



Global Reporting Initiative - Introduction

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 seek 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](#). In 2015, our report contained Standard Disclosures from the [GRI \(G4\) Sustainability Reporting Guidelines](#).

For 2016 we have prepared this report in accordance with G4-Core and also provided responses where applicable to the full Content Index. However, in terms of presentation we have taken a new approach. We are increasingly asked by sustainability analysts, and other stakeholders, to complete lengthy surveys which follow a structure very similar to GRI. Although the GRI Content Index (as provided in our previous sustainability reports) directs people to the required information, we have found that it does not always provide full understanding to those who are not familiar with our supply chain.

We therefore decided to simply report against the GRI Aspects and Indicators in order. In this way, our stakeholders can read a very precise response with the relevant context, and do not have to search out the information in various chapters. Equally, it is more efficient for Olam internally when managing responses. To this end, most responses have been written to stand alone which has produced some repetition.

For a more digestible review of our sustainability progress, we recommend reading our [FY2016 Annual Report](#) which reflects the interdependence of [economic, social and environmental performance](#) for a global agri-business like Olam, and the importance of creating value across all three fronts. It contains much of the content in this report. In addition, we have also launched the [2016 Olam Livelihood Charter](#).

We hope that these 3 reports provide stakeholders with a comprehensive view of our operations.

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Indicators in the body copy marked with an asterisk are material to Olam and have therefore contributed to our Core-4

GENERAL STANDARD DISCLOSURES

G4.1* Statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.

Statement from Sunny Verghese, Co-Founder and Group CEO, Olam International

2016 was an exceptional year. The ascent of populism, waning of the forces of globalisation, continued sub-par global growth, monetary policy exhaustion and the digital revolution presented many challenges for businesses to navigate. These challenges underscored the need for businesses to stay the course with a clear and focused strategy, while at the same time acting on their capacity to rapidly adapt and remain relevant in times of such unprecedented and unexpected change. I believe Olam achieved this difficult and delicate balance in 2016.

We responded to these challenges by sharpening our focus and strengthening our efforts to accelerate the delivery of value to our shareholders. We made specific investment choices and capital allocation decisions in 2016 that will shape our future and ensure our continuing success. To this end, we continued expansion of our operational footprint – further growing our upstream plantation investments in almonds, coffee, palm and rubber and making new plantation investments in adjacent businesses such as pistachios, walnuts and black pepper.

We made a significant commitment to enter the animal feeds business in Africa. We successfully integrated transformational and strategic acquisitions such as the erstwhile ADM Cocoa business, McCleskey Mills, Brooks Peanut Company and the wheat milling and pasta assets from the BUA Group during the course of the year. With this, we demonstrated our ability to manage our business in-line with our strategy and with these wider global trends and challenges shaping the world we all live in.

Our purpose is our enduring focus

The macro changes that the world is experiencing including the emergence of a post-globalisation era, potential challenges to free trade and open markets, accelerating geo-political uncertainty and continued capital superabundance have long-term implications for how businesses are led, organised, managed and financed going forward.

At Olam, we believe increasingly, it is the companies that are clear about their purpose that will be successful in the future. Our purpose of Growing Responsibly inspires everything that we do at Olam. Growing Responsibly underpins the fact that we are clearer than ever that Olam must be both a '**value maximiser**' and a '**purpose maximiser**' at the same time. We do not see these 2 objectives as being in conflict with each other and is therefore not an 'either', 'or' but a 'both' choice for us.

We are seeing businesses starting to shift from the dominant model of the last 50 years that focused on the primacy of the shareholder and therefore focused on shareholder value maximisation. While that will continue to remain an important deliverable going forward, we also need to pursue a concurrent purpose-driven model emphasising social and environmental stewardship that will enable us to create an enduring and sustainable business.

We have always balanced investing for the long-term while delivering on our short-term commitments to continue to earn the right to grow. To this end, we have successfully realigned our shareholder base with shareholders who understand and support our long-term strategy, notably with Temasek Holdings and Mitsubishi Corporation as our 2 major shareholders.

Olam touches people's lives every day from our customers and the consumers who use our products to the communities where we live and work, and the interface with the natural environment as we produce or source our various agricultural commodities. For example, we believe that 1 in 3 chocolate bars that people consume are made from cocoa beans handled by Olam, the amount of peanuts sourced and processed by Olam could serve 7.6 billion peanut butter sandwiches, we harvest and process enough tomatoes to top 3.2 billion pizzas annually, and the quantity of rice supplied by Olam could feed each person in the world with 3 servings. Our carbon footprint, water footprint and waste footprint in providing these goods and services is something that we are concerned about and we are focused on improving their efficiency. In this regard, our sustainability strategy is fully aligned with the United Nations Sustainable Development Goals (SDGs) which set out a vision for ending poverty, hunger, inequality and

protecting the earth's natural resources. These SDGs provide us with a framework and guide our actions so that we can participate in creating a better world that we all aspire to.

Focusing on issues that matter most

With this in mind, in 2016 we continued to drive our approach to sustainability by focusing on 7 material areas: Livelihoods, Land, Water, Climate Change, Labour, Food Security and Food Safety. These are fundamental to our vision of achieving end-to-end sustainable supply chains by 2020, for which we have laid out clear, time bound goals.

Reviewing our progress in 2016, we have continued to improve our safety record and our carbon and water footprints, while the Olam Farmer Information System is providing unparalleled insights into the smallholder landscape which means we can target our interventions with this group all the more efficiently. In turn, this is helping to create an increasing number of enduring partnerships with customers, NGOs, development finance institutions and donors under the Olam Livelihood Charter (OLC) programme as we pursue our mutual goal of catalysing farmer livelihoods by improving their crop yields and quality of the crops produced. We accomplish this by providing farmers better market access, micro-finance, farm inputs and extension training. All of these initiatives help farmers, particularly the younger generation, see agriculture as a viable career. There has been some churn in the number of farmers participating in our OLC programme in 2016. Thousands of new farmers joined the OLC this year, while some others are no longer in our programme, resulting in a reduction of total number of OLC farmers compared to 2015. Nevertheless, the training and investments made into their communities have equipped the exiting OLC farmers to progress with their new buyers.

We continue to pursue and adopt international certification standards where available, such as IFC, FSC and RSPO, while also strengthening our internal policies, standards and codes with input from our stakeholders. This year, for example, we are launching our Global Forest Policy. We engaged in a constructive dialogue with an NGO on our Palm and Rubber plantation operations in Gabon and our third-party palm oil sourcing in Asia and reached an agreement that bridged our differing positions on these operations.

Working with our peers

Even in a highly competitive sector like ours, we have always felt that ambitious sustainability goals to tackle the major developmental challenges that confront our sector cannot be achieved by operating in siloes or on our own. I am encouraged that so many of our peers share this belief. At Olam's Building Sustainable Futures Forum in 2016, the ground-breaking Global Agri-business Alliance (GAA) was launched. This pre-competitive, voluntary, CEO-led private sector initiative demonstrates a growing commitment to establish collaboration and partnerships to help solve the seemingly intractable problems facing our sector including food and nutrition insecurity, water scarcity, impact of climate change and growing inclusively within planetary boundaries.

While the enormity of these challenges cannot be underestimated, this industry-wide effort to solve them will hopefully result in making a significant impact in tackling these major developmental challenges. It will also offer considerable new opportunities to companies, not just in terms of enhancing customer stickiness as they look to us to help solve their supply chain issues and protect their reputations, but also unlock new streams of income. The recent report of the Business and Sustainable Development Commission (BSDC) released in January 2017, highlighted that addressing these sustainability challenges could potentially generate significant economic opportunities for enlightened businesses, possibly adding as much as US\$12 trillion to the global economy.

People are our differentiator

The year in review demonstrated again that we have an extraordinary and dedicated team at Olam, across the breadth and depth of our businesses around the world. Retaining and attracting the best talent remains a priority. Our talent development programme and the introduction of our Aspire performance management system – saw us take the bold step of removing employee ratings entirely to focus on the appraisee's development by ensuring a rewarding and engaging workplace – are helping us to build essential skills across our teams. We are focusing on managers having 'continuing conversations' that are 'future focused' with their team members for developing their capabilities and creating the basis for their retention and long-term career planning.

In 2016, we further strengthened the functions that create the horizontal value that help unify each of our vertical businesses. The 'Olam Way', our culture, values and purpose also create 'diagonal assets' that bind these vertical

and horizontal assets together. I firmly believe we are now at a point where we can proudly say that we have built a unique organisation that not only supports but also enhances our delivery of our business and sustainability objectives.

The year ahead

In 2017 we will be entering the second year of our 3-year strategic plan. We continue to see significant opportunities for profitable growth in the agri-sector despite ongoing volatility. The major themes and priorities for our business will not change significantly in the coming year.

We will continue to invest in building leadership positions in our 6 prioritised platforms in Cluster 1, establish proof-of-concept and selectively scale our Cluster 2 businesses, remain asset light and maximise returns in our Cluster 3 businesses and partially sell down our stakes in our Cluster 4 businesses while Africa will continue to remain as a separate vertical focus.

We will continue to live and demonstrate Olam's 3 key brand values of being an unrivalled expert, a change agent and transformer, and finally a trusted partner in our industry. We believe focus on these elements remains crucial to our success in a world where change is a constant.

Chairman transition

Mr Kwa Chong Seng stepped down from Olam's Board as its Non-Executive Chairman and Independent Director on 31 December 2016. Chong Seng's tenure, first as Deputy Chairman from October 2014, and then as Chairman from October 2015 made a deep impact on Olam's strategy and business. During this period, he played a critical role in forging the strategic partnership with Mitsubishi Corporation which is expected to accelerate Olam's growth. He also oversaw several organic and inorganic growth initiatives that helped Olam to build market leading positions in its prioritised platforms. On behalf of Olam's Board and Management Team I would like to express our deepest gratitude to Chong Seng for his stewardship, guidance and motivation of the Board and the Management Team during his tenure.

I am also pleased to welcome Mr Lim Ah Doo as our new Non-Executive Chairman and Independent Director with effect from 1 January 2017. Ah Doo has extensive experience in banking, natural resources, infrastructure development and emerging markets from both a banker and operator standpoints. His deep knowledge, insights and proven leadership will undoubtedly benefit Olam. The Board and I are delighted to have Ah Doo on board to lead Olam through its next phase of growth.

A longer version of this statement also appeared in the [FY2016 Annual Report](#) which can viewed at [Olamgroup.com](#)

G4.2 Key impacts, risks and opportunities

Key impacts on sustainability

As a global agri-business, our potential environmental impacts are linked to production on the land with its impact soil and nutrients, natural habitats, forests; extraction and use of water; contribution to climate change such as through energy emissions, over-use of fertiliser, and emissions-heavy agricultural practices such as synthetic fertilisers and flooding fields (e.g. rice production).

Potential social impacts include community engagement issues; farmers not seeing Olam as a good partner; labour issues, and food safety problems such as pesticide residues. Many of these are discussed in detail later in this document. Here, we highlight an overview of impacts, risks and opportunities relating to two key themes: People and Climate Change.

People

Olam depends on 4.3 million farmers, as well as people who want to work in our upstream farming and plantation operations, or in our mid and downstream processing operations, as well as logistics, sales and trading offices. People therefore present one of our biggest risks but also opportunities. Ensuring that we are a fair employer and a responsible corporate citizen gives us the license to operate.

One of our biggest focus areas is our farmer suppliers – we need to ensure that they see farming as a viable livelihood. This applies to both large and small-scale farmers. We therefore always aim to be a reliable and fair counter-party, but also supporting farmers with R&D, financial support, and where necessary community investment.

Within our own operations, many sites are in highly rural areas in emerging markets. This brings great opportunity in being able to offer permanent employment to many who have never had a regular income. But it also brings cultural challenges. In Gabon and Tanzania, the majority of our workers have never held formal employment and many are functionally illiterate. This makes it challenging to instill both their rights and responsibilities: for example, it takes time to teach safety processes in places where no such culture exists. Creating a positive work ethic (including dealing with absenteeism), and instilling safe behaviours are as essential as capacity and skills building. Identifying and promoting local leaders is invaluable in encouraging fellow workers to uphold our standards.

Climate change – see also G4.EC2

We are already seeing the impacts across different supply chains and we therefore have a significant emphasis on adapting to, and mitigating the impacts of climate change in our operations. We also support both large and small-scale farmers to become more resilient. A major contributor to climate change is deforestation – this is discussed at greater length in the G4. Environment section.

However, with risk comes innovation and therefore opportunity. We were the first company to launch the world's first verified climate smart cocoa with Rainforest Alliance and the farmers of Bia Jua Beso in Ghana. Other partnerships have also developed such as being a co-chair for the LCTPi¹ Climate Smart Agriculture working group with PepsiCo, Monsanto and Kellogg Company². The CSA working group's vision is that by 2030, 50% more food will be available and strengthen the resilience of farming communities whilst reducing greenhouse gas emissions by 50%.

Sustainability trends

In recent years, sustainability has moved centre stage in the food and natural resources sectors. As outlined in the [announcement](#) of the Global Agri-business Alliance initiated by Olam in September 2016 there are major issues facing our supply chains: *“In providing food and raw materials, the agricultural sector employs more than 2 billion people globally, is a foundation for rural development, and underpins many economies in terms of share of GDP and employment.*

“Yet, the FAO currently estimates that of the 795 million undernourished people, about 50% are from smallholder farming communities, surviving off marginal lands prone to natural disasters including drought or flood. At the same time, agriculture accounts for 70% of freshwater withdrawal and generates 12% of all manmade greenhouse gases – or up to 25% if forestry and other land use are included. The sector's ability to boost productivity, minimise food losses and reduce impacts on natural resources is critical to food security and inclusive growth for a world population projected to rise from about 7.3 billion to 8.5 billion in 2030.”

Companies that are able to demonstrate how they are contributing to overcoming these issues through sustainability benefit by:

- Securing supplies of quality crops into the future
- Securing long-term partnerships with customers
- Offering customers sustainable and certified product which can be marketed as such
- Advancing in-house knowledge through partnerships with expert certification bodies and research institutions
- Accessing finance from Development Finance Institutions
- Protecting reputation (of both Olam and our customers)
- Attracting employees who want to work for a company with purpose

Vision and targets

Olam has a vision of end to end sustainable supply chains by 2020. This is a huge challenge but we are making strong progress. In line with our 7 material areas (see G4.17) we have 10 goals with individual targets. These are listed in Appendix 1.

¹ Low Carbon Technology Partnerships Initiatives

² Managed by the World Business Council for Sustainable Development

G4.3* – Name of organisation; G4.4* - Primary brands, products and services; G4.5* - Location of HQ

Olam International Ltd is a leading agri-business operating across 70 countries. We grow, source, process, manufacture, transport, trade and market over 45 different agri-products for over 22,900 customers. In Africa only we produce packaged foods for consumers, including pasta and noodles, beverages, confectionery and biscuits, tomato paste, rice and edible oil. Our team of 69,800 employees has built leadership positions in several of our 18 platforms, including cocoa, coffee, cashew, rice and cotton. We source from 4.33 million farmers and their communities. We are listed on the Singapore Exchange (SGX) and are among the top 30 companies by market capitalisation.

Olam is headquartered at 9 Temasek Boulevard #11-02 Suntec Tower Two Singapore 038989; Telephone: +65 63394100, Facsimile: +65 63399755.

G4.6* Report the number of countries where the organisation operates, and the names of countries where either the organisation has significant operations or that are specifically relevant to this report.

Olam operates in 70 countries. Those with significant operations, and a priority for our sustainability reporting, include:

Europe: CIS, Netherlands, Poland, Russia, Spain, Turkey, Ukraine, UK

Africa: Cameroon, Côte d'Ivoire, Egypt, Gabon, Ghana, Mozambique, Nigeria, Republic of Congo (Brazzaville), Senegal, Tanzania, Togo, Uganda, Zambia, Zimbabwe

Asia and Australia: China, India, Indonesia, Japan, Laos, Myanmar, Singapore, Thailand, Vietnam

Americas: Argentina, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Peru, Uruguay, USA

G4.7* Ownership and legal form

Listed on Singapore Exchange in 2005.

Shareholders - a diversified, supportive shareholder group with long-term investment horizon:

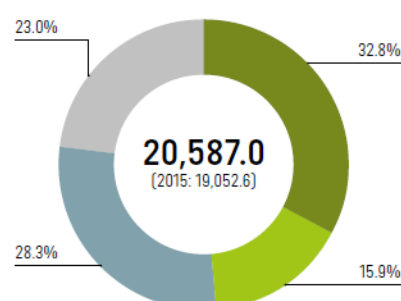
- 52.2% Temasek Holdings
- 20.3% Mitsubishi Corporation
- 6.8% Olam's management
- 4.9% Kewalram Chanrai Group
- 15.7% Other institutional and public

G4.8* Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)

Olam serves multi-national and national food, textile and manufacturing companies across all continents. In Africa only we manufacture and sell products such as pasta, rice, dairy drinks and biscuits directly to the consumer.

