurately interpreted at a local level and that they are relevant for individual product teams.

Key matters discussed by the Committee in 2015 (in addition to those cited under the CR&S Board Committee meetings) included:

- How to better advance understanding of Growing Responsibly across the whole business
- How to expand the training opportunities and facilities for Olam CR&S representatives e.g. on gender and good labour practices
- How the UN Sustainable Development Goals (SDGs) should be communicated internally in such a way as to ensure that colleagues are not confused as to what Olam had already set as goals and targets versus new goals
- How the CR&S Function can support MATS on their 'Safe Olam' campaign.

Products also have their own sustainability teams, taking their direction from the Committees, the CR&S Function, Product Heads and Region and Country Heads.

Colombian coffee farmers talking to one of the Olam coffee team.

Juan Antonio Rivas listening to an agronomist.

Juan Antonio Rivas, Senior Vice President and Head Central America & Andean region, explains the challenges of embedding governance and sustainable practices locally:

"Our local teams are given considerable responsibility on the ground, and they have to make independent decisions, within boundaries provided by a governance and strategic framework that is easily understood.

"They also have to understand that often Olam goes far beyond national government requirements, and thus they may have to hold their ground with stakeholders who might feel that the high standards we insist on for our operations are just not required.

"Given the complexity of multiple languages and cultures, long distances, and different realities on the ground, as well as the difficulty of getting information to colleagues who often have limited computer access, we have to ensure that governance is clear, simple and relevant."

Embedding sustainability

Ethics and integrity

Olam places great emphasis on our cultural values. One that is particularly reflective of Olam's history and culture is *'Entrepreneurship – 'we dare to dream'*. However, this must not come at the cost of our Integrity – another of our 6 values. Being entrepreneurial does not give us the licence to cut corners or make mistakes thinking we can avoid our accountability and *Ownership* – another of our values.

In January 2015, the Learning and Development Centre of Excellence led by Janaky Grant, initiated the 'Living our Shared Values' programme which was custom-designed and delivered in partnership with Executive Committee members and HR Regional partners. They defined 3 objectives:

- To re-engage our people and gain a nuanced understanding of our Shared Values. Through candid discussions the workshops explored how our Values are evolving to support our business today and their impact on the way we work in Olam
- To explore where our Values are best lived and to capture stories of them in action. Also explore where our Values are not fully lived, the dilemmas that hold us back and commitments we can make in support of the values
- To emphasise the role of leadership in espousing our Shared Values and inspiring their teams.

Over 1,000 colleagues from Nigeria, Ghana, Côte d'Ivoire, Dubai, India, Singapore, Gabon, South and East Africa, Shanghai, UK, Russia, USA, Latin America and Business Units including Wood Products and Packaged Foods, participated in these highly engaging and interactive workshops. They included a cross section of our employees from Band A to front line supervisory leaders. These Value sessions are planned to continue in 2016, re-engaging and deepening the nuanced experience of our Values. These sessions also form an integral part of our Core Process Workshop anchored by our CEO when inducting our managers into Olam.

Janaky explains, *"I believe the year-long values intervention has strengthened our collective understanding of our core beliefs that define what it means to be an 'Olamite'. The sessions were powerful in liberating our peoples' voices, not only when exploring the competing commitments around values felt to be the least lived but also celebrating the values that have been the pillars of our unique culture over 26 years of our growth."*

Janaky Grant, Senior Vice President and Gobal Head of Learning and Development.

Entrepreneurship

"We dare to dream."

Stretch & Ambition

"Our passion for doing more."

Mutual Respect & 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."

In addition to our Values, and core purpose of Growing Responsibly, Olam has a Code of Conduct to which all employees must abide. It sets out the Group's commitment in policies and shared values to "do what is right".

This was updated in 2015 and was signed off by the Board in February 2016 for company-wide roll-out.

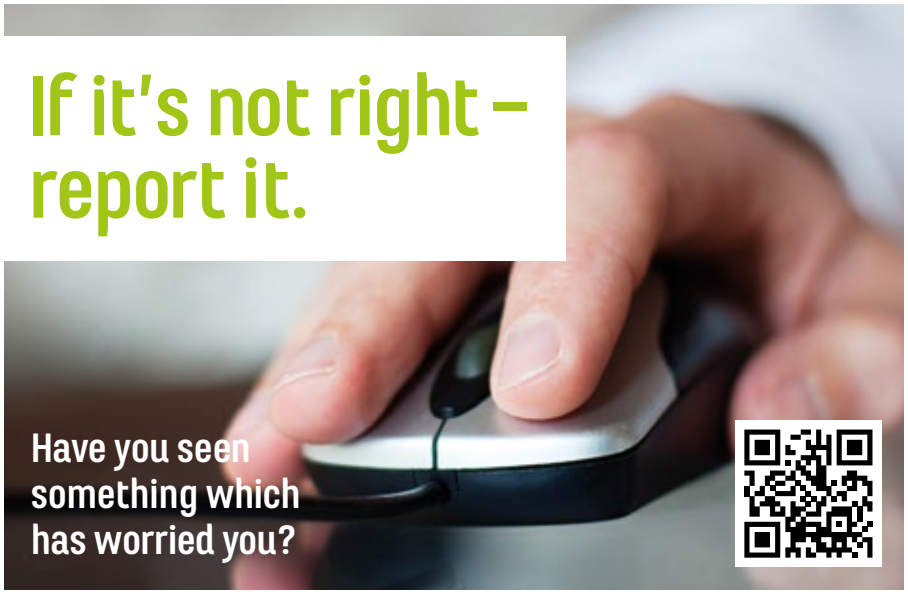
Key sections in the Code of Conduct include:

- Compliance with law, rules and regulations
- Dealings with stakeholders (including fairness; governments and related authorities; bribery; gifts and services)
- Conflicts of interest
- Environment and social
- Work environment
- Confidentiality
- Reporting under the Code (including safeguard from retaliation;
- Process for Code of Conduct violation reporting

"Olam has a fantastic retention rate and I believe that our values have contributed significantly. Especially when you think that our business has transformed from being a trading business to one where we have highly specialist roles in plantations, engineering and even recipe innovation.

"We can have all the Codes and Policies in the world but people need a framework that inspires them to come to work. Olam is in a unique position. As a global agri-business sourcing from 4 million smallholders everyone coming to work needs to appreciate that their job has the power to make somebody's life a little bit better. There are not many jobs where you can combine career satisfaction, financial security and conscience."

Joydeep Bose
President and Global Head of HR



Olam is a responsible business with integrity as one of our shared values. If you are aware of a wrongdoing within the organisation, we ask you to report it through our three step anonymous process.

1. **Go online** – http://tinyurl.com/OlamInfo
2. **Fill in** – Complete the online form with the country, product, people, date and the issue
3. **Click submit** – Your concern will be investigated

Examples of wrongdoings;

- Buying goods at a higher rate for personal gain.
- Using company assets for personal use.
- Awarding company business to friends or relatives.
- Understating or deferring costs to improve performance.
- Claiming non-existent expenses.

For more examples or information, visit **OlamConnect** or email questions and concerns to **ia@olamnet.com**

Olam

"While the Code of Conduct is the cornerstone of Olam's commitment to integrity, employees must understand that it does not intend to identify all applicable laws or policy, nor supersede our individual responsibility for adhering to regulations, internal policies and behaving ethically.

"Rather, the aim of the Code is to help colleagues make informed decisions should they ever be faced with an ethical dilemma, as well as give the knowledge and courage to speak out should they ever feel that others are not operating to the same standards. In fact, as outlined in the Code, it is a violation of the Code not to speak out."

Sunny Verghese
Co-Founder and Group CEO

Embedding sustainability

Policies, Codes and Standards

With multiple supply chains and multiple challenges facing our business every day, it is crucial that we have an operational framework in place that guides everyone involved in the social and environmental aspects of our supply chains. The framework is built on policies which then drive our standards, procedures and technical controls.

Sustainability goals

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

* Olam Plantations, Concessions and Farms Code

June 2015

Policies

Policies must be adhered to across Olam and they are displayed prominently in relevant areas of the business. In 2015 we updated 3 policies on Health and Safety, Quality and Food Safety, and Environment. We also developed 2 new policies for Human Resources and Communities. These will be signed off in 2016.