● Asia, Australia and Middle East	32.8%
● Africa	15.9%
● Europe	28.3%
● Americas	23.0%

Sales revenue by region
(S\$ million)



G4.9* – Report the scale of the organisation, including: total number of employees, total number of operations, net sales, total capitalisation, quantity of products or services provided.

Olam employs around **70,000** direct staff, seasonal, contract workers in **70** countries. We are present in 5 segments:

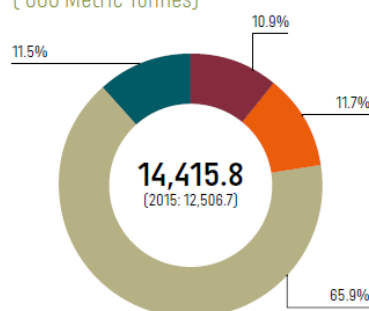
- Edible Nuts, Spices and Vegetable Ingredients (Almonds, Cashew, Hazelnuts, Peanuts, Pistachio, Walnuts, Sesame and Beans including pulses, lentils and peas; Tomatoes, Dehydrated Vegetable such as onion and garlic, Spices such as pepper, chilli and turmeric)
- Confectionery and Beverage Ingredients (Cocoa, Coffee)
- Food Staples and Packaged Foods (Dairy, Edible Oils, Grains and Animal Feed, Packaged Foods, Sugar and Sweeteners)
- Industrial Raw Materials (Cotton, Fertiliser, Rubber, Wood Products, Gabon Special Economic Zone, including ports and logistics)
- Commodity Financial Services (Risk Management Solutions; Market-making, Volatility Trading and Asset Mgt; Trade and Structured Finance)

Financials – See also [FY2016 Annual Report](#) ([Strategy Report page 8 and 9](#); plus [Financial Statements](#)). For our current market capitalisation view the Investor Relations page [here](#).

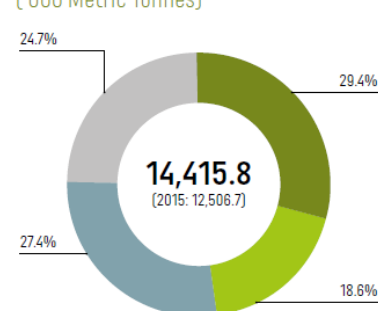
Volume

	'000 MT
Edible Nuts, Spices and Vegetable Ingredients	1,569.7
Confectionery and Beverage Ingredients	1,687.5
Food Staples and Packaged Foods	9,496.1
Industrial Raw Materials, Ag Logistics and Infrastructure	1,662.5
Asia, Australia and Middle East	29.4%
Africa	18.6%
Europe	27.4%
Americas	24.7%

Sales volume by segment
('000 Metric Tonnes)



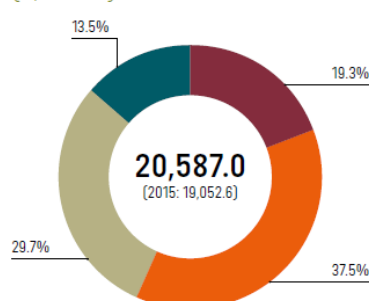
Sourcing volume by region
('000 Metric Tonnes)



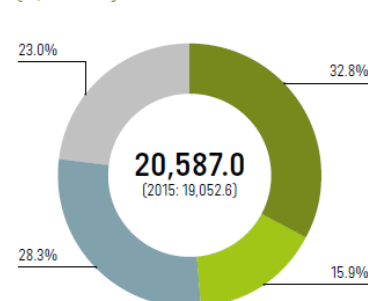
Revenue

	\$ million
Edible Nuts, Spices and Vegetable Ingredients	3,981.1
Confectionery and Beverage Ingredients	7,711.0
Food Staples and Packaged Foods	6,110.8
Industrial Raw Materials, Ag Logistics and Infrastructure	2,784.1
Asia, Australia and Middle East	32.8%
Africa	15.9%
Europe	28.3%
Americas	23.0%

Sales revenue by segment
(\$ million)



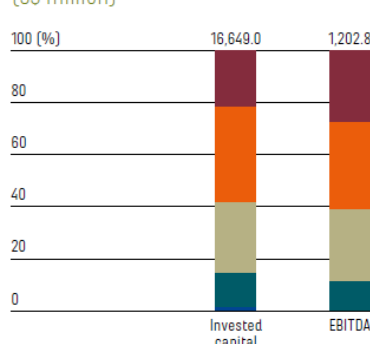
Sales revenue by region
(\$ million)



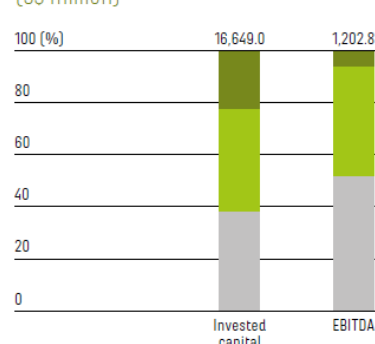
Invested capital and EBITDA (\$ million)

	Invested capital	EBITDA
● Edible Nuts, Spices and Vegetable Ingredients	3,642.7	331.8
● Confectionery and Beverage Ingredients	6,109.5	407.3
● Food Staples and Packaged Foods	4,522.1	330.2
● Industrial Raw Materials, Ag Logistics and Infrastructure	2,220.9	135.2
● Commodity Financial Services	153.8	(1.6)
● Upstream	3,764.2	79.2
● Supply chain	6,537.7	503.5
● Midstream and downstream	6,347.1	620.1

Invested capital and EBITDA by business segment (\$ million)



Invested capital and EBITDA by value chain segment (\$ million)



G4 10* Employee breakdown

a. Total number of employees by employment contract and gender

Total primary workforce strength 35,045 (26% women, 74% men). We do not collate data on full-time vs part-time contracts at a global level.

Total secondary workforce strength 34,727 (gender information for seasonal, contract and temporary workers not collated globally)

b. Report the total number of permanent employees by employment type and gender

Managers (Band E & above) \ Primary Workforce – Male = 3%

Managers (Band E & above) \ Primary Workforce – Female = 0.3%

Other Managers (below Band E) \ Primary Workforce – Male = 2.4%

Other Managers (below Band E) \ Primary Workforce – Female = 0.7%

Officers on Expat terms (O/T grades) \ Primary Workforce – Male = 0.7%

Officers on Expat terms (O/T grades) \ Primary Workforce – Female = 0.05%

Staff \ Primary Workforce – Male = 23%

Staff \ Primary Workforce – Female = 6.7%

Permanent non seasonal workers \ Primary Workforce – Male = 44%

Permanent non seasonal workers \ Primary Workforce – Female = 19%

c. Report the total workforce by employees and supervised workers and by gender.

See point A and B above.

d. Report the total workforce by region and gender.

	Africa	Asia	Australasia	Europe	Middle East	North America	South America
Primary							
Men (primary)	81%	55%	75%	65%	90%	71%	78%
Women (primary)	19%	45%	25%	35%	10%	29%	22%
	Africa	Asia	Australasia	Europe	Middle East	North America	South America
Secondary	75%	16%	1%	0.5%	0	3%	5%

Gender data not available for secondary workforce.

- e. **Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.** Not applicable.
- f. **Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).** Secondary workforce listed above is subject to seasonal crop cycles.

G4.11* Report the percentage of total employees covered by collective bargaining agreements.

Based on data from our key operating countries, at the end of 2016, about 30% of our primary workforce were covered by collective bargaining agreements. In early 2017, Olam Gabon signed a collective bargaining agreement with our palm and rubber plantation workers – over 9,500 people.

G4.12* Describe the organisation's supply chain.

We buy from around 36,600 large-scale and 4.3 million small-scale farmers across North and South America, Africa, Europe, Australia, and Asia. See also the diagram *Where we participate and how we win* on page 14 of the Strategy section of the FY2016 Annual Report.

G4.13* Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain

We continued expansion of our operational footprint – further growing our upstream investments in almonds, coffee, palm and rubber, and making new plantation investments in adjacent businesses, such as pistachios, walnuts and black pepper. We made a significant commitment to enter the Animal Feeds Business in Africa announcing in April that we are investing US\$150.0 million to set up two state-of-the-art animal feed mills, poultry breeding farms and a hatchery to produce day-old-chicks in Nigeria.

We also successfully integrated transformational and strategic acquisitions such as the ADM Cocoa business (global), McCleskey Mills (peanuts, USA) Brooks Peanut Company (USA), and the wheat milling and pasta assets from the Bua Group (Nigeria).

Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination

Overall, we have increased the number of farmer suppliers, for both small-scale (4.3 million) and large-scale (36,600).

Due to a change in strategy, we stopped sourcing directly from 66,000 cotton farmers in Zambia which has had an impact on our Olam Livelihood Charter numbers. See the 2016 Olam Livelihood Charter Report at Olamgroup.com

G4.14* Report whether and how the precautionary approach or principle is addressed by the organisation.

As a global agri-business we, and our suppliers, are dependent on the earth's natural resources. Maintaining sustainable yields and growing our business means that we have to act as responsible stewards of the environment and encourage third-parties to do the same. Our own operations must avoid or mitigate potential negative impacts, therefore all investment cases for any new developments must undergo environmental and social impact assessments and implement the relevant management plans. For our existing operations, we are guided by our Risk Scorecard, as well as a suite of Policies, Codes and Standards. Our Governance structure ensures that we adhere to these principles and that we undertake regular audits and gap assessments.

G4.15* List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.

In September 2016, the Global Agri-business Alliance was launched. Initiated by Olam, this pre-competitive, voluntary, CEO-led private sector initiative demonstrates a growing commitment to establish collaboration and

partnerships to help solve the seemingly intractable problems facing our sector including food and nutrition insecurity, water scarcity, impact of climate change and growing inclusively within planetary boundaries.

In December 2016, we joined the UN Global Compact. We are also aligning our sustainability strategy to the UN Sustainable Development Goals. We have listed others against our Material Areas below:

Livelihoods	Labour	Food Security	Food Safety and Quality	Land	Water	Climate Change
Certifications including: Fairtrade, Rainforest Alliance, UTZ, CMIA, BCI	UN Declaration on Human Rights	Free, Prior and Informed Consent (FPIC)	Good Manufacturing Practice	UN Guidelines on Responsible Land Tenure	Alliance for Water Stewardship	CDP
CocoaAction	ILO Declaration on Fundamental Principles and Rights at Work	Global Nutrition for Growth Compact	Hazard Analysis and Critical Control Points	CDP Forest Footprint Disclosure	CDP Water	Paris Climate Agreement
SDGs 1, 2, 4, 5 and 17	Fair Labour Association affiliate member,	SDGs 2, 12 and 17	BRC/FSSC 22000	FSC; RSPO	UN CEO Water Mandate	WBCSD LCTPI CSA working group
	SDGs 5, 8, 10		International and national food safety regs.	Global Forest Watch	UN WASH standards	Sustainable Agriculture Network Standards
			SDGs 3, 12	SDGs 2, 13, 15	SDGs 2, 6	SDGs 2, 13

G4 16* List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation:

[See also Olamgroup.com](http://Olamgroup.com) for a full list of collaborations, partners and donors.

African Cashew Initiative (Steering Group Member)	Cocoa Association of Asia Member	Smallholder Acceleration and REDD+ Program (SHARP) Executive Board Member
African Cashew Alliance (Board Member)	Cocoa Livelihoods Programme	Sustainable Coffee Program Steering Committee Member
African Cotton Association (Steering Committee Member)	Cocoa Merchants Association of America Committee Member	Sustainable Natural Rubber Initiative Member of Standard Working Group
Almond Board of Australia (Deputy Chair)	European Cocoa Association Board Member	Sustainable Nut Initiative Board Member
Almond Board of California (Board Member)	Federation of Cocoa Commerce	Sustainable Rice Platform Board Member
American Spice Trade Association (Board Member and Chair of Food Safety Committee)	Green Coffee Association (Board Member)	Sustainable Spice Initiative

Association of Cotton Merchants in Europe (ACME) (Board Member)	Hazelnut Promotion Group	The Nut Association Board Member
Association Technique Internationale des Bois Tropicaux (Board Member)	International Cocoa Association (ICA) (Director)	Tropical Forest Foundation (Board Member)
Better Cotton Initiative (Steering)	International Cocoa Initiative (Board Member)	USDA Elimination of Child Labour Project
Better Rice Initiative Asia (Steering Committee Member)	International Nuts and Dried Fruits Council Executive Committee and Board Member	World Business Council for Sustainable Development (WBCSD) CSA Co-Chair
Bonsucro (Board Member)	Natural Capital Coalition Member	World Cocoa Foundation (Board Member)
California League of Food Processors (Executive Committee & Board Member)	RSPO Alternate Board Member	World Spice Organisation (Executive Committee Member)
CocoaAction (Founding Member)	Solyouzmoloko National Dairy Producers Union of Russia Board Member	

G4.17* List all entities included in the organisation's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.

Please see page 53 of the FY2016 Annual Financial Statements at Olamgroup.com/investor-relations

G4.18* Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organisation has implemented the Reporting Principles for Defining Report Content.

In 2013, based on stakeholder feedback, Olam identified 7 material areas: Livelihoods, Land, Water, Climate Change, Labour, Food Security and Food Safety setting out specific goals to address key impact areas such as child labour, GHG emissions and water scarcity. In 2015, we updated our goals to better reflect the priority themes

under each area (goal targets) and these continued into 2016 with some minor adjustments. Active stakeholder interest in 2016 focused in particular on deforestation, child and forced adult labour (Uzbekistan cotton).

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), and equally all 7 are now 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.

Our priority material issues can be seen here:

Livelihoods (see also [Livelihoods section in FY2016 Annual Report, Strategy, pp 42- 47](#))

- Improving the livelihoods potential of farmers (especially smallholders in Africa, Asia and S. America) and others in our supply chain through enhanced skills, economic resources, and infrastructure
- Economic empowerment of women especially in rural economies in Africa, Asia and S. America (both in our own operations and in third party supply chains)
- Elimination of child labour especially in priority third party supply chains in Africa, Asia and South America – cocoa, hazelnut, cashew, coffee, cotton and other smallholder crops. Also refers to our own plantations in emerging markets where birth certificates may be lacking.
- Access to water and sanitation for both our workers, especially in plantations, but also third party supply chains such as communities under the Olam Livelihood Charter in Africa, Asia and South America
- Improved health and well-being for workers globally and rural communities particularly in Africa.

Labour (see also [Labour section in FY2016 Annual Report, Strategy, pp 48 – 55](#))

- Safety at work / zero harm workplace – globally in our own operations, but also in third party supply chains under the Olam Livelihood Charter and or Olam Supplier Code.
- Respect for workers' rights (child and forced adult labour (Uzbekistan), in the direct and indirect supply chain globally.
- Diversity – globally in our own operations
- Training, learning and development – globally in our own operations

Food Security and Nutrition (see also [Food Security section in FY2016 Annual Report, Strategy, pp 56 – 59](#))

- Stimulating food crop production in areas where we operate e.g. rice outgrower programme at our farm in Nigeria
- Inter-cropping and crop diversification to improve access to a nutritionally balanced diet for smallholders
- Olam workers are educated on and can access nutritious foods
- Increased availability of micronutrient fortified foods for consumers especially in Africa

Food Safety and Quality (see also [Food Safety section in FY2016 Annual Report, Strategy, pp 60 – 63](#))

- Improvement of crop quality, especially for smallholders
- Reduction of pesticides – globally within our direct operations and also smallholder farmers
- Traceability in third party supply chains

- Preventing microbiological contamination in both own and third party supply chains
- Preventing/ Identifying adulteration in third party supply chains

Land (see also [Land section in FY2016 Annual Report, Strategy, pp 68-73](#))

- Protection of ecosystems, high carbon stock forests, high conservation value forests (especially in our plantations in Africa, Asia and South America, but also third party supply chains such as cocoa, palm and rubber)
- Community conflict around our plantation and concession operations
- Reduction of land impacts by third party suppliers – especially by palm oil, rubber, coffee and cocoa suppliers
- Transparency across operations including third party

Water (see also [Water section in FY2016 Annual Report, Strategy, pp 74-79](#))

- Water scarcity mapping for both our own operations and third party suppliers
- Water stewardship within and beyond boundaries – especially around our major plantations, farms and orchards in Australia, USA, Africa, Asia and South America
- Increased efficiency for both our own operations and third party suppliers
- Long-term equitable access and usage where our plantations are located in Asia, Africa and South America
- Improved water discharge from Olam operations – globally

Climate change (see also [Climate Change section in FY2016 Annual Report, Strategy, pp 80-85](#))

- Increased energy efficiency – globally in our Tier 1 processing operations
- Avoided GHG emissions by avoiding high carbon stocks for development in our own operations globally and implementing Climate-Smart Agricultural practices for both our operations and third party suppliers
- Increased share of renewable energy – globally in our Tier 1 processing plants
- Reduced vulnerability to climate risks for Olam Livelihood Charter farmers and Olam-managed concessions, farms and plantations.