The Communities and Social Policy will cover those smallholder communities that are not covered by the Olam Livelihood Charter. These include communities around our plantations and farms, as well as smallholder communities from whom we buy directly. This policy cannot apply to farming communities where we are buying from third parties. Efforts to ensure these communities benefit must be part of a wider multi-stakeholder approach as Olam alone simply does not have the resources for such scale.

1. Health and Safety
Olam is committed to providing a healthy and safe workplace for our employees, contractors, and visitors. Our 'zero harm culture' is delivered through safety leadership and proactive employee participation, and embodied in our Values.

2. Quality and Food Safety
Olam is committed to meeting and exceeding our customer expectations for consistent quality and food safe products through the diligent application of our robust quality and compliance programmes and a 'right first time' culture.

3. Environmental Sustainability
Olam is committed to the efficient use of resources, reducing the environmental footprint of our business and increasing the resilience of our business to climate risks.

Product specific policies

Palm

The Olam Sustainable Palm Oil Policy was first launched in 2011. In June 2015 it was updated to reflect the expansion of our palm business into trading (2013) and therefore includes a roadmap to sustainable and traceable third party sourcing. In addition to the road-map, we reaffirm our over-arching commitments. It also contains our Commitment to Forest Conservation, and explains how we implement the Olam Sustainable Palm Policy when developing plantations in a highly forested nation such as Gabon.

Cotton ginning in Mozambique

Transporting cashew in Côte d'Ivoire

Codes and Standards

Underneath our policies sit a suite of Codes and Standards. Our Codes, such as the Plantations, Concessions and Farms Code, tell our teams *what* they need to do, while our standards tell them *how* to do it. All are developed in line with international standards including BRC, IFC, RSPO, FSC® and ISO guidelines. Where international standards are lacking we are initiating industry discussion, for example, with the development of an International Rubber Standard through the Sustainable Natural Rubber initiative (SNRi).

Implementing the Codes and Standards across all of our operations is not without its challenges, particularly when engaging with colleagues of different nationalities and cultures. In 2015 we relaunched the Communities of Practice (CoP) where learnings are shared across supply chains. This included merging the Farms CoP with that of Plantations in an effort to hone learnings, particularly from the developed world operations to the developing countries. As we progress in 2016, the Plantations and Upstream Farming CoP will be refining its approach to ensure that real value is derived.

Farmer suppliers

Our farmer suppliers are made up of 20,000 large-scale farmers mainly in the USA, Australia, Ukraine and Argentina (e.g. tomatoes, onions, grain, peanuts, cotton, teak) and 4 million smallholders who are in Asia, Africa and Latin America (e.g. cocoa, coffee, cashew, cotton, spices, rice, rubber, oil palm and sugar).

When sourcing from so many, and from such a diverse supply chain, issues such as traceability, food safety, child labour and deforestation can present both quality and reputational risks to us and to the brands of customers. We therefore have the following Codes in place:

Supplier Code: applies to both large and small-scale farmers.

Launched in 2014, by the end of 2015 the Supplier Code had been signed by farmers supplying 30% of overall tonnage, committing them to abide by the environmental and social criteria.

Key challenges in rolling out the Code include:

- Ensuring that smallholder farmers, many of whom have very low levels of literacy, understand what they are signing. To overcome this, our teams on the ground:
  - have turned the Code into pictorial posters which are clearly displayed at co-op buildings
  - empower the cooperatives to sign the Code on behalf of the farmers. The cooperatives then train and audit the farmers to ensure that they comply.
- Auditing the suppliers to ensure that they are complying with the Code. In our hazelnut (Turkey) and Cocoa (Côte d'Ivoire) supply chains, the Fair Labor Association, of which Olam was the first agri-business to become an affiliate member, is a key partner in the audits. Our overall approach, however, is to work with the farmer on remedial actions so that he improves, rather than simply continues the negative practices and selling to a less concerned buyer. By the end of 2016 the Supplier Code will be rolled out to other products including sesame, cashew, rubber and coffee.

Onion farming in the USA.

Olam Livelihood Charter:
Applies to smallholder farmers only.

Launched in 2010, the Olam Livelihood Charter (OLC) is our flagship sustainability programme. As of the end of 2015, it embraces 344,466 smallholder farmers in products such as coffee, cocoa, cotton and cashew. It is based on 8 principles – see box – that must be fulfilled for a programme to achieve OLC status.

Some stakeholders ask why it does not cover all 4 million smallholders in our supply chain. The answer is simply the scale of resource required. Olam employs 26,300 people across 47 products from sourcing to growing to trading to processing to distribution, plus all of the supporting functions.

Taking this on board, we can only physically buy product directly from about 1 million smallholder farmers via cooperatives and farmer groups. We have to purchase the other volumes from the other 3 million via third parties or licensed buying agents.

How do we support the 1 million farmers in our direct network?

Olam has over 1,100 CR&S workers in the field in Asia, South America and Africa, working with multiple partners but even then we cannot physically manage to embrace all 1 million farmers in the flagship OLC. We estimate the breakdown for 2015 as follows:

344,466
farmers in the Olam Livelihood Charter

1,000
farmers in non-OLC sustainability programmes (OLC principles are followed but do not yet fulfil all of the criteria for flagship status)

650,000
farmers receiving simple support such as interest-free microfinance and or inputs like seeds

You can read more about our approach to improving smallholder livelihoods in the Livelihoods section of this report.

Sugar farmer in India.

The Olam Livelihood Charter

The Olam Livelihood Charter has been developed over a number of years and draws from our experience gained across multiple products in emerging countries around the world. The basis of our Charter rests on the following 8 Principles all being fulfilled to ensure long-term positive impact.

Finance

We offer farmer groups short, medium and long-term finance for crop production, purchasing and asset investments

Key activities – structuring farmers into commercially viable groups, allocation of funds to cover inputs as well as crop production costs and financial liquidity for crop purchase.

Improved yield

We invest in training and support farmers by the supply of inputs

Key activities – implementation of Good Agricultural Practices (GAP), structured training modules through learning centres and extension providers, establishment of model farms and farmer field schools, provision of seedlings, tree grafting, fertiliser and crop protection products.

Labour practices

We train farmers on health and safety, gender inclusion, the elimination of child labour, and farming as a business

Key activities – campaigning within communities and educating farmer groups to adhere to a 'no child labour policy', facilitating the opportunity for primary education, training in the use of safety equipment, gender equality awareness and promoting personal financial and business management skills.

Market Access

We offer farmers a fair and competitive price

Key activities – regular communication of prices which move in line with world markets, continued local presence through the entire crop season, in-community transactions, aggregation of produce on farm, transportation services and constant liquidity for products.

Quality

We encourage good quality by enhancing value to farmers and our customers

Key activities – farmers engaged with pricing that reflects good quality, promotion of defined good quality parameters, premiums paid relative to average quality.

Traceability

We ensure products can be tracked to source and certified where required

Key activities – farmer record-keeping for full chain of custody to the customer, including all in-country transportation, primary processing and storage, all to independent auditing standards.

Social investment

We support rural health, education and infrastructure

Key activities – investing in community-based projects to enhance livelihoods and contribute to economic development, such as building primary schools and health units, HIV/AIDS awareness training and installation of water pumps.

Environmental Impact

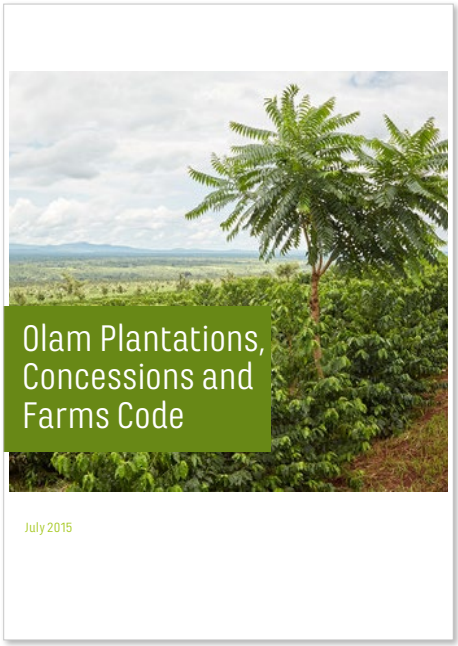
We are improving our overall environmental footprint across the supply chain

Key activities – working with farmers to intensify production on existing farms, reducing future deforestation, water management and reinforcing sustainable agricultural practices.

Plantations, Concessions and Farms

From 2007, Olam began to 'go upstream' and develop our own plantations (palm, rubber, coffee), concessions (wood products), orchards (almonds) and farms (dairy and rice).