For Goals and Targets against each material area, see appendix. During the 2016 reporting process, we realised that while data collection systems had been improved through a new global database system, some goals and targets still required better collection systems e.g. for Goal 1.5 under Livelihoods we state that appropriate metrics for assessing beneficiaries of Olam's projects will be assessed in 2017.

Assessing our material issues and goals against the UN SDG framework

We also recognise that our goals and targets have been set at a global level and cascaded down to products, functions and geographies to address at the local level. Therefore, using the UN SDGs as a framework, we are in the process of undertaking a gap analysis. Initially, we are doing this at a global level, then with a priority country and priority product to work out the most practical and efficient process. Further workshops will then be conducted around the business.

**G4. 21* For each material Aspect, report the Aspect Boundary outside the organisation, as follows:
Report whether the Aspect is material outside of the organisation**

See G4.20 above and individual aspects. Unless specifically indicated in this report, all material aspects included are equally applicable throughout the Company.

See also Appendix 2 or [page 6 of the Strategy Report in the FY2016 Annual Report](#).

G4.22* Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.

See Financial Statements page 19 FY2016 Annual Report at Olamgroup.com/investor-relations.

The Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. These include Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants and early adoption of FRS 109 Financial Instruments. As a result of these amendments, the Consolidated Balance Sheet of the Group as at 1 July 2014 and 31 December 2015 as well as the Consolidated Profit and Loss Account and Consolidated.

Cash Flow Statement for the 18 months ended 31 December 2015 have been restated. These amendments and other changes in accounting standards and their impact are detailed in the Notes to Financial Statements.

G4.23* Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.

N/A

G4. 24* Provide a list of stakeholder groups engaged by the organisation.

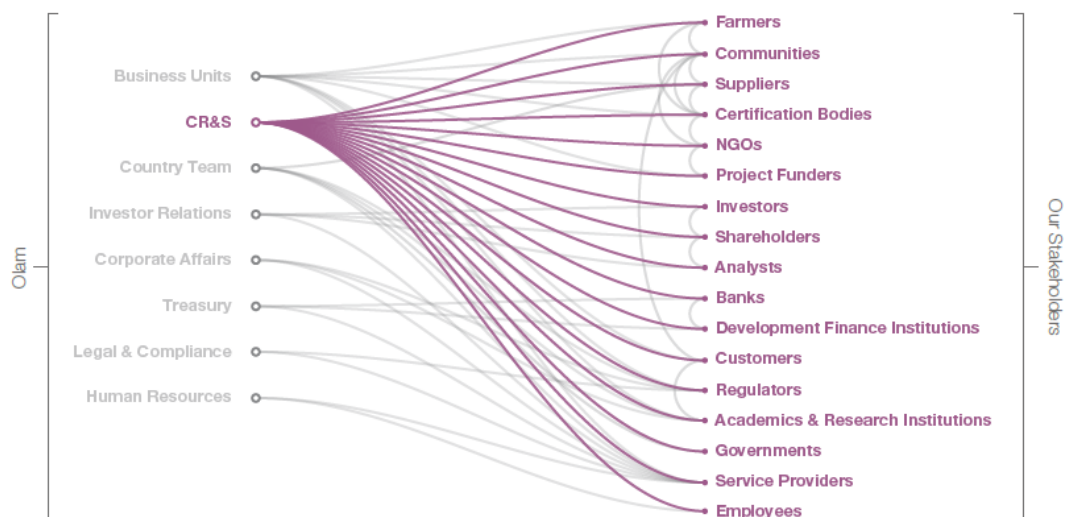
This includes:

- 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

G4.25* Report the basis for identification and selection of stakeholders with whom to engage.

Stakeholder engagement has to happen at every level of the business, across products, geographies and functions. Each of these units prioritises stakeholders and engagement will happen on a formal meeting basis, at conferences and events, through written communication and through indirect means such as media articles, reports and speaker platforms.

Stakeholder Connections



G4.26* Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.

The frequency is dependent on the needs of the stakeholder and the balance of what we determine to be business efficient. In 2016, the following were particular examples of stakeholder engagement:

- Investor roadshows
- The Building Sustainable Futures Forum held in Singapore to which we invited over 200 external delegates including peers, certification partners, UN bodies, and customers. See here for more information and videos.
- Engagement in industry and sector initiatives and standard bodies including CocoaAction, RSPO, FSC, The Sustainable Natural Rubber Initiative, and COP22.
- Survey requests from Sustainability Analysts; plus calls with Analysts on child labour
- Surveying farmer suppliers to understand the impact of our Olam Livelihood Charter (OLC) initiatives. See the [Cashew section of the 2016 OLC](#).
- A negative report issued by the NGO Mighty Earth on allegations of deforestation in our palm supply chains led to specific engagement with customers, financiers, other NGOs and employees.
- Annual AGM
- Employee surveys are run every two years. Employees can also pose questions to CEO Sunny Verghese during his CEO Perspective sessions held every 6 months.

In recent years, a survey of our stakeholders ahead of writing the sustainability report has been undertaken but this was not achieved in 2016. We will be looking at a survey to understand the impact of this report and our Annual Report in the following months.

G4.27* Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.

Environmental issues (see also G4. Environment indicators, plus the Environment section of the FY2016 Annual Report, Strategy section, pp 66-85)

As an organisation that sources from thousands of farmers in developing countries, many of the issues in our supply chains are social problems, linked to poverty and lack of services, rather than strictly speaking environmental – but clean water, fertile land and climate suitability are essential for these communities to thrive. Climate-Smart farming and Water Stewardship practices are examples of the ways we are responding to these concerns.

As we have moved upstream, stakeholders are increasingly asking us to demonstrate a much broader form of responsibility, taking on community development and large-scale conservation issues within the landscapes where our plantations are sited. Social contracts that recognise community land rights are the key platform for our continuous engagement plans, upheld by robust grievance procedures. Eliminating deforestation from palm and rubber supply chains was raised by the NGO Mighty Earth in 2016 (see the Land section of the Annual Report, Strategy, pp 68 - 71), whilst deforestation is increasingly recognised as a major issue in the cocoa sector. Building on our existing upstream policies, in 2017 we have developed a Global Forest Policy to eliminate unsustainable practices across all our supply chains.

Social issues (see also G4. Social indicators, plus the [Social section of the FY2016 Annual Report, Strategy section, pp 40-65](#))

Many crops we sell are grown in emerging markets, which brings well-known risks. Customers, NGOs, financial institutions, donors and others want to know how we manage them, so engagement happens across products, geographies and functions. Issues raised in 2016 include: the ongoing efforts to eradicate child labour in third-party supply chains, including cocoa and oil palm; and ending the forced mobilisation of workers in Uzbekistan for the cotton harvest. However, many of these issues are closely connected to wider issues such as rural poverty, lack of community infrastructure or government policies so cannot be addressed in silos. Equally, solutions require a multi-stakeholder approach which is why we seek to collaborate with peers and other partners. We have over 30 partners for the Olam Livelihood Charter (OLC) programmes alone.

G4.28* Reporting period (such as fiscal or calendar year) for information provided.

January 1 2016 to December 31 2016.

See introduction.

G4.29* Date of most recent previous report (if any).

Our 2015 CR&S report was launched on June 29 2016. For FY16 the following suite of documents became available on April 10 2017:

- [Annual Report which contains 3 sections – economic, social and environmental.](#)
- This GRI Report for FY2016
- [The Olam Livelihood Charter 2016](#)

G4.30* Reporting cycle (such as annual, biennial).

Annual.

G4.31* Provide the contact point for questions regarding the report or its contents.

Email: crs@olamnet.com

Nikki Barber, General Manager, Group Public Relations, nikki.barber@olamnet.com

G4.32* Report the 'in accordance' option the organisation has chosen.

In accordance Core. Although this GRI report has not been externally assured, our [2016 Annual Report](#), which contains significant levels of sustainability reporting, has been audited.

G4.33* Report the organisation's policy and current practice with regard to seeking external assurance for the report.

As stated above, this year we included much of our sustainability reporting in our Annual Report which was audited by EY. This year we have trialled a GRI document in this format to make it easier for sustainability analysts to find information – many of their surveys follow a GRI format.

G4.34* Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.

Olam observes a high standard of corporate governance in keeping with its overarching philosophy of delivering consistent financial performance with integrity. We strongly support the principles of openness, integrity and accountability as set out in the 2012 Code of Corporate Governance and in our [Code of Conduct](#).

Today, the Board comprises more than 50% independent directors with the Board Chair being independent since 2015. With the optimal mix of expertise and experience including gender diversity, the Board is equipped to effectively lead and direct the Company's business and strategy, ensuring the long-term success of the Company. For specific information on the Olam Board and our executive and non-executive directors please see the Governance section of our 2016 Annual Report pp. 2-5.

Delivery of the Corporate Responsibility & Sustainability (CR&S) strategy

We have 2 tiers of governance to implement, monitor and evaluate the delivery of the CR&S strategy as an intrinsic part of the daily business operations – the Corporate Responsibility and Sustainability (CR&S) Board Committee and the CR&S Executive Committee.

Products and regions also have their own sustainability teams, taking direction from the Committees, the CR&S Function, Product Heads, and Region and Country Heads.

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

Our Board CR&S Committee, chaired by non-executive and independent director, Jean-Paul Pinard, monitors and evaluates progress of the Executive CR&S Committee and works to detailed terms of reference, documented in the Annual Report. The performance of the Board CR&S Committee is evaluated by the Board of Directors. The Board holds regular meetings to review the operations, business and performance of the Company.

CR&S Board Committee members:

- [Jean Paul Pinard](#) – Chairman
- [Marie Elaine Teo](#)
- [Nihal Vijaya Devadas Kaviratne CBE](#)
- [Shekhar Anantharaman](#)
- [Katsuhiro Ito](#)
- Robert Michael Tomlin (stepped down April 2016)

The Executive CR&S Committee reports to the CR&S Board Committee. It 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 over 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.

The activities of the CR&S Committee and the Function itself are managed by Dr Christopher Stewart, Global Head of CR&S. Christopher was previously Head of CR&S for our Gabon operations. He took on the global role following the departure of Chris Brett in October 2016 to the World Bank. Both Gerard Manley and Christopher Stewart report directly to the CR&S Board Committee.

CR&S Executive Committee members:

- Gerard Manley – Managing Director and CEO, Olam Cocoa

- Dr Christopher Stewart – Global Head CR&S (Chris Brett from January to October 2016)
- Chris Brown – VP, CR&S Environment
- Juan Antonio Rivas – Senior VP, Andean and Central America
- Moray McLeish – VP, CR&S Asia
- Jayant Parande – President, Treasury
- Supramaniam Ramasamy – President and Global Head, Plantations
- MD Ramesh – President, South and East Africa
- M Satyamurthy – Senior VP, Brazil and Latin South America Cluster

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

G4.35 Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.

See G4.34 above.

G4.36 Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body

See G4.34 above.

G4.37 Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.

See G4.34 above.

G4.38 Composition; G4.40 Nomination and selection processes; G4.41 Conflicts of interest of highest governing body

See pages 2-29 of the [Governance section of the FY2016 Annual Report](#).

G4.39 Chair of the highest governing body – executive/non-executive

Mr. Kwa Chong Seng stepped down from Olam's Board as its Independent, Non-Executive Chairman on 31 December 2016. Chong Seng's tenure, first as Deputy Chairman from October 2014, and then as Chairman from October 2015 has had a significant impact on Olam's strategy and business. During this term, he oversaw the landmark strategic partnership with Mitsubishi Corporation which is expected to provide several sources of synergy that will help accelerate Olam's growth. He also oversaw several organic and inorganic growth initiatives that helped Olam to build market leading positions in its prioritised platforms. The Board and Management records its appreciation to Chong Seng for his contribution, stewardship, guidance and motivation to the Board and the Management Team during his tenure.

Mr. Lim Ah Doo was appointed to the Board on 1 November 2016 as the new Independent, Non-Executive Chairman-designate. Ah Doo assumed chairmanship with effect from 1 January 2017. Ah Doo has extensive experience in banking, natural resources, infrastructure development and emerging markets from both banker and operator standpoints. His deep insights and broad experience will be directly relevant and useful in providing leadership and stewardship to Olam's development.

G4.42 Role of the highest governing body in setting purpose, values and strategy

See pages 2-29 of the [Governance section of the FY2016 Annual Report](#).

G4.43 Highest governing body’s collective knowledge of economic, environmental and social topics

To ensure that the Board has an in-depth understanding of the Group’s business and activities, one or more Board offsite visits is organised in countries where the Company operates. Besides the visits to facilities, the Board meets with the local management team as well as in-country key stakeholders. Ad hoc visits by the Board Committees are organised wherever required to better facilitate the review of issues delegated by the Board. Yearly, the Board is invited to participate in the Annual ManComm Meet attended by a significant number of key executives and senior management of the Company globally, with experts in economic, policies, social, strategy, environmental areas etc. addressing the participants. The Annual Meet provides the Board with opportunities to deepen their interactions with the leadership team of the Company, and to gain insights into issues and developments that are important for the long-term success of the business.

G4.44 Evaluation of highest governing body’s performance

See pages 2-29 of the [Governance section of the FY2016 Annual Report](#).

G4.45 - 47 Role of highest governing body in risk management

See page 16-17 on the Board Risk Committee of the [Governance section of the FY2016 Annual Report](#).

G4.48 Role of highest governing body in sustainability reporting

The CR&S Board Committee provides guidance and perspective on sustainability issues and content. It also reviews the annual sustainability and Olam Livelihood Charter reports.

G4.49 – 50 Role of highest governing body in evaluating economic, social and environmental performance

See pages 2-29 of the [Governance section of the FY2016 Annual Report](#).

G4.51 – 54 Remuneration and Incentives

See pages 2-29 of the [Governance section of the FY2016 Annual Report](#).

G4.56* Describe the organisation’s values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.

Conducting our business in an ethical, socially responsible and environmentally sustainable manner has been part of Olam’s ongoing strategy for many years. In 2012, we formalised this approach as our core purpose of **Growing Responsibly**.

However, it is important for our stakeholders to understand that **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.

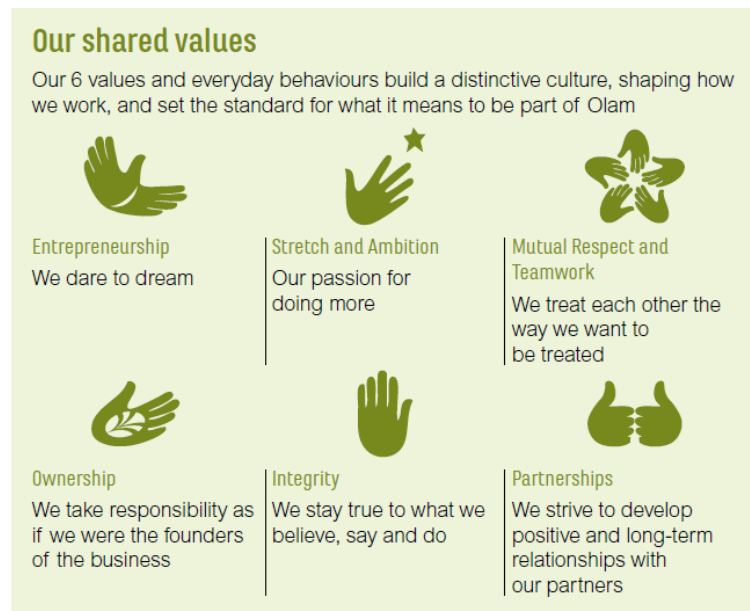
Commercial	Environmental	Social
<ul style="list-style-type: none">• Strong governance• Transparency• Reliable systems• Risk management	<ul style="list-style-type: none">• Being good stewards of the environment• Protecting the natural capital essential to our business	<ul style="list-style-type: none">• Improving the livelihoods of the communities where we work• Providing a fair, safe and healthy workplace for our people
		

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 three 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 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 (CR&S) Function with Manufacturing and Technical Services (MATS) playing a key role.

Embedding the **Growing Responsibly** ethos is an ongoing undertaking. It is included in the induction for new recruits, and is a constant in our internal communication strategy. It is also crystalised in *The World of Olam*, a booklet provided to all employees, in multiple languages, which provides a simple and succinct description about Olam, our vision, strategy, brand and values. A more formal document is the [Olam Code of Conduct](#) which highlights our economic, social and environmental requirements and expectations.



Olam also 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 license to cut corners or make mistakes thinking we can avoid our accountability and *Ownership* – another of our values. Read the interview on the importance of our values and culture, particularly in relationship to leadership, with head of HR, [Joydeep Bose in the Labour section](#) of our Annual Report, Strategy section, page 49.

G4.57 Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines.

See the [Olam Code of Conduct](#).

G4.58 Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.

The Code of Conduct (CoC) provides the key standards and policies that everyone working in and for Olam, including Directors, should adhere to. The CoC also encourages and provides a channel for employees to report possible improprieties, unethical practices, etc. in good faith and confidence, without fear of reprisals or concerns. All information and reports are received confidentially to protect the identity and the interest of all whistleblowers. To ensure that all incidents that are reported are adequately brought to the notice of the stakeholders concerned as well as to initiate corrective action, a reporting structure is provided in detail in the CoC.

A simple communication channel to allow anonymous reporting of any fraud, misappropriation, improprieties, unethical practices is set out in the CoC. A completely anonymous online report may be made using a simple reporting link <http://www.jotform.me/iaolamint/FraudInformationChannel>. Any report so made reaches the Internal Audit department immediately. An alternative to the above for reporting a fraud can be by email sent directly to the Internal Audit department at ia@olamnet.com. Report can also be made by mail to the Head of Risk and Compliance. The phone line to the Compliance Officer is +65 6339 4100 (ask for the compliance officer).

To safeguard the whistleblower from retaliation, should any employees suspect that they are being targeted or have actions taken against them in retaliation for raising a compliance or integrity issue, they should immediately report such suspicions using the communication channels provided in the CoC and as set out above. See also page 19 of the Governance section of the FY2016 Annual Report at Olamgroup.com/investor-relations

SPECIFIC STANDARD DISCLOSURES - ECONOMIC

Economic Performance (Olam material areas: Livelihoods; Labour; Climate Change)

For our 2016 Economic performance please refer to the [2016 Annual Report](#), especially the following in the Strategy Section:

- Financial and performance highlights
- CEO Perspective
- Group COO Review
- Financial statements
- Governance

For detail of our strategy to generate economic value going forward, please refer to the CEO Perspective.

G4.EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation

Olam abides by all national laws on minimum wages. As explained in the [Labour section](#) of our FY2016 Annual Report, (Strategy, page 52), a considerable proportion of Olam's workforce are engaged in relatively low-skilled plantation work or manual to semi-manual processing. These are often located in regions that have had very little structured work experience, which can mean that, after payment, a few workers may not return until they have spent their wages. Couple this with high labour needs for products such as cashew (we employ around 15,000 people in processing across Asia and Africa) and we have to balance wages with the cost of productivity and what the customer, and ultimately the consumer, is willing to pay. We operate in accordance with all payment laws but, rather than just relying on the minimum wage, we are exploring productivity-based incentives to make our operations more sustainable and better able to withstand competition. This in turn secures jobs in the region. Indeed, this has been recognised by the Government in India, where the Labour Department has classified the cashew industry under productivity-linked wage to help motivate workers. This is definitely helping to improve productivity as seen in our 3 cashew processing facilities at Amalapuram, Janakirampuram and Gajapathinagaram. We are paying our workers above the Government stipulated wages over unit of output.

G4. EC2* Financial implications and other risks and opportunities for the organisation's activities due to climate change

Climate change has profound effects on agriculture and global food security in terms of its availability, accessibility and stability of supply. Farmers, especially smallholders, are on the front line of changing weather patterns with limited capacity to adapt to its impacts. Conversely agriculture is a major contributor to climate change. The Agriculture, Forestry and Other Land Use sector is responsible for 24% of global greenhouse gas emissions (GHG). Moving to Climate-Smart Agricultural (CSA) practices can play a significant role in addressing global challenges by way of three main pillars:

1. Sustainably increasing agricultural productivity and incomes
2. Adapting and building resilience to climate change
3. Reducing and/or removing greenhouse gases emissions, where possible.

For smallholders however, *"the nature of the sector means that there are potentially many barriers to implementation of available mitigation options, including accessibility to financing, poverty, institutional, ecological, technological development, diffusion and transfer barriers."* ([UNFCCC Toolkit](#)). Through our focus on Livelihoods, water, food security and land issues, Olam is working to tackle all of these challenges.

We undertake continuous climate change assessments, which are captured in the Enterprise Risk Scorecard. We also recognise that there are opportunities in tackling climate change. These include:

- Energy and therefore cost efficiencies e.g. the use of solar panels or waste
- Customer interest in wanting to support sustainable supply chains
- Cost reduction from use of synthetic fertilisers
- Market incentives such as REDD+ and realising value from standing forests

For case study examples see the [2016 Annual Report Climate Change section](#) (Strategy Report, pp 82-84) and the [2016 Olam Livelihood Charter](#).

On financing and incentives

Despite being a profit-driven company, we have called for a tax on carbon. Commercial enterprises must be incentivised to decouple growth from carbon – and there must be a higher cost to doing “business as usual” if companies are unwilling to change. Only then can we stimulate a concerted effort to increase fossil-fuel efficiency, and more crucially, encourage innovation into alternative energies and efficiency measures.

On our part, Olam is already actively undertaking valuation studies in collaboration with other companies and agencies to determine a viable carbon-pricing framework. Based on our work so far, we believe it would be fair to set an initial global tax of US\$35 - US\$50 per tonne. This would take into account the social costs linked with impacts of greenhouse gas emissions, such as subsidies for crop failure or for health costs as a result of pollution.

We are exploring three types of carbon pricing: shadow pricing for our investment theses and business models to test planned projects under a range of potential carbon prices; internal pricing where a fixed price is assigned to each metric tonne of emissions which could then be incorporated into profit-and-loss statements; and finally internal taxes which could be levied upon the business units for their direct operational emissions to support investment in clean technologies.

We are already making good progress, having consistently cut our carbon footprint year-on-year and we will continue to limit our footprint even as we grow to scale.

Additional information:

- [Climate Change section](#) pp 80-85 (2016 AR, Strategy Report, Olamgroup.com/investor-relations/)
- [Principal Risk and Uncertainties](#) pp 36-37 (2016 AR, Strategy Report, Olamgroup.com/investor-relations/)

Market Presence (Olam material areas: Labour)

G4.EC6 Proportion of senior management hired from the local community at significant locations of operation

Wherever possible, we are committed to employing locally and building capacity, although it can be a challenge in emerging markets. We invest from the ground up and, over the years, we have built a robust early career hiring and training programme. In 2016, we hired more than 50 trainees across Africa in Sales, Manufacturing and Finance. We believe that this pool of talent will be our pipeline for the future. The Africa Finance Trainee (AFT) Programme is one such initiative and is designed to provide meaningful experiences through exposure to a variety of Olam operations. In 2016, we recruited 8 qualified accountants from Kenya and Cameroon. Read more on page 50 of the 2016 Annual Report, (Strategy Report).

Data omission: this was the first year of collecting the data for G4.EC6 and when assessed was found not to be robust in terms of definition or reporting period. We are reviewing for collection during 2017.

Indirect Economic Impacts (Olam material areas: Livelihoods, Food Security and Nutrition, Labour)

DMA Indirect Economic Impacts

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.

We depend on 4.33 million farmers, as well as wider agricultural communities, for our volumes. We need them (especially the younger generation) to view farming and rural processing as viable sources of income. We focus on catalysing economic opportunity, inclusion, and good health. We call this 'unlocking mutual value'.

We are guided in particular by the 8 Principles of the Olam Livelihood Charter, which among other points, insists on fair and transparent payment to our farmer suppliers. We are also guided by the ILO, Fair Labour Association, RSPO, FSC, IFC and the UN Global Compact.

G4.E7 Development and impact of infrastructure investments and services supported

Olam does not collate the value of infrastructure investments and services provided at a global levels across multiple supply chains. However, we do collate to an extent for the Olam Livelihood Charter which in 2016 provided support for over 302,000 smallholders. Infrastructure investments include warehousing, roads, solar dryers (cocoa) and social investments such as bore holes, schools and clinics.

Please refer to the [Olam Livelihood Charter](#).

G4.EC8* Significant indirect economic impacts, including the extent of impacts

Understanding life for rural communities in emerging markets

Olam buys from around 36,600 large-scale and 4.3 million small-scale farmers. While all face many of the same issues – from climate change to financial shocks – smallholders are much more vulnerable. Crops such as cashew, coffee and spices grow best in developing countries in Africa, Asia and South America where GDP is low and rural infrastructure, including electricity, running water and roads, is poor. These farms are small (the biggest equate to just 6 football pitches (5 hectares) but are typically much smaller) and farmers often have limited access to education and finance. All of this impacts on how much the farmer can grow and earn.

Olam Livelihood Charter (OLC) – 6 years of impact

In 2010, we identified 8 economic, social and environmental principles to help smallholder communities become commercial rather than subsistence farmers. These were enshrined in the OLC which today supports around 302,552 smallholders. Due to a change in strategy, we are no longer directly buying from 66,000 smallholders in Zambia. However, many other programmes are either on track for OLC status or operate in communities where not all support may be required. Our full 2016 OLC report can be found on olamgroup.com/resources.

Olam Livelihood Charter (OLC) Principles

1. Finance

We offer farmer groups short, medium and long-term finance for crop production, purchasing and asset investments. (e.g. US\$161.58 million in 2016)

2. Improved yield

We invest in training and support farmers by the supply of inputs. (e.g. 6.4 million seedlings distributed in 2016)

3. Labour practices

We train farmers on health and safety, gender inclusion, the elimination of child labour, and farming as a business. (e.g. 203,696 smallholders trained in good labour practices in 2016)

4. Market access

We offer farmers a fair and competitive price. (e.g. US\$32.24 million paid in premiums in 2016)

5. Quality

We encourage farmers to produce good quality by enhancing value to farmers and our customers. (e.g. 57,884 smallholders trained on reduction and optimisation of synthetic fertilisers in 2016)

6. Traceability

We ensure products can be tracked to source and certified where required. (e.g. 1.34 million metric tonnes were traceable under the OLC in 2016)

7. Social investment

We support rural health, education and infrastructure (in 2016 this included warehouses, boreholes, refurbishing classrooms etc).

8. Environmental impact

We are improving our overall environmental footprint across the supply chain. (e.g. 120,464 smallholders trained in soil fertility; 130,157 smallholders trained in forest conservation in 2016)

On the ground support strengthened by collaboration

Around 850 field officers work year round with smallholder communities. Partnerships are crucial for harnessing expertise and achieving scale. In 2016, we had over 30 customer, NGO, certification, trade, foundation and development organisation partners helping us to deliver 44 OLC initiatives (see olamgroup.com for a full list of partners, associations and memberships). We also work with many certifying bodies and, in 2016, 24% of OLC tonnage was certified.

Promoting crop diversification and food security

Just as a balanced diet is nutritionally diverse, so a healthy livelihood shouldn't be overly reliant on one crop. Encouraging farmers to diversify crops helps to stagger income and spread risk. It is also good for the soil. Farmers can grow other crops for cash or for family needs. In Côte d'Ivoire, a cocoa programme, with various customer partners, is supporting women to grow cassava, a food staple. In 2016, we helped 11 women's groups establish nurseries from 5,000 vitamin A fortified high-yielding cassava plants. These nurseries can now each produce 50,000 cassava plants every year. We plan to support a further 9 groups in 2017.

Helping farmers in Papua New Guinea

Since 2014 in Madang, Olam Cocoa and Rainforest Alliance have been working with cocoa farmers to improve sustainability standards, which has improved yields, quality and traceability. Challenges in 2016 included low rainfall, ongoing problems with poor transport infrastructure, and educating farmers due to low literacy levels. The implementation of Good Agricultural Practices and ecosystem restoration has helped the programme's 1,784 farmers, who also received a premium for their certified volumes.

Empowering women and improving coffee quality in Brazil

In many communities where Olam works, women have vastly unequal decision-making power, control over household spending, and access to education, finance, land and inputs. Yet if women participated equally in the global economy, annual global GDP would increase 26% in 10 years (McKinsey Global Institute 2015). Coffee's biennial cycle can mean yields vary widely from year-to-year, impacting farmer income. New techniques can counter this, but not everyone is open to change. Our field officers in Carlópolis, Brazil, recognised that women's involvement in post-harvest processing significantly improved quality. Working with the International Women's Coffee Alliance and the Government's Department for Family and Social Development, training with women's groups was held in 15 locations. Three of the 77 women involved won an award from IAPAR, the Agriculture Institute of Paraná State, for the quality of their coffee.

Investing in processing in emerging markets

Setting up processing in emerging markets brings benefits to Olam and communities. Cashew processing offers significant levels of employment for women, often in regions where there is little alternative – we employ 15,000 people in 20 cashew processing units in Africa and Asia, around 80% of whom are women. In 2016, a new facility in Vizag, India, has generated direct and indirect (contract) employment for 750 women.

Investing in processing close to the farmers means they see a ready market for their crop and want to sell to Olam. It also reduces transport and environmental costs for our business. Examples include cashew processing in Côte d'Ivoire and Mozambique and our sugar and spices processing in India.

Additional information:

- [Livelihoods](#), 2016 Annual Report, Strategy section pp 42-47, Olamgroup.com/investor-relations/
- [Food Security and Nutrition](#), 2016 Annual Report, Strategy section, pp 56 – 59, Olamgroup.com/investor-relations/
- [Olam Livelihood Charter 2016](#)

Procurement Practices (Olam material area: Livelihoods)

DMA Procurement Policies

Olam is committed to fair practices with suppliers. The [Olam Livelihood Charter](#) (see above) guides our approach with both small and large-scale farmers. We strive to be a good counter-party as it is crucial for our supply chains that farmers wish to work with Olam rather than sell to a competitor. We are also keen to support local communities set up supporting businesses. At our rubber operations in Côte d'Ivoire we support Aniassué's women in establishing their own company - the Jaurel Company. We have chosen to work with them to provide healthy and quality food in the processing facility.

We also expect our suppliers to ensure that fair practices are observed in their supply chains. The [Olam Supplier Code](#) was launched in 2014 and at the end of 2016 it covered 58% of priority product volumes (cocoa, coffee, cashew, cotton, hazelnut, palm and rubber).

Verifying our third-party palm supply chain

The palm supply chain is one of the most complex and challenging to verify. Partnerships and collaboration are essential for verifying that suppliers are upholding our requirements. We are working with the World Resources Institute (WRI) and its Global Forest Watch Platform to help us identify high-risk mills, which we will verify according to the time-bound targets as stated in our 2020 road map in our Palm Policy. Any mills found to be sourcing from areas identified as being medium or high risk from poor production practices will be assessed, and potentially removed. As highlighted in our [October Interim Progress Report](#), we had already reduced our supplier base from 48 in 2015 to 14 in 2016. Given the technical aspects and complexity of the palm supply chain, we encourage stakeholders to go to olamgroup.com/our-strategy-and-faqs. We also welcome all contact for more information via crs@olam.net.

Additional information:

- [Livelihoods](#), Strategy Section, FY2016 Annual Report, pp 42-47
- [Olam Livelihood Charter 2016](#)
- [Olam Supplier Code](#)

G4.EC9 Proportion of spending on local suppliers at significant locations of operation

We have interpreted this as suppliers such as office goods, packaging etc, which is not material. Olam does not collect globally. Proportion of spending with the 4.33 million farmers in our supply chain is commercially sensitive.

SPECIFIC STANDARD DISCLOSURES - ENVIRONMENTAL

DMA Environmental

As a global agri-business we, and our suppliers, are dependent on the earth's natural resources. Maintaining sustainable yields and growing our business means that we have to act as responsible stewards of the environment and encourage third-parties to do the same. Our own operations must avoid or mitigate potential negative impacts, therefore all investment cases for any new developments must undergo environmental and social impact assessments and implement the relevant management plans. For our existing operations, we are guided by our

Risk Scorecard, as well as a suite of Policies, Codes and Standards (see Appendix 2 and also Olamgroup.com). Our Governance structure ensures that we adhere to these principles and that we undertake regular audits and gap assessments.

Materials

G4.EN1 Materials used by weight or volume

Olam is a producer and processor of agricultural products which include crops such as cocoa, palm oil and wood products. Our total volumes in 2016 were 14.42 million metric tonnes. We do not break out individual product volumes due to commercial sensitivity, but we do provide combined information in the [Group COO's review](#), Strategy Section, FY2016 Annual Report.

- [Edible Nuts, Spices and Vegetable Ingredients](#) see – page24
- [Confectionery and Beverage Ingredients](#) – page 26
- [Food Staples and Packaged Foods](#) – page 28
- [Industrial Raw Materials](#) – page 30

We do not collect information on packaging weights globally as it is not considered to be material.

G4.EN2 Percentage of materials used that are recycled input materials

Olam is a producer and processor of agricultural products. Agricultural products are the significant input materials. Measuring the amount of recycled materials is therefore not material.

Energy (Olam material area: Climate Change)

DMA Energy

Olam recognises that by reducing energy consumption, particularly the use of fossil fuels, we will reduce greenhouse gas emissions, vital in the effort to reduce climate change.