Today we manage 2.6 million hectares. This is a huge responsibility in terms of environmental stewardship, community acceptance and economic investment. The Plantations, Concession and Farms Code was therefore developed to define the stringent process and standards for managing the environmental and social requirements of acquisitions and new and existing upstream developments across the entire project life-cycle. It is applicable for Olam-owned and operated projects as well as partnerships and joint ventures in operating upstream enterprises.



In 2015 the Code was applied to new investments including our coffee plantation in Zambia. In purely financial terms, a key business benefit of applying the Code has been the ability to undertake a number of sale-and-leasebacks (e.g. Olam Palm Gabon) as we have been able to meet due diligence criteria. See the Land section for more information on sale-and-leasebacks, as well as the Annual Report on page 25.

Storing cocoa products in Spain.

Processing facilities and workers

This set of documents has a hierarchy and takes the following structure -

Policies

High level statements including general commitments (why and generally what). There are 3 Policy statements

- Quality and Food Safety Policy
- Environment and Sustainability Policy
- Health and Safety Policy

Standards

Business expectations of actions to be undertaken (specifically 'what'). There are several standards for each Policy area e.g. under Quality and Food Safety, there is a standard for establishing a Food Safety System. In addition to Q, E, and H&S standards, there are QEHS Management System (M) standards e.g. Incident Notification and Escalation.

Codes of Practice

Specific actions to be undertaken to deliver the requirements of the relevant standard ('how'). There can be several codes of practice per standard e.g. under the Food Safety System standard, there are codes of practice for Good Manufacturing Practice (GMP), Hazard Analysis and Critical Control Points (HACCP), and Good Laboratory Practice (GLP).

For completeness, there is another level called Standard Operating Procedures (SOPs) which clearly detail hazards, risks and actions required for task level activities. SOPs form a key part of a site-specific management system, are typically pictorial in nature, and form the basis of all line level training and education programmes. For this reason, SOPs cannot be standardised centrally requiring local development as required.

Biscuit processing plant in Nigeria.

Embedding sustainability

Learning and Training

Learning and Development initiatives at Olam are largely led by Business and Organisation priorities. Hence the initiatives are usually custom-designed for building leadership capability and/or change interventions that strengthen our unique culture and values.

Throughout Olam in 2015 there was a significant focus on building 'domain competence', driven in a large part by the Business or Functions, ensuring learning solutions that were primarily on-the-job critical experiences supported to a lesser extent by relevant knowledge building through classroom sessions. This serves 2 purposes – to help prevent risks but also to drive forward on our goals and targets.

In October, Olam's new intranet was launched. Called OlamConnect, the new version is much more user-friendly, operating on a similar basis to Facebook so that groups can be created and knowledge shared more easily. There is still much to be achieved in helping the Products and Geographies understand the business benefits and put them into practice, but already there has been a significant uplift in users (100% increase on daily visits at the end of 2015).

Some key highlights Learning and Development in 2015 include:

(1) CR&S Function specific achievements

- New farmer training library with over 170 documents was launched on OlamConnect
- 12 CR&S internal newsletters covering subjects such as soil fertility management, nutrition programming, women's empowerment, and water and sanitation.
- Workshops helping 135 staff and managers across Africa understand key Sustainability concepts and their role in achieving the Sustainability goals and targets.

In November, 40 colleagues from 12 businesses and functions across Côte d'Ivoire, Ghana, Nigeria, Gabon and Tanzania attended the CR&S Regional Meet. External presenters included:

- Dr. Brahima Coulibaly, head of the Forest and Environment Programme at Centre National de Recherche Agronomique, who spoke of the importance of agroforestry in the face of climate change, deforestation, soil degradation, biodiversity loss, and poverty.
- Kevin Bosson, Programme Manager at the Fair Labor Association, reminded the audience of global labour scandals. He summarised the international legal framework, the International Labour Organization (ILO) Conventions, and the OECD Guiding Principles for multinational companies.
- Herbert Smorenburg, Senior Manager, Global Alliance for Improved Nutrition (GAIN), showed startling brain scans demonstrating the impact of malnutrition on brain development, emphasising that nutrition, particularly in the first 1,000 days of life (from conception), is key for physical and mental development. Data from Côte d'Ivoire revealed that the prevalence of stunting has increased in recent years, with 42-48% of children under 5 years of age in the poorest half of population being stunted. Meanwhile, half of Ivorian women suffer from anaemia, and over half of preschool-age children from Vitamin A deficiency. Mr. Smorenburg gave the business case for investing in nutrition, pointing out that improved dietary diversity and nutritional status of farmers, workers and families, leads to healthier and stronger people with higher endurance and increased cognitive skills potential. This in turn leads to increased productivity, a healthier workforce in the future, and brand integrity.

- Ongoing training-of-trainer workshops for the field network of 1,110 field staff on topics such as Good Agricultural Practices, farm management, good labour practices, environmental sustainability, and cooperative management.

The CR&S team meet in Abidjan, Cote d'Ivoire. (above and below)

(2) MATS Function specific achievements

- 80% of employees trained on Behavioural Safety via our in-house programme – 'A Safe Olam'. We also built internal capability for continued delivery of the 'Safe Olam Programme' through 'train the trainer' programmes targeting 300 internal trainers.
- Maintenance Best Practice programme was rolled out across all out Tier 1 facilities training plant managers, production and engineering managers. The programme emphasised the need to care for our assets and improve efficiencies through AM, PM and simple solutions

Cotton operations in Australia.

(3) HR Function specific achievements

- Our new Aspire performance and development programme is built on managers having 'continuing conversations' with their team members. We launched a phased approach to the skills building programme, with the first phase involving intensive performance and development training in 'conversation skills'. In 6 months (2015 and 2016) we have conducted 27 workshops across Asia, Africa, Australia, Americas and Europe, training 560 mangers.
- To strengthen engagement, the next phase introduced the Aspire Embedding Programme, inviting senior leaders who have at least 3 to 5 reportees (both direct 3-5 and matrix) to participate in 6 Small Group Coaching Calls over a 9 month period.
  This small group coaching programme is designed to be entirely voluntary where the leaders will be closely supported by an external coach in the practice of Aspire-led conversations.
- In addition to the Values workshops described in the Ethics and Integrity section of this Report, 3 Core Process workshops were held in May, August and January 2016 involving 160 managers. These Core Process workshops are anchored primarily by our CEO over 4 days. The interactive workshop is one of the fundamental processes contributing to the strategy, alignment and culture creation in Olam. We believe the most valuable take-aways are:
  - being inspired through the direct and candid engagement with our CEO
  - in-depth insights into Olam's origins and the power of our business model
  - the connections we form with our Core Process colleagues.

Wider employee engagement

Whilst the CR&S, HR and MATS functions all have specific sustainability goals and targets, which they drive down the business via their teams, employees across Olam are passionate about making a difference themselves, particularly in their local communities. In 2015 these included:

Mangrove planting

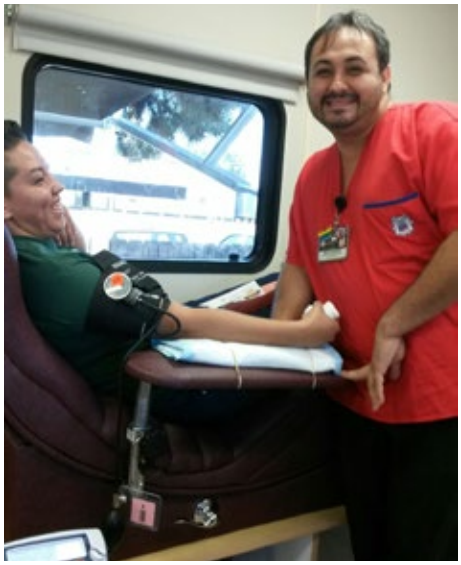
Initiated by Rubber manager, Husen Danavira in Jakarta, Indonesia.

Husen is leading a project in his community to plant mangrove in Tanjung Pasir, Tanggerang. Previously much of the mangrove had been cut down for firewood and the local community has been affected by the large waves. Supported by the local Buddhist temple, the programme has a 5 year vision to see mangrove forest restored along 1 km of beach, protecting the shoreline from waves and erosion and creating more habitat for shrimp, fish and crab for the fishermen to catch. Already 5,000 mangrove trees have been planted and they are hoping to plant another 5,000 by mid 2016 to complete the beach.