We have specific goals and targets (see overleaf), which include increasing the use of renewables and maximising biowaste. In 2016 we improved our carbon footprint by 29% for Olam's own operations. (See also EN.15 -19).

Carbon footprint for Olam-managed plantations, concessions and farms

	FY16	FY15	FY14
Scope 1 – All direct GHG emissions (million tonnes of CO ₂ e)	0.70	1.76	1.52
Scope 2 – Indirect GHG emissions from consumption of purchased electricity, heat or steam (million tonnes of CO ₂ e)	0.06	0.08	0.06
Scope 1 + 2 (million tonnes of CO ₂ e)	0.76	1.84	1.58
For every tonne of product produced, this many tonnes of CO₂e were generated	0.98 (72% reduction on FY15)	3.54 (15% reduction on FY14)	4.15

Carbon footprint for Olam's processing

	FY16	FY15	FY14
Scope 1 – All direct GHG emissions (million tonnes of CO ₂ e)	0.67	0.33	0.38
Scope 2 – Indirect GHG emissions from consumption of purchased electricity, heat or steam (million tonnes of CO ₂ e)	0.19	0.12	0.18
Scope 1 + 2 (million tonnes of CO ₂ e)	0.86	0.45	0.56
For every tonne of product produced, this many tonnes of CO₂e were generated	0.27 (27% increase on FY15)	0.21 (23% reduction on FY14)	0.26

At processing facilities, 'Fossil Fuel Flightpaths' are being developed to promote efficiency and renewable resources. At the Olam Cocoa processing plants in San Pedro and Abidjan in Côte d'Ivoire, the cocoa beans shells/husks are used as biomass while a proportion is going to the poultry industry, as the residual fat can be used in animal feed. As reported in our [2015 CR&S report](#), 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 around 85%.

We also recognise that rural communities in emerging markets may have limited access to energy sources from the grid, with the result that surrounding forest may be at risk of increased firewood needs. Or there may be a reliance on diesel. Under the [Olam Livelihood Charter](#) and as part of our Social Contracts around our plantations, we also look at energy requirements such as solar.

Additional Information:

- [Climate Change](#), Strategy Section, FY2016 Annual Report

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
GOAL 5. Reduced greenhouse gas emissions (Material area: Climate change)			
5.1. Increased energy efficiency	During FY17, developing science-based targets for total Olam GHG emissions from which the 2020 metric will be determined.	Energy efficiency assessments conducted. Twelve Tier 1 processing and manufacturing plants with highest potential have been selected for implementing ISO 50 001 Energy Management System.	On target
5.2. Avoided GHG emissions	All Olam farms, plantations and Tier 1 factories to have implemented their 2020 GHG reduction plans (1) operational efficiency (2) Avoid High Carbon Stocks for land development (3) Climate-Smart Agricultural practices.	Olam Palm Gabon is carbon positive.	On target
5.3. Increased share of renewable energy	25% of energy derived from renewable and biomass sources at Olam's Tier 1 factories (from 2015 baseline – 15%).	Sugar, rice and coffee Top Tier processing and manufacturing sites ≥ 15% renewable and biomass energy sources.	On target
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	Implement the Olam 2020 Climate-Smart Agriculture (CSSA) Programme. Resilience impact to be launched in FY17 as part of WBCSD CSA programme.	Climate-Smart Agriculture measures incorporated into OLC principles of Environment, Social Investment and Improved Yield. CSA measures incorporated into Olam Plantations, Concessions and Farms Code.	On target

G4.EN3* Energy consumption within the organisation

Olam has reported to the [Carbon Disclosure Project](#) for 6 years. CDP Climate 2016 (FY15) is available [here](#). CDP Climate 2017 is in progress – submission by 29 June 2017.

G4.EN4 Energy consumption outside of the organisation

Not material to Olam. The major sources of emissions related to Scope 3 GHG emissions are not from energy but from land-based agricultural activities.

G4.EN5* Energy intensity

Olam has reported to the [Carbon Disclosure Project](#) for 6 years. CDP Climate 2016 (FY15) is available [here](#). CDP Climate 2017 is in progress – submission by 29 June 2017.

G4.EN6* Reduction of energy consumption

Olam has reported to the [Carbon Disclosure Project](#) for 6 years. CDP Climate 2016 (FY15) is available [here](#). CDP Climate 2017 is in progress – submission by 29 June 2017.

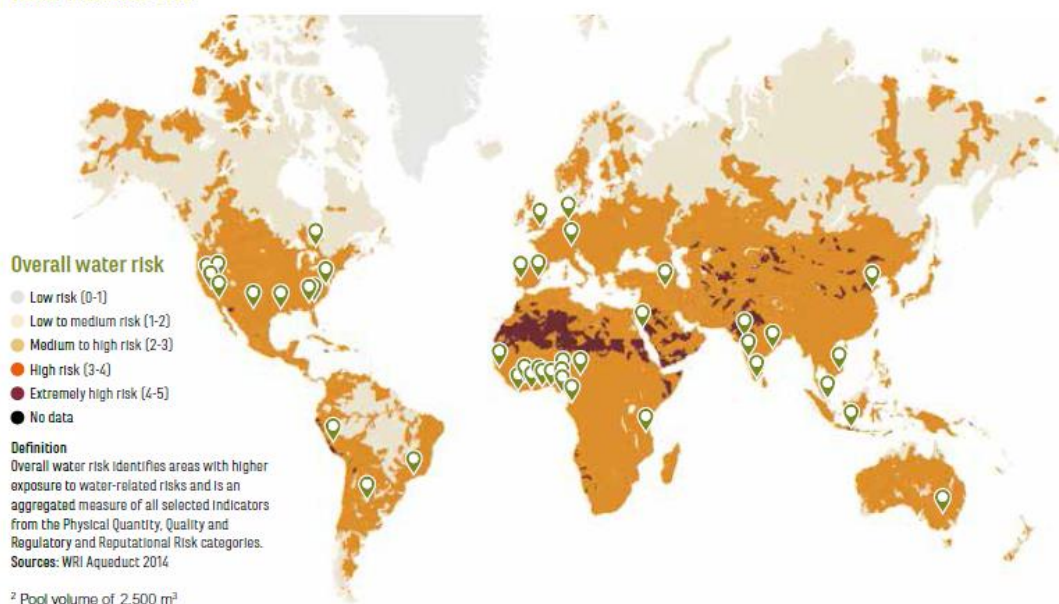
G4.EN7 Reductions in energy requirements of products and services

Not material to Olam. The major sources of GHG emissions related to Olam's sold products are not from energy but from land-based agricultural activities.

Water (Olam material area: Water)

Water plays a crucial role in global food security and is essential for the resilience of Olam's international agri-supply chains. Water scarcity is already an issue in many world regions. Successful companies of the future will be those which plan ongoing operations and investments with water at the centre – costing it into their business plans, modelling future availability and collaborating with local stakeholders for equitable access and usage. In 2016, we mapped our exposure to current water stress. Using the World Resources Institute Aqueduct risk mapping tool, we screened OLC programmes, our upstream farming and plantations operations and our secondary processing facilities. This enables us to implement enhanced water management and water stewardship approaches. Globally, we aim to implement the Alliance for Water Stewardship Standard at all processing sites and their supply chains in medium to extremely high water risk locations, and continue to manage low to medium risk sites through ISO 14001.

Water risk screening of top tier processing and manufacturing plants using the World Resources Institute Aqueduct Water Risk Atlas tool.



Helping smallholders reduce water while improving yields

Although many smallholder crops are naturally rain fed such as cocoa and cotton, others such as rice and sugar are renowned for water consumption, either because they are thirsty or because water is used liberally in production methods. And with weather impacts (either from climate change or El Niño) bringing much drier weather in certain areas in 2016, the rain fed crops require extra moisture. Overall water risk results for OLC products.

Through the OLC and other initiatives, we train farmers to develop water management plans that mitigate risk and minimise adverse impacts on water supply. In 2016, we reached over 100,000 smallholders with water conservation education and support. Over 8,600 were supported specifically with water infrastructure such as bore wells.

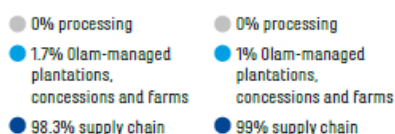
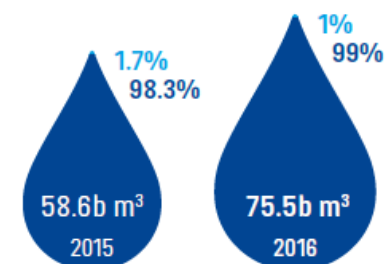
Additional information:

- [Water](#), Strategy Section, FY201 Annual Report pp74 – 79
- [Environmental Sustainability Policy](#)
- [Olam Supplier Code](#)
- [Olam Plantations, Concessions and Farms Code](#)

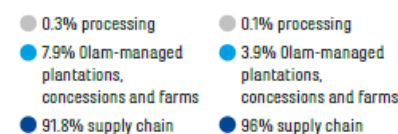
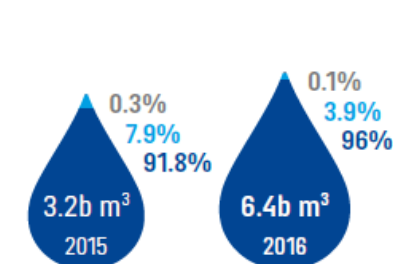
FY16 value chain water footprint

Our water footprint for FY16 was 82 billion m³ (comparable to 33 million Olympic swimming pools²), estimated using the Water Footprint Network's Assessment Tool.

Rainwater 75.5 billion m³



Surface and Groundwater 6.4 billion m³



G4.EN8* Total water withdrawal by source

Olam has reported to the [Carbon Disclosure Project](#) Water for 4 years. CDP Water 2016 (FY15) is available [here](#). CDP Water 2017 is in progress – submission by 29 June 2017.

Total value chain water intensity increased by 1.6% from 4,265m³ per tonne of product in FY15 to 4,331m³ per metric tonne of product in FY16. This is due to greater volumes of perennial crops such as coffee and cashew that consume more water.

Additional comparative data available for FY14 at olamgroup.com/sustainability/water.

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
Goal 8: Sustainable use of water resources (Material area: Water)			
8.1. Increased water use efficiency in Olam's direct operations	New science-based water targets for 2020 to be developed in 2017.	Partnership developed to set science-based targets for Olam-managed plantations, concessions and farms.	On target
	10% reduction in process water intensity in Olam Tier 1 factories from 2013 baseline.	Partnership developed to set science-based targets.	On target
	Supplementary science-based targets to be developed on a water risk basis.	Improved water metering at 100% of factories.	
		Baseline and target to be reviewed in light of improved data from metering and business restructuring.	
8.2. Increased water use efficiency in priority supply chains	100% of priority supply chains to have Water Resource Management plans.	On track for OLC volumes.	Started
		OLC programme water risk mapping completed.	
		Extend risk mapping to non-OLC in 2017.	
8.3. Improved water discharge quality from Olam's direct operations	100% compliance with wastewater discharge limits.	Water discharge limits in place for Olam Tier 1 factories.	On target
		Monthly reporting on discharge for Tier 1 and coffee plantations.	
		Olam's upstream Farming Community of Practice established to support the development of erosion, nutrient and integrated pollution management programmes.	
8.4. Long-term equitable water access and usage	100% of Olam's direct operations in high water risk areas to participate in a water stewardship programme.	Olam is first agri-business globally and first business in Africa to have a site achieve the Alliance for Water Stewardship Standard for its Aviv Coffee Plantation in Tanzania.	On target

G4.EN9 Water sources significantly affected by withdrawal of water

Not material. No sources significantly affected. Rather our water management plans ensure that we do not impact on water resources, particularly those shared by others. In 2016, our Aviv coffee plantation in southern Tanzania became the [first agri-business site in the world to achieve Alliance for Water Stewardship\(AWS\) certification](#). This strengthened our existing efforts to adhere to global best practice in collaborative water management, and helped to ensure long-term water security for the 300,000 people living in the Ruvuma River Basin. With the assistance of

Water Witness International, the International Water Stewardship Programme (IWaSP), GIZ and SGS, we have worked in partnership with water users including communities in the Ruvuma River Basin. Collaboratively, we developed a scenario plan for extreme weather events such as droughts, ensuring the fair use of water in times of scarcity or water stress. The process helped increase transparency, providing added reassurance on quality and water-footprinting for customers.

G4.EN10 percentage and total volume of water recycled and reused

Reporting of quantity of waste and disposal method started in FY16 for all Tier 1 processing plants but was not ready for this reporting period.

Biodiversity (Olam material areas: Land, Climate Change)

DMA Biodiversity

Olam has always understood that we have significant responsibility in terms of land and biodiversity stewardship, coupled with ensuring that the rights of communities are upheld. This responsibility is also a business benefit, helping to ensure we do not jeopardise our own operations through soil degradation, loss of pollinators and increasing global temperatures through the loss of carbon sequestration by forests. Many issues relating to land are also interconnected with livelihoods, water and climate change.

Plants, birds, insects and mammals all help to create the ecosystems upon which we depend, so protecting biodiversity by minimising our impact and safeguarding areas of habitat is vital. All new developments are subject to independent Environmental and Social Impact Assessments, and we are committed to managing our farms and plantations according to best practice. Our approach to land development is encapsulated in the Olam [Plantations, Concessions and Farms Code](#).

Beyond our direct operations we work with smallholders under the [Olam Livelihood Charter](#) to recognise the benefits of maintaining the eco-system, including the benefits of biodiversity. This includes using Integrated Pest Management techniques and respecting large mammals such as elephants and apes.

Through the [Olam Supplier Code](#), we expect suppliers to ensure that the natural environment is respected.

Additional information:

- [Land](#), Strategy Section, FY2016 Annual Report pp 68 – 71

G4.EN11* Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Olam Palm Gabon (Awala and Mouila) – plantations

We entered 2 joint ventures with the Republic of Gabon in 2010, to develop large scale sustainable palm plantations to RSPO standards, as well as rubber plantations.

Given its suitable soil and climatic conditions, Gabon has the potential to be a cost-competitive palm oil producer. Our approach is summarised here:

- Select broad areas in landscapes that are far from national parks and where the natural environment has already been degraded
- Within specific sites, ensure that we identify the land that is of High Conservation Value (HCV) for biodiversity, community or cultural reasons
- Prioritise the 'least value' land for development and invest heavily in conserving the high value areas. We actively manage these HCV areas, helping to prevent poaching and illegal hunting
- Engage the local communities to ensure that they agree with our analysis and with the project

- Validate our assessments through broad-based consultations with NGOs and experts.
- Create positive social and economic impact in the local communities through employment, capacity building, and rural infrastructure development.
- Ensure we are 100% RSPO certified from new planting through to mill completion with no burning for land clearance.

We use plane-based laser imaging technology known as LiDAR for large-scale, high resolution mapping of our concessions to support spatial planning of plantations, conservation areas and buffer zones. LiDAR allows us to map the terrain (slopes, elevation, streams, rivers and water bodies), and provides rich information on the vegetation cover including biomass and carbon estimates. These can be 'groundtruthed' (checked by collecting information from the features at the location) by field observations made through traditional biodiversity surveys, allowing accurate large-scale mapping of land cover types.

Cameras monitor apes and elephants in the forest around our palm plantations. At the start of development we had commissioned independent experts to conduct great ape surveys and consulted extensively with the Gabon National Parks Agency, and NGOs such as WWF and the Wildlife Conservation Society, to share best practice. We created a connected network of High Conservation Value habitats for apes totalling 55,000 hectares which we protect with eco-guards. These areas are directly connected to adjacent forests, allowing free movement of animals through the landscape.

See also [Building a Sustainable Palm Oil Business](#).

Olam Rubber Gabon (Bitam) – plantation

As a result of our Environmental and Social Impact Assessment Surveys for rubber, we were able to identify 12,000 hectares (ha) of plantable lands on the flatter hills, favouring wherever possible the rattan scrub, but also including some areas of secondary forests. The best-quality habitats (maturing and high-biomass forests), as well as all wetlands, have been protected in an extensive, well connected network of core habitat and buffer zones (approximately 13,400 ha of conserved terra firma forest, including some village use areas, and 11,500 ha of swamp forests and wetlands). A strict no-hunting policy has been put in place to ensure that these forests gradually recover from historical over-hunting.

Congolaise Industrielle des Bois (CIB) – natural forest concessions in Republic of Congo

CIB has been a pioneer in Responsible Forest Management in the Congo Basin with 4 Management Plans currently undertaken and one to more to be finalised by 2018. Our operations are headquartered in the northern region of the country, in Pokola. Today CIB is a major contributor to Olam's Wood Products business, managing over 2 million hectares (ha) of natural forest of which about 1.3 million hectares are FSC® certified – one of the world's largest contiguous FSC® certified tropical hardwood concessions. Our most recent concession of around 671,000 ha also leased from the Republic of Congo is set to achieve certification by 2018. A further 92,000 hectares of North Pikounda concession are preserved as a carbon sink under a REDD+programme* in partnership with the Republic of Congo.