Fresno food drive

Initiated and coordinated by Olam Living in California.

The Olam SVI Fresno office helped support the fight against hunger by partnering with the Fresno Community Food Bank. On 3 October 2015, a group of 60 Olam employees and their families volunteered their time at the Fresno Community Food Bank. In just 2 hours, Olam's group packed over 1,300 boxes of food for distribution and 6 pallets of juice boxes.



Hanford blood drive

Initiated and coordinated by Olam's SVI Agricultural Operations Team

Olam's SVI Agricultural Operations centre in Hanford, California held a blood drive support of the Central California Blood Centre. A total of 18 units of blood were donated to help those in need.

Singapore accountants spend time with the elderly

Initiated by Ernest Koh (Corporate Planning & Administration Manager) and Srinivasan Venkita Padmanabhan (President, Product Finance)

Olam Singapore participated in the International Accountants Day event held on 5 November 2015, Thursday, for the second year running. Organised by CPA Australia, the Singapore Accountancy Commission and the Institute of Singapore Chartered Accountants (ISCA) for the fourth year, it provides companies with an opportunity to give back some time and resources to the community. The team of 20 took residents from the PERTAPIS Senior Citizen Fellowship Home on a tour to the Flower Dome and Cloud Forest.

Working with partners

Olam's 26 year heritage lies in small-scale agri-business and this strength has influenced our global strategy. From around 1993 we were pioneering a reciprocal approach for value creation – investing in assets, infrastructure, education, training, financing and developing business skills in the agricultural communities where we operate.

This approach has helped to put us on the radar of other organisations, including customers, governments, NGOs and Development Finance Institutions as they too want to stimulate local production and economies. By joining together in partnerships, we can scale up the impact. Each partner brings something to the table – financial resources, specific skill-sets, people on the ground, while at the same time we learn from each other. At the end of 2015 we had 50 active partnerships with more being developed.

Olam Cocoa alone works with Action Health Inc., Learn to Grow, The Blommer Chocolate Co., Costco, The Hershey Company, Mars Inc., Meade Johnson, Mondelëz International, Nestlé and World Bank (PPPA). Certification partners include Fairtrade, Organic, Rainforest Alliance, and UTZ Certified.

See the Commodities Overview section in this report for more partners by product.

However, it will come as no surprise that getting resources to implement programmes that require important funding is not always easily available either to Olam internally, or to our partners. Therefore programmes must be prioritised and all resources maximised. Measurement of impact becomes ever more crucial which is why the Olam Farmer Information System (OFIS) is proving to be so beneficial, as it allows such precise comparison between programmes.

Peter Bakker, President,
World Business Council for Sustainable Development (WBCSD)

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

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

Commodities overview

Market Making and Risk Management Solutions, Fund Management.

Commodities overview

Edible Nuts

Commodity	Approximate number of farmer suppliers in the OLC or other sustainability programmes	Plantations/Farms /Concessions	Countries with active sustainability initiatives	2015 sustainability highlights
Almond	N/A	Australia USA	Australia USA	'More crop per drop' programme. Industry collaboration on water stewardship.
Cashew	57,712 OLC farmers, of whom 36% are women	N/A	Côte d'Ivoire Mozambique Ghana	36,355 OLC tonnes procured, of which 84% is traceable and 61% is certified (Organic or Fairtrade). 50,000 seedlings distributed to OLC farmers. 3S – Sustainable Supply System for transparent and traceable supply.
Hazelnut	2,631 OLC farmers	N/A	Turkey	6,965 OLC metric tonnes procured. 94% tonnage is traceable. Trained 1,907 farmers in agriculture and labour practices.
Peanut	Large growers only in Argentina, and USA In China we buy peanuts from local processors who in turn buy from the farmers. In India, we buy peanuts from processors as well as a few small farmers (500-1,000) to whom we pay a fair market price.	Argentina SAC certified Peanuts. 90% of Argentinian peanuts are directly seeded thereby ensuring long-term health of the top soil.	Focus across sourcing on food safety to reduce Aflatoxin risk - constant investments in processing and technology.	A new bulk rail loading facility at the Olam Rochelle location (USA) lowers the cost per tonne of transporting to the customer and reduces transportation emissions for the environment. Rochelle is testing the use of plastic rather than wooden pallets. This improves pallet life, the carbon footprint, and lowers chances of contamination.

Grading cashew in Côte d'Ivoire.

2016 sustainability focus areas	Active partners	Sector collaboration and active memberships	Additional information
Water stewardship. Improving soil quality. Maximising technology.	**Technical** AgEcon Plus CSIRO Monson Honey **Government** New South Wales Department of Primary Industries.	Almond Board of California - Board member Almond Board of Australia - Deputy chair	Water section
Continuing to implement OLC programme. Roll-out of the Supplier Code. Continuing literacy classes for women in processing.	**Technical** FairMatch Support; GIZ; IDH Sustainable Trade Initiative; TechnoServe **Audit/Certification** Fairtrade; Organic	Sustainable Nut Initiative - Board member African Cashew Initiative African Cashew Alliance The Nut Association - Board member International Nuts and Dried Fruits Council - Executive committee and Board member	Labour section Food Security section Food Safety section See also Olam Livelihood Charter 2015
Continue to work with FLA on reducing child labour risk. Aiming to embrace 3,900 farmers by end of 2016. Increase traceability to 50% of full supply chain.	**Audit/Certification** FLA; Organic **Private sector** Nestlé	Hazelnut Promotion Association USDA Elimination of child labour project	Labour section Olam Livelihood Charter 2015
Continuing to reduce Aflatoxin risk by constant monitoring of farms and having a very robust segregation programme. Promoting the nutritional quality of peanuts. Continuing to maximise waste: peanut shells are used as biomass in renewable energy and are being ground onsite.	N/A	America Peanut Council - Board member	Food Safety section

Confectionery and Beverage Ingredients

Commodity	Approximate number of farmer suppliers in the OLC or other sustainability programmes	Plantations/Farms /Concessions	Countries with active sustainability initiatives	2015 sustainability highlights
Coffee	24,288 OLC farmers, of whom 19% are women.	Laos Tanzania Zambia Brazil	11 OLC initiatives in 9 countries: Cameroon, Colombia, Côte d'Ivoire, Honduras, India, Indonesia, Tanzania, Uganda and Vietnam. Plus a further 7 non-OLC programmes including Mexico, Laos and Peru.	Doubled the number of OLC farmers Roll-out of Supplier Code (all Brazil suppliers now covered). Increased number of sustainability initiatives from 11 at the start of 2015 to 18.
Cocoa	109,082 OLC farmers, of whom 13% are women.	Indonesia	10 OLC initiatives in 7 countries: Côte d'Ivoire, Ecuador, Ghana, Indonesia, Nigeria, Papua New Guinea, and Tanzania.	Employee integration (1,500) post acquisition of ADM cocoa. Roll-out of Olam Farmer Information System (OFIS) enabling production of individual farm management plans for thousands of cocoa smallholders. 149,676 OLC tonnes procured (44% increase over last year), of which 92% tonnes certified (UTZ, FairTrade, Rainforest Alliance, Organic and client certifications).

Drying cocoa on mats in the sun, Côte d'Ivoire.