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

Coffee plantations – Tanzania and Zambia

Subsidiaries Aviv in Tanzania and the Northern Coffee Corporation Ltd (NCCL) in Zambia now meet the growing demand for single-estate, certified, traceable volumes. Aviv is a 2,000 ha plantation with over 1,025 ha of planted Arabica coffee and a wet mill processing facility. Protected areas, including buffer zones, represent over 15% of the land under Aviv management.

NCCL is situated at Kasama, in Zambia's Northern Province, and has planted over 1,825 ha. A further 1,400 ha of conservation areas are being protected. Volumes for both plantations will be supplemented with smallholder coffee programmes, which will be supported for future certification efforts.

Pesticide and fertiliser use are a significant cost for the plantations. These are dramatically reduced by natural and scientific approaches. Shade trees inside the coffee field, along with maintenance of habitats along streams and hills, attract pest-eating insects and birds. These predators – supported by a team of pest scouts – result in a reduction in the use of pesticides. Aviv and NCCL undertake regular soil and foliar analysis, which optimises the fertiliser application and cuts down on over-use. Aviv combines fertilisation and irrigation, called fertigation, to allow micro-release of nutrients in a targeted and timely manner.

Additional information:

- [Land](#), Strategy section, FY2016 Annual Report pp 69-73 (Olamgroup.com/investor-relations/)
- [Building a Sustainable Palm Oil Business](#)
- [Palm Summary ESIAs](#)
- [Olam Sustainable Palm Oil Policy with Commitments Roadmap and Progress](#)

G4.EN12* Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas

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. We work hard to ensure negative impacts do not occur, and indeed that positive impacts are generated such as protection against poaching and hunting.

Republic of Congo, Natural Forest Concessions

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.

Republic of Gabon, palm oil operations

Gabon is home to the central chimpanzee and western lowland gorilla: these species can be found throughout the country, with a few individuals even surviving within a few km of the capital Libreville. Their strongholds are the great ape priority landscapes identified in the Regional Action Plan for the Conservation of Western Lowland Gorillas and Central Chimpanzees. Whilst our concessions are well outside these priority landscapes, our ape surveys (during the planning phase and as part of ongoing monitoring) show that both ape species are sparsely present in the High Conservation Value areas of at least 3 of our concessions.

Great apes were a high priority to our teams well before our operations started. We commissioned independent experts to conduct great ape surveys as part of our High Conservation Value assessments, which are essential to the RSPO New Plantings Procedure and our planning process. We consulted extensively with the Gabon National Parks Agency, national NGOs such as WWF, the Wildlife Conservation Society and others, to advise us on the results of the surveys.

Our surveys found ape signs of both species (nests, tracks and sightings), especially in the more remote areas, consistent with low population densities, and also found direct evidence of illegal hunting of apes for bushmeat. Gorilla signs were particularly sparse or absent across the various surveys, as this species is highly vulnerable to hunting pressure. Following expert recommendations, we created a connected network of HCV areas (a total of 55,000 ha across our OPG concessions), suitable to provide permanent habitat for apes, and designed in landscape connectivity as part of the spatial layout of the plantations. Almost all of these HCV areas are previously logged forest, with a mix of secondary and old-growth species (there is no unlogged, primary forest of any significant scale within our concession boundaries). These forests represent the best natural areas within our concessions, and are directly connected to the adjacent forested landscape, allowing free movement of animals through the landscape.

We regulate access to the concessions with manned barriers and have halted the activity of illegal commercial hunters, who previously used old logging roads to get deep into the HCV forest and supply pick-up trucks of smoked or fresh bushmeat to local and national markets. All plantation workers are strictly forbidden to hunt within the HCV areas. Breaching our internal code of conduct is strongly sanctioned, and any violations of the law are reported to the relevant authorities. As our teams have no legal enforcement powers we have also implemented a partnership

with the Government of Gabon (supported by technical training from WWF) to conduct routine patrols, work with local villagers, and enforce wildlife laws in our plantations.

It's worth highlighting here that hunting wild animals (including apes), for meat, is a deeply ingrained local custom. So apart from setting aside and managing the conservation spaces related to our plantations, it is vital to educate and create awareness amongst the local communities of the importance of respecting all protected species. We do this through continual engagement but we also recognise that villagers need a source of protein. Therefore, we provide low cost meat and fish from a shop in our Awala plantation and plan similar outlets elsewhere. We have also encouraged and invested in animal husbandry projects to reduce pressure on bushmeat hunting.

Our ape management plan can be summarised as follows:

Every country is different and companies are not experts on great ape conservation. It is therefore essential to work with recognised experts and conservation bodies to develop an ape management plan. Our plan has 6 pillars:

- (1) Identify suitable ape habitat and range areas, preserve large core areas of good quality forest, and connect them with broad habitat corridors
- (2) Ensure robust baseline and ongoing monitoring protocols
- (3) Schedule land preparation and planting operations to enable wildlife to move to HCV areas
- (4) Implement protocols that mitigate potential for disease transmission between apes and humans
- (5) Impose strict hunting controls and raise awareness among local communities
- (6) Support the development of subsistence programmes to promote alternatives to hunting.

G4. EN13 Habitats protected or restored

See EN11 and EN12 above for our own operations.

Creating biodiverse, resilient micro-climates in smallholder supply chains

Planting leguminous shade trees brings many benefits to cocoa and coffee landscapes. They increase productivity and resilience of crops, support biodiversity and natural pest deterrents, help maintain soil quality and contribute to carbon sequestration through reforestation. Through the OLC and other initiatives, we work to educate smallholders, as shade trees often have been cut down for firewood or saplings removed during droughts as they are believed to be too 'thirsty'. In 2016, over 130,000 smallholder were trained on forest conservation, including the impact of converting forest through burning and other Climate-Smart Agricultural practices.

In Côte d'Ivoire, in partnership with local timber companies and in line with the new Rainforest Alliance Sustainable Agricultural Network standards, we now encourage cocoa farmers to plant 400 forestry and shade trees per hectare. This is a big ask but we are seeing improvements. In 2015, the average planted was 50 per hectare and in 2016 it had increased to 100. In 2016, cooperative farmers planted 193,000 leguminous shade trees covering 1.9 million hybrid cocoa seedlings.

In March 2017 we joined fellow cocoa and chocolate companies agreed to a [statement of collective intent](#) committing us to work together, in partnership with others, to end deforestation and forest degradation in the global cocoa supply chain, with an initial focus on Côte d'Ivoire and Ghana.

The agreement, concluded here during a meeting hosted by HRH The Prince of Wales, commits the participating companies to develop and present a joint public-private framework of action to address deforestation at the United Nations Framework Convention on Climate Change 23rd Conference of the Parties (COP 23) meeting in Bonn in November of this year.

Also in 2017 we are launching a Global Forest Policy.

Responding to Mighty Earth

In December 2016, the NGO Mighty Earth issued a report with allegations of deforestation in our Gabon palm and rubber plantations, and third-party palm oil sourcing business. We published a [full technical response](#), accepting many positive recommendations related to transparency in the third-party supply chain but refuting the claim that

our Gabon developments had not taken a responsible approach.

We met with Mighty Earth in January 2017, and then published a [joint statement](#) with a series of actions on behalf of both parties to increase mutual understanding and achieve greater transparency.

This includes Mighty Earth suspending its current palm and rubber campaign for a year, and its complaint to FSC regarding Policy for Association (see our statement on [olamgroup.com](#)). It should be noted that, while we have agreed to pause development in Gabon for our rubber plantation, this is to allow time for both parties to support a multi-stakeholder process to develop further specific criteria for responsible agricultural development in countries that have most of their land covered by forests. It does not imply that we agree with Mighty Earth's allegations on our Gabon operations, which we believe to have been developed to the highest environmental and social standards applicable in the national context.

We firmly believe that we have demonstrated a different and more sustainable model for our plantations and will be hosting stakeholder visits in 2017. For more context, please see the 2016 Annual Report, as well as the [response](#) from Professor Lee White, Director of Gabon's National Parks and the UNFCCC Forests and Agriculture negotiator for Gabon.

Additional information:

- [Land](#) and [Climate Change](#), Strategy section, FY2016 Annual Report, pp 68 – 71; pp 80 – 85. ([Olamgroup.com/investor-relations/](#))
- [Olam Plantations, Concessions and Farms Code](#)
- [Olam Supplier Code](#)
- [Olam Sustainable Palm Oil Policy](#)
- [Building a sustainable palm oil business](#)

G4. EN14 Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk

See EN11-13 above.

Emissions (Olam material area: Climate Change)

DMA Emissions

Decoupling carbon from business growth in direct operations

As we grow our business, we cannot allow emissions from our operations to grow at the same pace. By 2020, our target is to reduce GHG intensity by 10% (per tonne of product) in concessions and farms; Tier 1 processing and manufacturing operations; and our marine vessels. We do this through:

- Increasing operational efficiency
- Avoiding High Carbon Stock approach to lands for development
- Adopting Climate-Smart Agricultural Practices

G4.EN15* Direct greenhouse gas (GHG) emissions (scope 1)

We have seen a 29% improvement on FY15 in our carbon footprint per tonne of product produced (intensity) for our own operations. This has been driven by our upstream productivity and the carbon positive result of our palm plantations in Gabon. In processing, the intensity has increased due to 8 new processing facilities made through the ADM acquisition at the end of 2015, as well as the Brooks peanut shelling acquisition in 2016.

For case studies see [Climate Change](#), Strategy Section, FY2016 Annual Report, p82

Carbon footprint for Olam-managed plantations, concessions and farms

	FY16	FY15	FY14
Scope 1 – All direct GHG emissions (million tonnes of CO ₂ e)	0.70	1.76	1.52
Scope 2 – Indirect GHG emissions from consumption of purchased electricity, heat or steam (million tonnes of CO ₂ e)	0.06	0.08	0.06
Scope 1 + 2 (million tonnes of CO ₂ e)	0.76	1.84	1.58
For every tonne of product produced, this many tonnes of CO₂e were generated	0.98 (72% reduction on FY15)	3.54 (15% reduction on FY14)	4.15

Carbon footprint for Olam's processing

	FY16	FY15	FY14
Scope 1 – All direct GHG emissions (million tonnes of CO ₂ e)	0.67	0.33	0.38
Scope 2 – Indirect GHG emissions from consumption of purchased electricity, heat or steam (million tonnes of CO ₂ e)	0.19	0.12	0.18
Scope 1 + 2 (million tonnes of CO ₂ e)	0.86	0.45	0.56
For every tonne of product produced, this many tonnes of CO₂e were generated	0.27 (27% increase on FY15)	0.21 (23% reduction on FY14)	0.26

Olam has reported to the [Carbon Disclosure Project](#) for 6 years. CDP Climate 2016 (FY15) is available [here](#). CDP Climate 2017 is in progress – submission by 29 June 2017.

G4.EN16* Energy indirect greenhouse gas (GHG) emissions (scope 2)

See G4.EN15 above.

Olam has reported to the [Carbon Disclosure Project](#) for 6 years. CDP Climate 2016 (FY15) is available [here](#). CDP Climate 2017 is in progress – submission by 29 June 2017.

For case studies see [Climate Change](#), Strategy Section, FY2016 Annual Report, p82 (Olamgroup.com/investor-relations/)

G4.EN17 Other indirect greenhouse gas (GHG) emissions (scope 3)

Olam has reported to the [Carbon Disclosure Project](#) for 6 years. CDP Climate 2016 (FY15) is available [here](#). CDP Climate 2017 is in progress – submission by 29 June 2017.

G4.EN18* Greenhouse gas (GHG) emissions intensity

See G4.EN15 above.

Olam has reported to the [Carbon Disclosure Project](#) for 6 years. CDP Climate 2016 (FY15) is available [here](#). CDP Climate 2017 is in progress – submission by 29 June 2017.

G4.EN19 Reduction of greenhouse gas (GHG) emissions

See G4.EN15 above.

Olam has reported to the [Carbon Disclosure Project](#) for 6 years. CDP Climate 2016 (FY15) is available [here](#). CDP Climate 2017 is in progress – submission by 29 June 2017

G4.EN20 Emissions of ozone-depleting substances (ODS)

Not material. CO₂, CH₄ and N₂O are the material GHG emission sources. Ozone depleting sources are not a material emission.

G4.EN21 NO_x, SO_x, and other significant air emissions

Not material. CO₂, CH₄ and N₂O are the material GHG emission sources. NO_x and SO_x are not material emissions.

Effluents and Waste (Olam material area: Water)

DMA Effluents and Waste

Improving wastewater management for farms and factories

In our farms and plantations, water can run off the surface of the land, washing away valuable top soil, nutrients, fertilisers and insecticide, which in turn can then impact on the quality of nearby watercourses. We incorporate all activities that could affect wastewater quality into our Integrated Water Resource Management plans and our Soil Management plans.

In our plantations, we use remote sensing, sophisticated modelling and ground surveys to map streams, rivers and seasonal wetlands, which we protect with a system of interconnected buffer zones. In our factories we have wastewater quality standards for the water we discharge. It goes without saying that all Olam locations must comply with their legal license to operate. In 2016, we did not receive any environmental fines for water management.

Read case studies for our Lemoore tomato processing facility in California where water discharge is used to grow alfalfa, as well as how wastewater helps to grow coconuts in the garden of our Kochi spices processing plant. ([Water](#), Strategy section, FY2016 Annual Report, pp78-79)

For more case studies see our [Wastewater factsheet](#) launched for World Water Day 2017.

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
Goal 8: Sustainable use of water resources (Material area: Water)			
8.1. Increased water use efficiency in Olam's direct operations	New science-based water targets for 2020 to be developed in 2017.	Partnership developed to set science-based targets for Olam-managed plantations, concessions and farms.	On target
	10% reduction in process water intensity in Olam Tier 1 factories from 2013 baseline.	Partnership developed to set science-based targets.	On target
	Supplementary science-based targets to be developed on a water risk basis.	Improved water metering at 100% of factories. Baseline and target to be reviewed in light of improved data from metering and business restructuring.	
8.2. Increased water use efficiency in priority supply chains	100% of priority supply chains to have Water Resource Management plans.	On track for OLC volumes. OLC programme water risk mapping completed. Extend risk mapping to non-OLC in 2017.	Started
8.3. Improved water discharge quality from Olam's direct operations	100% compliance with wastewater discharge limits.	Water discharge limits in place for Olam Tier 1 factories.	On target
		Monthly reporting on discharge for Tier 1 and coffee plantations. Olam's upstream Farming Community of Practice established to support the development of erosion, nutrient and integrated pollution management programmes.	
8.4. Long-term equitable water access and usage	100% of Olam's direct operations in high water risk areas to participate in a water stewardship programme.	Olam is first agri-business globally and first business in Africa to have a site achieve the Alliance for Water Stewardship Standard for its Aviv Coffee Plantation in Tanzania.	On target

G4.EN22 Total water discharge by quality and destination

Wastewater quality data is not collected at a corporate level. Incidents and breaches in legal compliance related to water quality is tracked and reported for all relevant plants and plantations, farms and concessions using Olam's sustainability reporting system (IDEAL).

Wastewater volume data is collected for each relevant plant and plantation, farm and concession.

G4.EN23 Total weight of waste by type and disposal method

Reporting of quantity of waste and disposal method started in FY16 for all Tier 1 processing plants so data not yet available. Plantations, farms and concessions to begin reporting during FY17.

G4.EN24* Total number and volume of significant spills

All significant spills are reported as incidents using Olam's sustainability reporting system (IDEAL). In 2016 we did not receive any environmental fines for water management.

G4.EN25 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally

Not applicable to Olam.

G4.EN26 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff

None identified.

Products and Services

G4.EN27 Extent of impact mitigation of environmental impacts of products and services

Not material to Olam. The majority of Olam's product are raw materials and ingredients which are bought by manufacturers to produce products. Impacts of products and service are therefore largely outside the scope of Olam and instead fall within the scope of Olam's customers.

G4.EN28 Percentage of products sold and their packaging materials that are reclaimed by category

See EN27.

Compliance

Environmental compliance is tracked and reported for all relevant plants and plantations, farms and concessions using Olam's sustainability reporting system (IDEAL).

G4.EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

None reported in 2016.

Transport

G4.EN30 Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce

We actively seek logistic solutions to reduce emissions. Measures include:

- Enhancing Service Provider contracts to include sustainability practices

- Long-term contracting and direct management of more efficient bulk shipping

Our move into the midstream sector has decreased the distance travelled, and therefore energy used, by some of our raw produce, now that processing takes place in origin markets close to the point of production. For example:

- We have reduced the need to export cashew from Africa to India through the construction of our state-of-the-art mechanical processing facility
- Our move to 'dark warehouse/packaging operations' in Australia allows automated plants to run with no lighting
- Warehouses have been built in West Africa as logistics hubs closer to production to ensure efficient aggregation and for semi processing of products. This cuts carbon through the unnecessary freight of waste material which can be used as fuel in the processing units.

Data for this indicator is partially covered by our CDP reporting. Olam has reported to the [Carbon Disclosure Project](#) for 6 years. CDP Climate 2016 (FY15) is available [here](#). CDP Climate 2017 is in progress – submission by 29 June 2017.

Overall

G4.EN31 Total environmental protection expenditures and investments by type

Given the nature of our business (agriculture) such investments are part of our day to day operations and therefore it is not practical to separate out investments across all products. It is also commercially sensitive.

Supplier Environmental Assessment

DMA Supplier Environmental Assessment

Olam has a supply base of 4.33 million farmers – 36,600 large-scale and 4.3 million small-scale farmers in emerging markets. Such scale means that we face significant challenges in ensuring that each supplier is following good environmental practices, all of the time. However, we tackle this in the following ways:

Olam Livelihood Charter

The [Olam Livelihood Charter \(OLC\)](#) provides a formal framework to our approach and is based on 8 Principles that cover financing, increasing yields, better labour practices, facilitating market access, improving quality, increasing traceability, investing in social development and safeguarding the environment. While all 8 Principles must be addressed for a programme to be included within the OLC, Olam applies and adapts the Principles depending on the social, economic and environmental needs of each local context.

Over 300,000 smallholders in cocoa, rice, coffee, cashew, cotton, sugar and more were embraced in OLC programmes during 2016 where they received training on land and water stewardship, Climate-Smart Agricultural practices and how to improve yields from the current land, rather than encroaching into forest areas. We also supported them with improved crops through the provision of seedlings (over 6 million), and short, medium and long-term finance. We often pay premiums as an incentive for quality and good practices. See the 2016 Olam Livelihood Charter for more detail.

The Olam Supplier Code

We actively pursue long-term relationships with suppliers based on responsible business practices and trust. In 2014 we began the roll-out of the Olam Supplier Code to priority products in key origins – cocoa, coffee, cashew, cotton, palm, rubber, hazelnut. By the end of 2016, 58% of priority product volumes secured by Olam are covered by the Code.

The Code provides a comprehensive set of conditions to support Olam's goal to purchase raw materials and products that are produced in a manner that is socially responsible, economically profitable and environmentally sustainable, establishing the standard to which all suppliers of Olam raw materials and products shall adhere. It demands that suppliers:

- Commit to corporate governance and integrity

- Guarantee the quality of goods and services they supply
- Uphold labour standards and human rights
- Respect the natural environment
- Conduct their business in a way that honours local communities
- Ensure compliance

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.

Managing the impact of our third-party supply chains is a 3-step process: firstly, we need to complete the roll-out of our Supplier Code; then we need to verify that suppliers are upholding the Code; and finally, we must work with suppliers to address any issues that we identify in this process. This can be straightforward when we have direct engagement with the supplier but it is much more challenging when we are procuring through a third-party, as we don't have the direct link to producers. With a supplier base of more than 4 million smallholder farmers, verifying that each one is upholding the Code is impossible. Our big challenge this year is how to combine risk assessment, partnerships and pre-competitive verification platforms to ensure compliance with the Code, building on the extraordinary development of remote sensing technology and traceability systems.

In 2017 we will be updating the Code to reflect the evolution of our global policies, particularly around deforestation.

G4.EN32* Percentage of new suppliers that were screened using environmental criteria

Given the scale of our supply base, made up primarily of smallholders, it has not been commercially practical to break out data for 2016 specifically on new suppliers. Instead we focus on all suppliers for priority products (see above), signing up to the Code. By the end of 2016, 58% of priority products (cocoa, cashew, coffee, cotton, hazelnut, palm and rubber) were procured under the Supplier Code.

G4.EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken

As stated above, with a supply base of 4.33 million farmers it is not feasible to subject each one to a full Environmental Impact Assessment. We therefore rely on supplier contracts (especially with large-scale farmers), the [Olam Livelihood Charter](#) and the [Olam Supplier Code](#).

Given the issues in the palm oil supply chain, we also have a [Sustainable Palm Oil Policy](#) which suppliers must observe. Our suppliers must also implement full compliance to the Olam Supplier Code (OSC), to RSPO, or to a Code that is equivalent to the OSC and approved by Olam.

Verifying our third-party palm supply chain

The palm supply chain is one of the most complex and challenging to verify. Partnerships and collaboration are essential for verifying that suppliers are upholding our requirements.

We are working with the World Resources Institute (WRI) and its Global Forest Watch Platform to help us identify high-risk mills, which we will verify according to the time-bound targets as stated in our 2020 road map in our Palm Policy. Any mills found to be sourcing from areas identified as being medium or high risk from poor production practices will be assessed, and potentially removed. As highlighted in our [October Interim Progress Report](#), we had already reduced our supplier base from 48 in 2015 to 14 in 2016.

Given the technical aspects and complexity of the palm supply chain, we encourage stakeholders to go to olamgroup.com for our strategy and FAQs. We also welcome all contact for more information via crs@olam.net.

G4.EN34* Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.

Grievance procedures are important for dealing with any complaints. We investigate and take appropriate action. If a complaint is submitted via a third party, we also investigate.

Formal grievance procedures are in place at our established coffee plantations in Tanzania, Laos and Zambia. A gap analysis will be conducted in 2017 to ensure suitable processes are in place to avoid, mitigate any potential conflict across all upstream operations.

In 2017, we updated our [Palm grievance procedure on the Olamgroup.com](#) website to accept anonymous complaints.

While not issued through a formal grievance procedure, Olam was the subject of a negative report by the NGO Mighty Earth who made allegations of deforestation in our Gabon palm oil operations and our third party palm oil supply chain.

We published a [full technical response](#), accepting many positive recommendations related to transparency in the third-party supply chain but refuting the claim that our Gabon developments had not taken a responsible approach. We met with Mighty Earth in January 2017, and then published [a joint statement](#) with a series of actions on behalf of both parties to increase mutual understanding and achieve greater transparency.

This includes Mighty Earth suspending its current palm and rubber campaign for a year, and its complaint to FSC regarding Policy for Association. It should be noted that, while we have agreed to pause development in Gabon for our rubber plantation, this is to allow time for both parties to support a multi-stakeholder process to develop further specific criteria for responsible agricultural development in countries that have most of their land covered by forests. It does not imply that we agree with Mighty Earth's allegations on our Gabon operations, which we believe to have been developed to the highest environmental and social standards applicable in the national context. We firmly believe that we have demonstrated a different and more sustainable model for our plantations and will be hosting stakeholder visits in 2017. For more context, please see our [full technical response](#) at Olamgroup.com, as well as [the response from Professor Lee White](#), Director of Gabon's National Parks and the UNFCCC Forests and Agriculture negotiator for Gabon.

SPECIFIC STANDARD DISCLOSURES – SOCIAL

DMA Social

We depend on the engagement, motivation and safety of our workforce to create responsible growth. Equally, we are working with suppliers to ensure that human rights are respected in their supply chains. Our commitment to human rights is guided by the United Nations Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and related international covenants. 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 for the workforce
- The application of these requirements to contracted, seasonal and migrant workers where relevant.

Our management approach is guided by:

- UN Declaration on Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- [Olam Plantations, Concessions and Farms Code](#)
- [Olam Health and Safety Policy](#)

- [Olam Supplier Code](#)
- [Olam Sustainable Palm Oil Policy](#)
- [Olam Livelihood Charter](#)
- [Olam Code of Conduct](#)
- Fair Labour Association affiliate membership

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
GOAL 3. Zero-harm workplace (Material area: Labour)			
3.1. Eliminate serious incidents	Reduce LTIFR to 0.3 in Olam processing operations (50% reduction from 2015 actual).	LTIFR was further reduced to 0.43 in our 69 Tier 1 processing plants, a 30% year on year reduction.	On target
	Reduce LTIFR in Olam-managed plantations, concessions and farms by 50% from baseline determined in 2016.	Primary focus in 2016 has been in the expanding palm and rubber plantations in Gabon, with new professional resources, extensive training, several audits and corrective actions. This has significantly improved the focus on safety behaviours with positive benefits. It is too early to quantify the improvement in lagging indicators.	On target
3.2. Sustain health and safety behaviour change programme	All locations routinely report unsafe acts and unsafe conditions, and near misses.	Olam Imperative 3 Reporting, Recording, Review and Compliance Checklist has now been rolled out to all key locations, so leading and lagging safety indicators will be routinely reported from Q1 2017. Leading Indicators include unsafe acts and near misses.	On target
GOAL 4. Respect for workers' rights (Material area: Labour)			
4.1. Olam complies with ILO principles	No moderate or severe breaches of compliance reported or observed in audits.	We identified 4 cases in processing operations where ILO principles were breached. These related to non-compliance on statutory dues, working hours, minimum wages, and overtime. One breach of Olam child labour standards on plantations was identified by Internal Audit. Corrective action has been taken to ensure legal age restrictions are observed, and that age-appropriate roles are assigned.	Behind target
4.2. Diversity strategies are implemented	100% of businesses with >100 employees to have a documented and reported diversity strategy.	Draft policy undergoing review.	Behind target

LABOUR PRACTICES AND DECENT WORK

Employment

G4.LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region

Data not collected globally in 2016. Considering collection for 2017.

G4.LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation

This is managed at a local level and not consolidated globally. Employee benefits are in line with market and country standards. These may include healthcare, pensions, transport or season ticket advances.

Retirement

The Olam Group participates in the national pension schemes as defined by the laws of countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed. (FY2016 Annual Report, Financial Statements, page 33).

Share options

See page 69 of the Financial Statements of the FY2016 Annual Report for information relating to the Employee

Share Option Scheme.

G4.LA3 Return to work and retention rates after parental leave, by gender

Number of male employees who took parental leave (primary workforce) = 204

Number of male employees who returned to work following parental leave = 222 (overlap with 2015)

Number of female employees who took parental leave (primary workforce) = 228

Number of female employees who returned to work following parental leave = 202

Other data not collected globally.

Labour / Management Relations (Olam material area: Labour)

DMA 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 69 secondary (midstream and downstream) 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

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
GOAL 3. Zero-harm workplace (Material area: Labour)			
3.1. Eliminate serious incidents	Reduce LTIFR to 0.3 in Olam processing operations (50% reduction from 2015 actual).	LTIFR was further reduced to 0.43 in our 69 Tier 1 processing plants, a 30% year on year reduction.	On target
	Reduce LTIFR in Olam-managed plantations, concessions and farms by 50% from baseline determined in 2016.	Primary focus in 2016 has been in the expanding palm and rubber plantations in Gabon, with new professional resources, extensive training, several audits and corrective actions. This has significantly improved the focus on safety behaviours with positive benefits. It is too early to quantify the improvement in lagging indicators.	On target
3.2. Sustain health and safety behaviour change programme	All locations routinely report unsafe acts and unsafe conditions, and near misses.	Olam Imperative 3 Reporting, Recording, Review and Compliance Checklist has now been rolled out to all key locations, so leading and lagging safety indicators will be routinely reported from Q1 2017. Leading indicators include unsafe acts and near misses.	On target
GOAL 4. Respect for workers' rights (Material area: Labour)			
4.1. Olam complies with ILO principles	No moderate or severe breaches of compliance reported or observed in audits.	We identified 4 cases in processing operations where ILO principles were breached. These related to non-compliance on statutory dues, working hours, minimum wages, and overtime. One breach of Olam child labour standards on plantations was identified by Internal Audit. Corrective action has been taken to ensure legal age restrictions are observed, and that age-appropriate roles are assigned.	Behind target
4.2. Diversity strategies are implemented	100% of businesses with >100 employees to have a documented and reported diversity strategy.	Draft policy undergoing review.	Behind target

G4.LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

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 2–4 weeks or a few months. Information on collective agreements will be addressed locally.

Occupational Health & Safety (Olam material area: Labour)

DMA Health & Safety

Olam is committed to providing a healthy and safe workplace for our employees, contractors and visitors. Our vision of embedding a 'zero harm culture' is delivered through safety leadership and embodied in 'Our Shared Values'. By the end of 2016, most employees had received training through our internal programme 'A Safe Olam' which is based on the elimination of unsafe conditions and unsafe behaviours. The remaining employees had localised focused training relating to specific risks and hazards. For new or returning seasonal workers, we have developed a new Safety Induction Programme. Some emerging market countries do not have the same regulatory frameworks for safety so we must be constantly vigilant and reinforce the importance of safe behaviour including regular audits and review.

G4.LA5 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

Data not collected globally in 2016.

G4.LA6* Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

Our top 100 facilities now report leading and lagging safety indicators and we are progressively extending this to all our key sites – processing, warehouses and plantations. Whilst still not where we want to be, we are making steady progress in changing behaviours and reducing safety incidents. Types of injury could include: slips, trips and falls; cuts and burns; and road accidents.

The Lost Time Injury Frequency rate was reduced to 0.43 in 2016 (from 0.60 in 2015 and 1.15 in 2014). This data now starts to include a wider view of the Olam world and includes some key primary upstream processing plants, warehouses and plantations in addition to the 69 core manufacturing plants which are known as Tier 1 (See the goals table for the specific targets for processing and Olam-managed plantations, concessions and farms.) Unfortunately, while it was our lowest incident fatality rate in 5 years, we experienced 4 fatalities in 2016, which all took place in Africa. Three were due to non-observance of safe working practices, and the fourth was due to a road accident. All incidents are fully investigated and any action points addressed.

Injury and accident data is recorded via a data system which has been implemented globally. Gender and regional data was not broken out for 2016. This will be reviewed for 2017.

We do not centrally record data on occupational diseases or absenteeism.

G4.LA7 Workers with high incidence or high risk of diseases related to their occupation

We take the health of employees seriously and have goals for Good Health and Wellbeing, particularly given our large footprint in emerging markets. (See Appendix 1, Livelihoods Goals). Given the prevalence of diseases such as malaria, HIV etc in communities, this is a major focus for the company. In developed nations we focus on fitness, healthy eating and related activities. Individual HR departments will address any issues that could be termed as occupational.

Helping to deliver good health and wellbeing in Olam operations and rural communities

Life expectancy in developing countries remains low, compounded by poor nutrition and lack of access to healthcare. This is not just unacceptable for the affected individuals and their families, but has a direct economic cost for the individual and the country. In 2016, we continued to roll out the Olam Healthy Living Campaign. Teams in numerous countries held sensitisation sessions with workers and communities on how to prevent malaria, diarrhoea and other common diseases. World Malaria Day on 25 April was a focus of activity, and by the end of the year we had reached 104,000 people in Africa with sensitisation, screening and treatments:

- Republic of Congo Wood Products team, Congolaise Industrielle des Bois, distributed treated mosquito nets to personnel
- Cote d'Ivoire Cocoa and Tanzania Coffee distributed nets to cocoa cooperatives and their communities
- Ghana Cocoa donated malaria treatment drugs to local health services.

We also reached 106,700 people with HIV and AIDs awareness and prevention workshops.

At our own large-scale palm and rubber plantations in Gabon, we have built modern, well-equipped clinics (staffed by a permanent medical team) providing free healthcare to over 6,500 employees.

Olam is addressing water, sanitation and hygiene (WASH) access for employees in the workplace, particularly in plantations in highly rural emerging economies. Discussions with other agri-business and forestry companies within the World Business Council for Sustainable Development (WBCSD) uncovered the need for further sector-specific WASH guidance in agricultural settings. To support the development of initial guidance and explore opportunities for best practice development, a member of the WBCSD's water team undertook a 1-week learning mission to Olam's palm oil plantations in Gabon in June 2016.

The plantations employ more than 6,500 people, primarily from rural villages which have no running water. A baseline assessment was conducted in collaboration with local staff, mapping WASH provisions already put in place, and identifying action points.

During the mission, it was revealed that a large part of absenteeism was attributed to water-related and water-borne diseases. The action points are being developed into a work plan for implementation during 2017, which will provide additional focus on sanitation provision, along with employee awareness-raising on hydration and heat stress.

For 2016 case studies on employee support in developing and developing nations, read: Livelihoods, Strategy Section, FY2016 Annual Report, page 46 (Olamgroup.com/investor-relations/)

G4.LA8 Health and safety topics covered in formal agreements with trade unions

Managed locally and not collated globally.

Training and Education (Olam material area: Labour)

DMA Training and Education

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.

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.

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. 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.

Read the [interview with Joydeep Bose](#), President and Head of HR for Olam: Labour, Strategy section, FY2016 Annual Report, p49

G4.LA9* Average hours of training per year per employee by gender, and by employee category

Data includes main employee categories.