2016 sustainability focus areas	Active partners	Sector collaboration and active memberships	Additional information
Roll-out of Olam Farmer Information System (OFIS). Continued roll-out of the Supplier Code. Supporting the non-OLC programmes to achieve Livelihood Charter status.	**Technical** Caritas; IDH Sustainable Trade Initiative; Tanzania Association of Environmental Engineers **DFI** DEG; FMO **Verification/ Certification** 4C; CAFÉ Practices; Nespresso AAA; Rainforest Alliance; UTZ Certified **Private sector** DE Master Blenders 1753; Lindt Sprungli; Nespresso; Nestlé; S&D Coffee; Starbucks	Sustainable Coffee Program - Steering Committee Member Green Coffee Association- Board member Global Coffee Platform Specialty Coffee Associations	Livelihoods section Land section Water section Labour section Food Safety section Olam Livelihood Charter 2015
Continued roll-out of OFIS. Helping smallholders to mitigate and adapt to climate change impacts. Continued roll-out of the Supplier Code.	**Technical** Action Health Inc **DFI** World Bank (PPAP) **Audit/ Certification** Fairtrade; FLA; Intertek; Rainforest Alliance; UTZ Certified **Private sector** The Blommer Chocolate Co.; Costco; Lindt; Mars Inc.; Mondelëz International; Nestlé; The Hershey Company.	World Cocoa Foundation - Board member Cocoa Association of Asia - Member Cocoa Merchants Association of America - Committee member Federation of Cocoa Commerce European Cocoa Association - Board member International Cocoa Organisation International Cocoa Initiative - Board member CocoaAction - Founding member Cocoa Livelihoods Programme	Livelihoods section Climate Change section Labour section Food Safety section Olam Livelihood Charter 2015

Food Staples and Packaged Foods

Commodity	Approximate number of farmer suppliers in the OLC or other sustainability programmes	Plantations/ Farms /Concessions	Countries with active sustainability initiatives	2015 sustainability highlights
Dairy	N/A	Russia Uruguay	Russia Uruguay	Completion and execution of liquid manure application system that protects the environment while improving soil quality by applying liquid manure as fertiliser for forage and grains production (Russia). Waste management Soil improvement – through appropriate crop rotation
Grains	N/A		Nigeria Ghana Cameroon Senegal	Active support of the High Quality Cassava Flour (HQCF) initiative to reduce import dependence in Nigeria. Solar power for plant lighting in Cameroon and Senegal to reduce carbon footprint. Fortification of wheat products.
Packaged Foods	N/A	N/A	N/A	Continued fortification of brands including Tasty Tom Tomato Mix.
Palm	14,000 outgrowers via GRAINE programme	Gabon	Gabon	All suppliers have signed the Olam Supplier Code. Launch of updated Sustainable Palm Policy with Commitment to Forest Conservation. Only company to participate in High Carbon Stock Science Study.
Rice	Over 4,000 rice outgrowers in Nigeria	Nigeria	Nigeria Thailand	Contributing to the Sustainable Rice Platform (SRP) Standard. 4,000 Nigerian rice farmers received training in Good Agricultural Practices. Almost 500 of the Nigerian outgrowers now in OLC programme.
Sugar	17,409 OLC farmers, of whom 6% are women	N/A	India	Year-on-year yield increases. Helping farmers to mechanise harvest. Significant water savings.

Tasty Tom, Tema processing facility in Ghana.

2016 sustainability focus areas	Active partners	Sector collaboration and active memberships	Additional information
Further reducing environmental footprint through responsible waste management. Soil improvement. Application of technology to improve productivity in both crop production and dairy.	**Government** Partnering with Ministry of Agriculture Penza region, Russian Federation, for best practices and technology transfer	Soyouzmoloko National Dairy Producers Union of Russia – Board member Foreign Investors Advisory Council – member	CEO Perspective
Solar power initiative in Ghana. Programme to support wheat farming in Nigeria, with a view of reducing import dependence. Continued support of the existing HQCF initiative. Building human capital in our countries of operation.		Flour Millers Association of Nigeria	Food Security section
Work on fortification in categories other than Tomato Paste, Biscuits and Beverages. Advancing the Olam Healthy Living Campaign. Continuing to reduce carbon and water footprint.	**Technical** Fortify Caraway Development Centre Initiatives		Food Security section
Third-party mapping. Expanding the GRAINE outgrower programme. Certification of Awala palm oil mill.	**Government** Republic of Gabon JV partner **Technical** Agropolis Fondation; CIRAD; FELDA; WWF; Temasek Life Sciences Laboratory; The National University of Singapore; World Resources Institute. **Audit/Certification** ProForest	RSPO - Alternate Board member Smallholder Acceleration and REDD+ Program (SHARP)- Executive Board member	Land section Climate Change section Food Security section
Trialling the SRP Standard with Thai rice farmers. Advancing the Nigeria rice outgrower programme. Increasing number of outgrowers in the full OLC programme.	**Government** Thai Rice Department **Technical** Chemonics Training; GIZ; International Rice Research Institute; West Africa Rice Development Association **Donor/DFI** International Fund for Agriculutural Development; USAID	Sustainable Rice Platform – Board member	Climate Change section Food Security section Olam Livelihood Charter 2015
Further implementing the OLC programme. Continuing to strengthen Programme Partnership. Continuing to support farmers to mechanise.	**Technical** New Holland; Solidaridad **Donor/DFI** IFC **Private sector** Hindustan Unilever	Bonsucro – Board member	Livelihoods section Water section Olam Livelihood Charter 2015

Spices and Vegetable Ingredients

Commodity	Approximate number of farmer suppliers in the OLC or other sustainability programmes	Plantations/Farms /Concessions	Countries with active sustainability initiatives	2015 sustainability highlights
Spices & Vegetables	Almost 1,000 farmers for chilli and black pepper in the OLC programme in India and Vietnam Egypt white onion programme	N/A	India Vietnam Peru Egypt USA	Alliance for Water Stewardship Partnership. Recipient of OpX Sustainability in Manufacturing Award. Sustainable Plant Initiative delivering significant results. Reached 400+ students through the Ag Education Outreach programme. Appointed to the McDonalds Supplier Sustainability Advisory Council.

Black pepper growing in Vietnam

Our innovation and quality centres include kitchens, microbiology and food chemistry laboratories.

2016 sustainability focus areas	Active partners	Sector collaboration and active memberships	Additional information
Advance OLC programmes. Advance the Supplier Code roll-out. Advance wellbeing programmes for employees and communities. Advance Alliance for Water Stewardship collaboration.	**Academic** University of California, Davis University of California, Merced California State University, Fresno Wonderful Education Programme; Center for Land-based Learning	California League of Processors – Executive Committee and Board member Sustainable Conservation (California) American Spice Trade Association – Board member and Chair of Food Safety Committee World Spice Organisation – Executive Committee member Fresno County Farm Bureau Sustainable Spice Initiative Garlic Onion Research Advisory	Livelihoods section Climate Change section Water section Food Security section Food Safety section Labour section Olam Livelihood Charter 2015

Industrial Raw Materials

Commodity	Approximate number of farmer suppliers in the OLC or other sustainability programmes	Plantations/Farms /Concessions	Countries with active sustainability initiatives	2015 sustainability highlights
Cotton	130,248 of whom 22% are women	N/A	Côte d'Ivoire Mozambique Zimbabwe	Increasing farmer yields and incomes under the OLC programme. Initiated food security-specific programmes successfully in Côte d'Ivoire. Initiated capacity building programmes – functional literacy and health in Côte d'Ivoire and Mozambique.
Rubber	850 in Côte d'Ivoire	Gabon Côte d'Ivoire	Gabon Côte d'Ivoire	External compliance audit against the Plantations, Concessions and Farms Code. Manage approximately 60% of the project area (17,000 ha) as conservation set aside. Declaration on Olam Rubber Gabon operation against SNRi checklist.
Wood Products	N/A	Republic of Congo	Republic of Congo	Presenting with the Government of Congo at COP21 on Emissions Reduction Programme. Installation of co-gen plant. Helping to reduce deforestation by supporting smallholders to grow cocoa on already degraded land around concession areas as an alternative livelihood – 1 million seedlings provided in 2015.

Cotton grown in Mozambique.

2016 sustainability focus areas	Active partners	Sector collaboration and active memberships	Additional information
Continue to expand OLC programmes. Continue to support Better Cotton Initiative internationally.	**Technical** Competitive Africa Cotton Initiative (CompACI); GIZ; IDH – The Sustainable Trade Initiative **Audit/Certification** Cotton made in Africa (CMiA) **DFI/Donor:** Bill Melinda Foundation; USAID	Africa Cotton Association (ACA) Steering Committee member Association of Cotton Merchants (ACME) Better Cotton Initiative (BCI) Steering Committee member International Cotton Association (ICA) – Director	Livelihoods section Land section Water section Labour section Olam LIvelihood Charter 2015
Farmer mapping in Côte d'Ivoire. Olam Supplier Code for all third-party suppliers	**Government** Republic of Gabon	Sustainable Natural Rubber Initiative – Member of Standard working group	Land section
Maintaining FSC® in our Republic of Congo concessions and working towards certification in the new concession. Continuing to support the Republic of Congo with its Emissions Reduction Programme submission.	**Government** Ministry of Forestry **Technical** PharmAccess Terra Global Wildlife Conservation Society	Forest Stewardship Council® General Assembly Association Technique Internationale des Boix Tropicaux – Board member Tropical Forest Foundation – Board member	Land section Climate Change section

How we report

How we report

In this section we cover

- External reporting and commitments
- Global Reporting Initiative
- About this report

Innovation and Quality Centre, Olam Spices and Vegetable Ingredients, USA.

External reporting and commitments

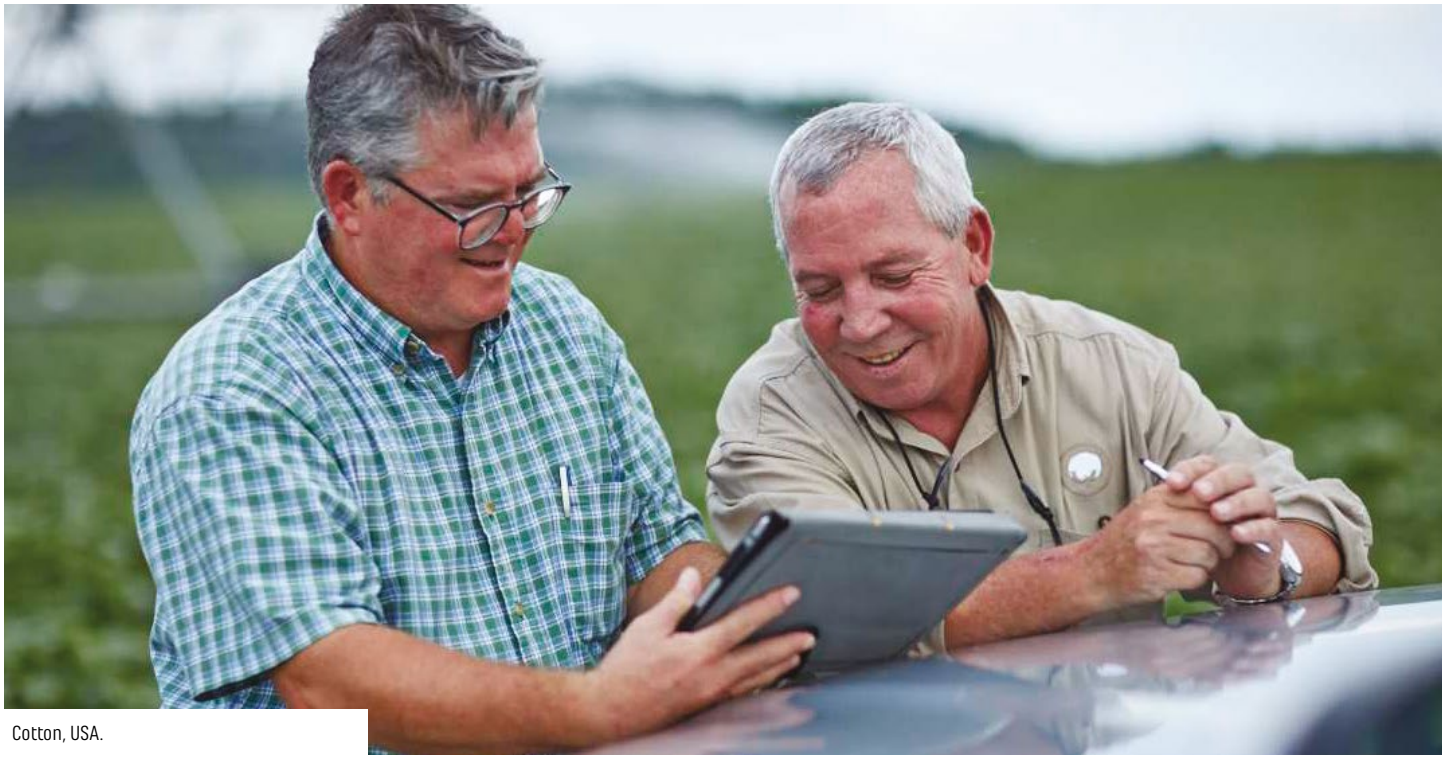
Olam is committed to transparent reporting and to public statement of our commitments:

Reporting

9th Corporate Responsibility and Sustainability Report
5th year GRI reporting
5th year Carbon Disclosure Project (CDP)
3rd year completing CDP water module
3rd year completing Forest Footprint Disclosure

Commitments

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



Cotton, USA.

Global Reporting Initiative

A wide range of social and environmental risks exist which could have an impact on our business either directly or indirectly through our supply chains. We therefore have to manage an ever-evolving set of issues. We have tried to ensure balanced reporting of the environmental, social and commercial aspects of our business activities, and be transparent in the process.

We have therefore taken the decision to continue to report using the Global Reporting Initiative (GRI). In 2014 we submitted GRI G3.1 Index at Level C. This year our report contains Standard Disclosures from the GRI (G4) Sustainability Reporting Guidelines. As can be seen from the table, as far as possible we have aimed to meet the demands of 'in accordance – core' of G4. We will continue to work towards this for our 2016 reporting.

Hazelnut harvesting in Turkey.

This report contains Standard Disclosures from the GRI (G4) Sustainability Reporting Guidelines. As can be seen from the table, as far as possible we have aimed to meet the demands of 'in accordance – core' of G4.

GRI Reference	Requirement	Sustainability Report	Annual Report	Additional information
General Standard Disclosures				
Strategy and Analysis				
G4 1	Relevance of sustainability to the organisation from the most senior decision maker.	CEO perspective	CEO review (Page 28)	
G4 2	Description of key impacts, risks and opportunities..	CEO perspective Our material areas Each material area: why it is material to our business Strategy section: • Understanding the context in which we operate • Stakeholder engagement Goals		
Organisational profile				
G4 3, 4, 5	Organisational name; primary products and services; headquarters.	Who we are What we do	Where we play and how we win (page 2-3)	
G4 6	Number of countries where the organisation operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Who we are How we report		
G4 7	Nature of ownership and legal form.	Financial and performance highlights (shareholding structure) CEO perspective		
G4 8	Markets served including geographic breakdown, sectors served.	Who we are What we do Financial and performance highlights How we report	Where we play and how we win (pages 2-3)	
G4 9	Scale of operations including employees, operations, net sales, total market cap broken down in debt and equity, quantity of products sold.	Who we are Financial and performance highlights	Strategy and performance (pages 36-37)	
G4 10	Total workforce by employment type, employment contract, and region, broken down by gender	Labour: • Key facts about our workforce; • Hiring specialists and regional talent; • Gender equality	Financial and Performance Highlights CEO perspective	

GRI Reference	Requirement	Sustainability Report	Annual Report	Additional information
G4 11	Percentage covered by collective bargaining	Labour • Management relations		
G4 12	Organisation supply chain description	Who we are What we do	Where we play (pages 2-5)	
G4 13	Any significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain.	CEO perspective Livelihoods Q&A	Chairman's statement (page 11); CEO review (pages 20-31)	
G4 14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	CEO perspective Our material areas Land: • Taking a precautionary approach How we do it: embedding sustainability • Roles & Responsibilities		
G4 15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	How we report: GRI CEO perspective Climate Change: CDP Labour: ILO Land: RSPO, IFC, FSC® Water: AWS Food Safety: ISO and BRC Food Security: SDGs		
G4 16	Memberships of associations (such as industry associations) and national or international advocacy organisations.	Commodities overview Strategy • Stakeholder engagement in FY15		
Identified material aspects and boundaries				
G4 17	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.		Pages 105-107; 136-137	
G4 18	Process for defining report content and aspect boundaries; implementation of reporting principles.	Strategy • Stakeholder engagement in FY15 Our material areas How we report		
G4 19	List all material aspects identified in process for defining report content.	Our material areas G4 Content Index		
G4 20	Report aspect boundaries within the organisation.	Our material areas See each material area How we report		
G4 21	Report aspect boundaries outside the organisation.	Our material areas See each material area How we report		
G4 22	Any restatements of information.	CEO perspective How we report		
G4 23	Significant changes of reporting periods.	CEO perspective How we report		

GRI Reference	Requirement	Sustainability Report	Annual Report	Additional information
Stakeholder engagement				
G4 24, 25	List the stakeholder groups, basis for selection	Strategy • Stakeholder engagement in FY15 • Meeting reporting needs		
G4 26, 27	Report the approach to engagement, whether any engagement was undertaken as part of report process; topics and concerns raised by stakeholders.	Strategy • Stakeholder engagement in FY15 • Meeting reporting needs		
Report profile				
G4 28, 29, 30, 31, 32, 33	Reporting period; date of previous report; reporting cycle; contact for more information; GRI Content Index; assurance.	How we report		
Governance				
G4 34	Report the Governance structure in the organisation and identify committees responsible for economic, social and environmental impacts.	How we do it: embedding sustainability • Roles & Responsibilities • CR&S Governance	Page 56-72	
G4 35	Process for delegating authority for economic, environmental and social topics from highest governance body for economic, social and environmental impacts to senior executives and other employees.		Page 71-72	
G4 36	Whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental Introduction and social topics.	How we do it: embedding sustainability • CR&S Governance	Page 71-72	Page 65-67; 114; 154 – 156
G4 37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.		Pages 71-72	
G4 38	Composition of the highest governance body and its committees.	How we do it: embedding sustainability • CR&S Governance	Pages 56-72	
G4 39	Report whether the Chair of the highest Governance body is also an executive officer.	N/A	N/A	
G4 40	Report nomination and selection process for highest governance body and committees including diversity; independence; expertise and stakeholder involvement.		Pages 61-64	
G4 41	How conflicts of interest for the highest governance are avoided and managed; and whether they are disclosed to stakeholders.		Pages 65-69	
G4 42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	How we do it: embedding sustainability • CR&S Governance	Pages 71-72	
G4 43	Report measures taken to develop and enhance highest governance body's collective knowledge of economic, social and environmental impacts.	How we do it: embedding sustainability • CR&S Governance	Pages 71-72	
G4 44	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental.	How we do it: embedding sustainability • CR&S Governance	Page 84	

GRI Reference	Requirement	Sustainability Report	Annual Report	Additional information
G4 45	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	How we do it: embedding sustainability • CR&S Governance	Pages 46-47; 68-71; 71-72	
G4 46	Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic environmental and social topics.	How we do it: embedding sustainability • CR&S Governance	Pages 71-72	
G4 47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	How we do it: embedding sustainability • CR&S Governanc	Pages 71-72	
G4 48	Highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Sustainability Aspects are covered.	How we do it: embedding sustainability • CR&S Governance	Pages 71-72	
G4 49	Process for communicating critical concerns to the highest governance body.	How we do it: embedding sustainability • CR&S Governance	Pages 71-72	
G4 50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s).	How we do it: embedding sustainability • CR&S Governance Strategy • Stakeholder engagement in FY1		
G4 51; 52; 53	Remuneration policies and processes		Pages 65-67; 80; 116; 159	
G4 54	Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country.			
G4 55	Ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees in the same country.			
Ethics and Integrity				
G4 56	Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	How we do it: embedding sustainability • Ethics and Integrity Strategy: • Growing Responsibly, vision, principles		
G4 57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity	How we do it: embedding sustainability • Ethics and Integrity	Page 70	
G4 58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity.	How we do it: embedding sustainability • Ethics and Integrity	Page 70	
Specific Standard Disclosures				
Economic: Olam material areas – Livelihoods, Climate Change				
EC 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and community investments, retained earnings, and payments to capital providers and governments.	Financial and performance highlights Livelihoods	Pages 6-9; 123-125; 154;	Financial statements pages 93 – 185 of the Annual Report
EC 2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Climate Change • Why climate change is material to our business • Climate Change Q&A		Carbon Disclosure Project

GRI Reference	Requirement	Sustainability Report	Annual Report	Additional information
EC 3	Coverage of the organisation's defined benefit plan obligations.		Page 114	
EC 4	Financial assistance received from government (incentives, subsidies etc)		Page 115; 121; 146	
Market presence: Olam material area - Labour				
EC 5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Labour: management priorities within our direct workforce • Labour management relations		
EC 6	Proportion of senior management hired from the local community at significant locations of operation	Labour: management priorities within our direct workforce • Hiring specialists and regional talent		
Indirect economic impacts: Olam material area - Livelihoods				
EC 7	Development and impact of infrastructure investments and services supported	Livelihoods, Land, Climate Change		
EC 8	Significant indirect economic impacts, including the extent of impacts	Livelihoods Food Security: SDG 2.1; 2.3 Land: Community rights and land tenure Labour: Gender equality		
Procurement practices: Olam material area - Livelihoods				
EC 9	Proportion of spending on local suppliers at significant locations of operations	Livelihoods		
Environmental: Olam material area – Climate Change				
EN 1	Total weight or volume of materials that are used to produce and package the organisation's primary products and services during the reporting period.	Data not collected globally		
EN 2	Percentage of recycled input materials used to manufacture the organisation's primary products and services.	Data not collected globally		
Energy: Olam material area – Climate Change				
EN 3	Energy consumption within the organisation.	Climate Change: • Olam's global carbon footprint		CDP reporting
EN 4	Energy consumption outside of the organisation.			Data available during 2016
EN 5	Energy intensity	Climate Change • Olam's global carbon footprint		CDP reporting
EN 6	Reduction of energy consumption	Climate Change • Olam's global carbon footprint		CDP reporting
EN 7	Reductions in energy requirements of products and services			
Water: Olam material area - Water				
EN 8	Total water withdrawal by source	Water • Mapping our water impacts		
EN 9	Water sources significantly affected by withdrawal of water	Water • Improving water efficiency in the face of drought • Embracing international standards		
EN 10	Percentage and total volume of water recycled and reused			Data not collected globally

GRI Reference	Requirement	Sustainability Report	Annual Report	Additional information
Biodiversity: Olam material area - Land				
EN 11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Land		
EN 12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Land: how we manage key issues • Taking a precautionary approach • Protecting biodiversity		
EN 13	Habitats protected or restored	Land: how we manage key issues • Protecting biodiversity • Protecting high carbon stock • Understanding the smallholder landscape		
EN 14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Land: how we manage key issues • Protecting biodiversity		
Emissions: Olam material area – Climate Change				
EN 15	Direct greenhouse gas (GHG) emissions (Scope 1).	Climate Change • Olam's global carbon footprint		CDP
EN 16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	Climate Change • Olam's global carbon footprint		CDP
EN 17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	Climate Change • Olam's global carbon footprint		CDP
EN 18	Greenhouse gas (GHG) emissions intensity.	Climate Change • Olam's global carbon footprint		CDP
EN 19	Reduction of greenhouse gas (GHG) emissions.	Climate Change • Olam's global carbon footprint		CDP
EN 20	Emissions of ozone-depleting substances (ODS).	Not materially important at a global level		
EN 21	NOx, SOx, and other significant air emissions by type and weight.	Not materially important. All operations comply with their legal licence to operate including air emission limits.		
Effluent and Waste: Olam material area – Water				
EN 22	Total water discharge by quality and destination.	All locations must comply with their legal license to operate. As of Jan 2016 data being collected globally. Water • Improving wastewater quality		
EN 23	Total weight of waste by type and disposal method.	As of Jan 2016 data being collected globally.		
EN 24	Total number and volume of significant spills.	There were no significant spills at our manufacturing locations during the reporting period.		
EN 25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, The quantity of hazardous waste and VIII, and percentage of transported waste shipped internationally.	The quantity of hazardous waste and VIII, and percentage of transported waste produced and shipped is insignificant relative to the amount of solid waste generated hazardous waste shipping and disposal is restricted by government regulations. As of Jan 2016 data being collected globally.		
EN 26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff.	All water bodies are identified through ESIA for Plantations, Concessions and Farms. Operational conditions address discharge and runoff.		

GRI Reference	Requirement	Sustainability Report	Annual Report	Additional information
Products and Services				
EN 27	Extent of impact mitigation of environmental impacts of products and services.	Not materially important. This indicator relates to the product use phase.		
EN 28	Percentage of products sold and their packaging materials that are reclaimed by category.	Not materially important. The majority of Packaging specifications of Olam products is determined by our customers and is dependent upon their requirements.		
Compliance				
EN 29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Water • Improving wastewater quality (Fined 190m Vietnamese dong / approx. US$8,500)		
Transport: Olam material area – Climate change				
EN 30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Scope 3 GHG emissions in relation to transportation of Olam's products to be calculated by June 30 and submitted to CDP		
Overall				
EN 31	Total environmental protection expenditure and investments by type.	Commercially sensitive		
Supplier Environmental Assessment: Olam material areas - Climate Change, Land and Water				
EN 32	Percentage of new suppliers that were screened using environmental criteria.	30% of all 2015 tonnage is under the Olam Supplier Code, although these are not necessarily new suppliers Approx. 345,000 smallholders are under the Olam Livelihood Charter (OLC) which educates farmers on reducing their environmental footprint. 23% of all smallholder tonnage in 2015 was OLC.		
EN 33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	As above		
Employment: Olam material area - Labour				
LA 1	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Data is collected at a global level but presentation at such a broad level, without country and business context, is not deemed to be useful.		
LA 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Benefits are in line with market and country standards.		
LA 3	Return to work and retention rates after parental leave, by gender	Data not collected globally		
Labour management relations: Olam material area - Labour				
LA 4	Minimum notice periods regarding operational changes including whether these are specified in collective agreements	Labour: management priorities within our direct workforce • Labour management relations		
Occupational health and safety: Olam material area - Labour				
LA 5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Labour: management priorities within our direct workforce • Safety All plantations, farms and concessions, plus processing facilities, have Health & Safety officers.		
LA 6	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Labour: management priorities within our direct workforce • Safety		

GRI Reference	Requirement	Sustainability Report	Annual Report	Additional information
Training and education: Olam material area - Labour				
LA 9	Average hours of training per year per employee by gender and by employee category	Data not collected at a global level due to highly varied nature of roles from plantation workers to traders.		
LA 10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Labour: management priorities within our direct workforce • Career development How we do it: embedding sustainability • Learning & Development		
LA 11	Percentage of employees receiving regular performance and career development reviews, by gender.	Labour: management priorities within our direct workforce • Career development		
Diversity and Equal opportunity: Olam material area - Labour				
LA 12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		Page 61	
Equal remuneration for men and women: Olam material area - Labour				
LA 13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Olam is committed to equal pay. Salaries are awarded on bands and merit.		
Supplier assessment for labour practices: Olam material area – Labour				
LA 14	Percentage of new suppliers that were screened using labour practices criteria.	Labour: managing labour issues in our indirect supply chain 30% of all 2015 tonnage is under the Olam Supplier Code, although these are not necessarily new suppliers Approx. 345,000 smallholders are under the Olam Livelihood Charter (OLC) which educates farmers on labour issues. 23% of all smallholder tonnage in 2015 was OLC. Olam is an affiliate member of the Fair Labor Association – we work with them in our hazelnut and cocoa supply chains		
LA 15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.	Labour: managing labour issues in our indirect supply chain		FLA.org
Human Rights: Olam material areas – Labour, Livelihoods and Land				
HR 1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Labour: managing labour issues in our indirect supply chain 30% of all 2015 tonnage is under the Olam Supplier Code, although these are not necessarily new suppliers Approx. 345,000 smallholders are under the Olam Livelihood Charter (OLC) which educates farmers on labour issues. 23% of all smallholder tonnage in 2015 was OLC. Olam is an affiliate member of the Fair Labor Association – we work with them in our hazelnut and cocoa supply chains As of Jan 2016 data being collected globally. Water • Improving waste water quality		
HR 2	Total hours of employee training on Human Rights policies.	Data not collected at a global level but human rights are included in training, especially in emerging market operations for working with smallholder suppliers How we do it • Learning & Development		

GRI Reference	Requirement	Sustainability Report	Annual Report	Additional information
HR 3	Total number of incidents of discrimination and corrective actions taken.	No data collected.		
HR 4	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Labour • Why Labour is material to our business • Management priorities within our direct workforce - labour management relations As of Jan 2016 data being collected globally.		
Child labour: Olam material areas – Labour and Livelihoods				
HR 5	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	Labour: managing labour issues in our indirect supply chain • How we tackle child labour		Fla.org
Forced adult labour: Olam material areas – Labour				
HR 6	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	Labour: managing labour issues in our indirect supply chain • How we tackle forced adult labour		
Indigenous rights: Olam material areas – Land				
HR 8	Total number of incidents of violations involving rights of indigenous people and actions taken.	Land: how we manage key issues • Community and Land tenure		
HR 9	Total number and percentage of operations that have been subject to human rights reviews or impacts assessments.	Land: how we manage key issues • Community and Land tenure		
Supplier human rights assessment: Olam material areas – Land, Labour, Livelihoods				
HR 10	Percentage of new suppliers that were screened using human rights criteria.	Labour: managing labour issues in our indirect supply chain. 30% of all 2015 tonnage is under the Olam Supplier Code, although these are not necessarily new suppliers. Approx. 345,000 smallholders are under the Olam Livelihood Charter (OLC) which educates farmers on human rights issues. 23% of all smallholder tonnage in 2015 was OLC. Olam is an affiliate member of the Fair Labor Association – we work with them in our hazelnut and cocoa supply chains.		
HR 11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	Labour: managing labour issues in our indirect supply chain: • How we tackle child labour • How we tackle forced adult labour		FLA.org
Local communities: Olam material area - Land				
SO 1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	All Olam managed plantations, concessions and farms for rice, coffee, palm and rubber and wood have community engagement and impact assessments. Land: how we manage key issues • Community and land tenure		
SO 2	Operations with significant actual and potential negative impacts on local communities	Land: how we manage key issues • Community and land tenure		

GRI Reference	Requirement	Sustainability Report	Annual Report	Additional information
Anti-corruption				
SO 3	Percentage and total number of business units analysed for risks related to corruption.	All Olam staff must adhere to the Code of Conduct which has a clause on corruption. How we do it: embedding sustainability • Ethics and integrity		
SO 4	Communication and training on anti-corruption policies and procedures.	All Olam staff must adhere to the Code of Conduct which has a clause on corruption. How we do it: embedding sustainability • Ethics and integrity		
Compliance				
SO 8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance	Please refer to the press statement on olamgroup.com 20th Jan 2015.		
Supplier assessment for impacts on society: Olam material areas – Land, Livelihoods, Labour				
SO 9	Percentage of new suppliers that were screened using criteria for impacts on society	30% of all 2015 tonnage is under the Olam Supplier Code, although these are not necessarily new suppliers Approx. 345,000 smallholders are under the Olam Livelihood Charter (OLC) which educates farmers on social issues. 23% of all smallholder tonnage in 2015 was OLC. Olam is an affiliate member of the Fair Labor Association – we work with them in our hazelnut and cocoa supply chains		FLA.org
SO 10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	Labour: managing labour issues in our indirect supply chain • How we tackle child labour • How we tackle forced adult labour		FLA.org
Customer Health and Safety: Olam material area – Food Safety				
PR 1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Food Safety Food Security: SDG 2.2		
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Food Safety: Q&A with Stephen Driver		

About this report

Coffee cupping, Colombia.

Report boundaries

Timeframe

This Corporate Responsibility and Sustainability Report published by Olam in June 2016 is our 9th successive report. Previous reports covered the period from 1st July to 30th June. However, due to a change in our reporting period, the 2015 report runs from 1st January to 31st December 2015.

Where anything material occurred between 1st July to 31st December 2014, this has been indicated. Year on year comparisons have been calculated accordingly. Olam Livelihood Charter data is based on annual crop cycles. Our last report was issued in October 2014.

Companies

This report relates to Olam International Ltd wholly-owned companies and its subsidiaries, excluding joint ventures and suppliers, as defined in the 2015 Annual Report.
Any exceptions are marked accordingly.
Where we hold a minority share in a partnership, we work with the partner to advance sustainable practices.

Our reporting structure therefore covers the following segments:

- Edible Nuts, Spices and Beans
- Confectionery and Beverage Ingredients
- Food Staples and Packaged Foods
- Industrial Raw Materials

Key countries

Olam operates in 70 countries in total. Those with significant operations include:
Europe: CIS, Netherlands, Poland, Russia, Spain, Turkey, Ukraine, UK
Africa: Cameroon, Côte d'Ivoire, Gabon, Ghana, Mozambique, Nigeria, Republic of Congo (Brazzaville), Senegal, Tanzania, Togo, Uganda, Zambia, Zimbabwe
Asia: China, India, Indonesia, Japan, Laos, Singapore, Thailand, Vietnam
Americas: Argentina, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, Uruguay, USA
Australia

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. We shall continue to examine the business case for external assurance.

Audiences

Our Report is aimed at a broad range of audiences, including investors, financiers, customers, NGOs, governments, suppliers, partners and employees. You can read more about our stakeholder engagement under the Strategy and Material Areas sections of this Report.

Types of customer and beneficiaries

International and national brands using food ingredients and industrial raw materials; private label customers; wholesalers; retailers

In Africa only: consumers

Other beneficiaries: smallholder suppliers and communities

For more detailed information by product please contact Chris Brett, Global Head of Corporate Responsibility and Sustainability at chris.brett@olamnet.com

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