Managers (Band E & above) \ Training - Male [h]	Managers (Band E & above) \ Training - Female [h]	Other Managers (below Band E) \ Training - Male [h]	Other Managers (below Band E) \ Training - Female [h]	Staff \ Training - Male [h]	Staff \ Training - Female [h]	Permanent non seasonal workers \ Training - Male [h]	Permanent non seasonal workers \ Training - Female [h]
10.5	15	17.5	21	14	9	3	2

G4.LA10* Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Such initiatives happen throughout Olam's operations. Examples for 2016 include:

The Almonds team in Australia worked with HR and one of the largest education providers in Australia – TAFE – to develop a tailored diploma course for the Irrigation Controllers and Operations Supervisors. Run over 1-2 years, it is based on specific job competencies and provides the field teams with a development pathway leading to a recognised qualification. It has been well received by the teams and in 2016 it led to Olam being recognised by the TAFE as its 'Employer of the Year'.

October 2016 marked a milestone for the Manufacturing and Technical Services (MATS) function with the launch of its virtual Academy – a purpose- built learning platform. The comprehensive curriculum is intended to help increase knowledge and skills, and ultimately help employees improve their personal performance and prepare for the next career opportunity.

G4.LA11* Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

Data includes main employee categories:

Managers (Band E & above) \ Performance and Career Development Review - Male	Managers (Band E & above) \ Performance and Career Development Review - Female	Other Managers (below Band E) \ Performance and Career Development Review - Male	Other Managers (below Band E) \ Performance and Career Development Review - Female	Staff \ Performance and Career Development Review - Male	Staff \ Performance and Career Development Review - Female	Permanent non seasonal workers \ Performance and Career Development Review - Male	Permanent non seasonal workers \ Performance and Career Development Review - Female
90%	91%	91%	70%	84%	78%	51%	34%

Diversity and Equal Opportunity

G4.LA12 composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Although diversity has always been encouraged in Olam, we recognise that we did not have a formal policy or strategies for implementation. By 2020, all businesses with more than 100 employees must have a documented and reported diversity strategy. A draft policy with strategy guidance is currently being reviewed. However, data at the level required for this indicator is not deemed material at this stage.

G4.LA13 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. Data at the level required for this indicator is not deemed material at this stage.

Supplier Assessment for Labour Practices (Olam material area: Labour)

DMA supplier Assessment Labour

Olam has a supply base of 4.33 million farmers – 36,600 large-scale and 4.3 million small-scale farmers in emerging markets. Such scale means that we face significant challenges in ensuring that each supplier is following good environmental practices, all of the time. However, we tackle this in the following ways:

Olam Livelihood Charter

The [Olam Livelihood Charter \(OLC\)](#) provides a formal framework to our approach and is based on 8 Principles that cover financing, increasing yields, better labour practices, facilitating market access, improving quality, increasing traceability, investing in social development and safeguarding the environment. While all 8 Principles must be addressed for a programme to be included within the OLC, Olam applies and adapts the Principles depending on the social, economic and environmental needs of each local context.

Over 300,000 smallholders in cocoa, rice, coffee, cashew, cotton, sugar and more were embraced in OLC programmes during 2016 where they received training on good labour practices. See the 2016 Olam Livelihood Charter for more detail.

Olam was also the first agri-business globally to become an affiliate member of the Fair Labour Association. We are working with them on our cocoa and hazelnut supply chains. For 2016, FLA conducted audits at 3 cocoa cooperatives in Côte d'Ivoire with no instances of child labour identified. We believe this is due to the consistent messaging and support we give to farmers about child labour.

Since one of the root causes of child labour is lack of money, Olam Cocoa has intensified support to women's associations. We assist them in developing income-generating activities such as fortified cassava nurseries (see page 57 for more information). This year, we will extend the activities to poultry and animal production, as well as literacy and savings and loan schemes.

Turkish hazelnut farmers have larger farms than traditional smallholders in Africa and Asia, but they still require Olam Livelihood Charter support, particularly in terms of environmental and social practices. Migrant labour moving through Turkey to support the harvests brings increased labour risks, from child labour to fair payment for adults. The FLA monitors the success of our awareness and remediation programmes. The FLA report from the 2016 harvest monitoring will be available later in 2017.

Read the hazelnuts case study in the 2016 OLC.

The Olam Supplier Code

We actively pursue long-term relationships with suppliers based on responsible business practices and trust. In 2014 we began the roll-out of the Olam Supplier Code to priority products in key origins – cocoa, coffee, cashew, cotton, palm, rubber, and hazelnut. By the end of 2016, 58% of priority product volumes procured by Olam were covered by the Code.

The Code provides a comprehensive set of conditions to support Olam's goal to purchase raw materials and products that are produced in a manner that is socially responsible, economically profitable and environmentally sustainable, establishing the standard to which all suppliers of Olam raw materials and products shall adhere. It demands that suppliers:

- Commit to corporate governance and integrity
- Guarantee the quality of goods and services they supply
- Uphold labour standards and human rights
- Respect the natural environment
- Conduct their business in a way that honours local communities
- Ensure compliance

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:
 - o have turned the Code into pictorial posters which are clearly displayed at co-op buildings
 - o 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.** Managing the impact of our third-party supply chains is a 3-step process: firstly, we need to complete the roll-out of our Supplier Code; then we need to verify that suppliers are upholding the Code; and finally, we must work with suppliers to address any issues that we identify in this process. This can be straightforward when we have direct engagement with the supplier but it is much more challenging when we are procuring through a third-party, as we don't have the direct link to producers. With a supplier base of more than 4 million smallholder farmers, verifying that each one is upholding the Code is impossible. Our big challenge this year is how to combine risk assessment, partnerships and pre-competitive verification platforms to ensure compliance with the Code, building on the extraordinary development of remote sensing technology and traceability systems.

G4.LA 14* Percentage of new suppliers that were screened using labour practices criteria

Given the scale of our supply base, made up primarily of smallholders, it has not been commercially practical to break out data for 2016 specifically on new suppliers. Instead we focus on all suppliers for priority products (see above), signing up to the Code. By the end of 2016, 58% of priority products (cocoa, cashew, coffee, cotton, hazelnut, palm and rubber) were procured under the Supplier Code.

Olam Supplier Code criteria:

2.3 Upholding labour standards and human rights within their operations by:

- i. The use of child labour is strictly prohibited. Compliance to the International Labour Organisation (ILO) Convention 138 on the Minimum Age of Employment and Convention 182 on the Worst Forms of Child Labour (as annexed to

this Code) is a prerequisite.

- ii. Not using forced or involuntary labour, including bonded, indentured and involuntary prison labour.
 - iii. Creating an inclusive work environment that avoids any form of discrimination. All forms of harassment, including sexual harassment, intimidation, and abuse or threat are not permissible.
 - iv. Acknowledging employees' rights to form and join unions or other associations, and to bargain collectively; unless prevented by local applicable laws.
 - v. Providing fair wages and benefits that are in accordance with applicable laws, industry standards and collective agreements.
 - vi. Complying with all applicable ILO standards, national legal requirements and industry standards pertaining to working time.
 - vii. Providing a safe and hygienic work environment and accommodation (where provided) in accordance with applicable national health and safety laws and international conventions.
 - viii. Preventing accidents and injury arising out of, associated with, or occurring in the course of work, by minimising causes of hazards in the working environment.
 - ix. Encouraging gender equality, equal access and empowerment of women.
- Under the Olam Livelihood Charter, 203,696 smallholders were trained on good labour practices in 2016.

G4.LA15 Significant actual and potential negative impacts for labour practices in the supply chain and actions taken

As stated above, with a supply base of 4.33 million farmers it is not feasible to subject each one to a full Environmental Impact Assessment. We therefore rely on supplier contracts (especially with large-scale farmers), the Olam Livelihood Charter and the Olam Supplier Code.

Given the issues in the palm oil supply chain, we also have a Sustainable Palm Oil Policy which suppliers must observe. Our suppliers must also implement full compliance to the Olam Supplier Code to RSPO, or to a Code that is equivalent to the OSC and approved by Olam.

Following the report from Mighty Earth we looked into complaints against suppliers in our third party palm oil supply chain. Our investigation and results can be viewed on the Olamgroup.com website. We also updated the Palm Policy Human Rights section to reference 'no exploitation' explicitly.

Labour Practices Grievance Mechanisms (Olam material area: Labour)

G4.LA16* Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms

(Internal grievances)

- Number of labour grievances filed during the period: 60
- Number of identified grievances about labour practices addressed during the reporting period: 69
- Number of identified grievances about labour practices resolved during the reporting period: 36
- Number of grievances about labour practices filed prior to the reporting period (last year) that were resolved during the reporting period (Jan - Dec): 25

With specific reference to complying with ILO principles in our own operations, we identified 4 cases in processing operations where ILO principles were breached. These related to non-compliance on statutory dues, working hours, minimum wages, and overtime.

Following the introduction of mechanisation to increase output and efficiency at our Bouake cashew processing facility in Cote d'Ivoire, our team met with union and government representatives regarding the redundancy of around 150 employees from the 2,000-strong team. At the end of 2016, the union had made a formal representation

to the Ministry of Labour over the redundancy process. However, the independent advisory body on labour affairs (Le Conseil National du Dialogue Social) cleared our process as fair and correct.

HUMAN RIGHTS (Olam material area: Labour; Livelihoods)

Investment

G4.HR1 Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.

See G4.LA15 above.

G4.HR2 Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

Around 2,700 employees received training in Human Rights in relevant operations. The number of hours are not recorded at a global level.

Non-discrimination

G4-HR3 Total number of incidents of discrimination and corrective actions taken

Not collated globally. Reviewing for 2017.

Freedom of Association and Collective Bargaining

G4-HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights

In our own operations we abide by our Code of Conduct, HR policy and have collective bargaining agreements in place. We also have worker representation groups.

In our third party supply chains, our Supplier Code and Olam Livelihood Charter stipulate that Human Rights must be observed. The Olam Sustainable Palm Policy was updated to specifically reference No Exploitation and we are reviewing the Olam Supplier Code. This followed enquires from the NGO Mighty regarding allegations of human rights abuses in third party palm oil supply chains in Asia. Please see the Grievance Log on Olamgroup.com.

Child Labour (Olam material area: Labour)

G4.HR5* Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of 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."

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 or national law)

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, particularly in emerging markets such as Ghana, Côte d'Ivoire and Tanzania. 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 priority products including cocoa, coffee, cashew, cotton, hazelnut, palm, and rubber. It sets out certain minimum and non-negotiable standards to which all our suppliers must adhere. Signing the Olam Supplier Code represents a commitment to follow the fair employment practices in compliance with all applicable local government rules and regulations regarding Child Labour Laws, and an understanding that regular auditing will be carried out. In addition, Olam undertakes a raft of measures to mitigate the risk of child labour.

These include:

- Training farmers in good labour practices through the Olam Livelihood Charter (203,696 in 2016)
- 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 and afford school fees. It is important to note that in most of our countries of operation, primary school is free whilst secondary school is not. So even if there is a secondary school in the region, most of our farmers are struggling to meet tuition costs.
- 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 (read the cotton case study in [Livelihoods](#), Strategy section, FY2016 Annual Report, p44)
- Scaling-up initiatives by working with partners including customers, donors, governments and NGOs.

Other challenges that should be considered include:

A lack of birth certificates make it hard sometimes to identify the age of a child or teenager 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.

Monitoring in 2016

In 2016, 1 breach of Olam child labour standards on plantations was identified by Internal Audit. Corrective action has been taken to ensure legal age restrictions are observed, and that age-appropriate roles are assigned.

The Fair Labour Organisation, of whom we are an affiliate partner, works with us to improve labour practices in the cocoa and hazelnut supply chains. By end of 2016 the FLA had not issued its audit report for the 2016 hazelnut

harvest. No breaches were identified by the FLA in the cocoa monitoring. Read the [hazelnuts case study](#) in the 2016 OLC.

Forced or Compulsory Labour (Olam material area: Labour)

G4.HR6* Operations and 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

Palm sector

A number of investigations by NGOs into the palm industry have uncovered human rights abuses. In 2016, as stated in our October Interim Progress Report, we reduced our suppliers from 48 to 14 based on our Supplier Code risk factors. Although our Supplier Code clearly stipulates that third-party suppliers should ensure human rights are protected, we are updating our policies in 2017 to include the explicit industry term 'no exploitation' and will roll out third-party verification of mills at risk. This followed enquires from the NGO Mighty regarding allegations of human rights abuses in third party palm oil supply chains in Asia. Please see the Grievance Log on Olamgroup.com.

Uzbekistan cotton

Cotton is a key source of income for Uzbekistan. In recent years, the country has made progress in eradicating child labour from its cotton harvest, thanks to a programme supported by ILO and the World Bank. However, the international community continues to be concerned by reports of civil servants being forced to pick cotton due to a lack of mechanisation. Along with other international cotton merchants, Olam has chosen to maintain our sourcing (at low levels) and attempt to influence positive change in the supply chain. As well as lobbying collectively with our peers, we will be stepping up engagement with the ILO and the World Bank directly in 2017 to maintain momentum in changing labour practices.

Security Practices

G4.HR7 Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations

Not collated globally.

G4.HR8* Total number of incidents of violations involving rights of indigenous peoples and actions taken

Grievance procedures are important for dealing with any complaints. We investigate and take appropriate action. If a complaint is submitted via a third party, we also investigate. For example, the NGO Brainforest stated in a report released in December 2016 that some communities felt they had not been adequately informed about the GRAINE programme in Gabon. These complaints were not made to Olam despite much ongoing engagement and we have not been able to identify the individuals concerned.

In January 2017, we also agreed to the NGO Mighty's request to allow anonymous reporting of grievances for our palm operations in Gabon.

What is GRAINE?

GRAINE, which means 'seed' in French, stands for "Gabonaise des Realisations Agricoles et des Initiatives des Nationaux Engages" (Gabonese Initiative for Achieving Agricultural Outcomes with Engaged Citizenry) and is a pioneering outgrower plantation scheme launched in December 2014 as a JV between the Republic of Gabon (51% equity ownership) and Olam (49%).

The joint venture (Sotrader) effectively acts as a Public Private Partnership where the Republic of Gabon 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, building on its competence as a

private enterprise with proven expertise in palm plantation development in Gabon and wider experience in Africa of establishing responsible rural investment models in global supply chains.

Read the case studies in:

- [Food Security and Nutrition](#), Strategy Section, FY2106 Annual Report, page 58 (Olamgroup.com/investor-relations/)
- [Building a Sustainable Palm Oil Business](#)

G4.HR9* Total number and percentage of operations that have been subject to human rights reviews or impact assessments

Internal Audit carries out reviews of operations globally. See our Labour Goals table at the start of this section. We identified 4 cases in processing operations where ILO principles were breached. These related to non-compliance on statutory dues, working hours, minimum wages, and overtime.

G4. HR10* Percentage of new suppliers that were screened using human rights criteria

See G4.LA14

G4.HR11 Significant actual and potential negative human rights impacts in the supply chain and actions taken

See G4.LA15

G4.HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms

See G4.HR4

Local Communities (Olam material area: Land, Livelihoods, Food Security and Nutrition)

DMA Local Communities

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. 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. See Goal 7.2 below.

We always aim to bring positive impacts, not just in terms of labour but by catalysing improved agricultural production and food security in the region. So for example in Nigeria, we have a 10,000 hectare rice farm and mill producing rice for the domestic market. We are also supporting around 4,000 smallholder rice farmers in the region to improve yields and quality, providing a guaranteed market for their crop. Almost 500 of these farmers have moved into the Olam Livelihood Charter – read the case study. Equally around our Zambia and Tanzania coffee plantations we have similar programmes.

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
Goal 7: Sustainable development and use of land-based ecosystems (Material area: Land)			
7.1. Protection of ecosystems, high carbon stock forests, and high conservation value forests	100% of Olam-managed plantations, concessions and farms to have implemented their Land Management Plan.	Due Diligence, Environmental and Social Impact Assessments (ESIA) completed for all plantations currently in operation. A Global Forest Policy is in consultation Q1 2017. Full response to Mighty Earth regarding allegations of deforestation available on olamgroup.com.	On target
7.2. No community based conflict on Olam-managed plantations, concessions and farms	100% of Olam-managed plantations, concessions and farms to have implemented their FPIC process and their Social Action Plan.	Free Prior Informed Consent, Social Contracts and Grievance Procedure were established and achieved for all new Olam plantations in Gabon since 2011. Formal Grievance Procedures are in place for established coffee plantations in Tanzania, Zambia and Laos. A gap analysis will be conducted in 2017 to ensure suitable processes are in place to avoid, mitigate and manage any potential conflict across all upstream operations.	On target

G4.S01* Percentage of operations with implemented local community engagement, impact assessments, and development programmes

We do not disclose operations as a % for commercial reasons. However, the following major operations have local community engagement, impact assessments (FPIC) and development programmes:

Palm and Rubber plantations, Gabon

All of our Palm and Rubber projects in Gabon include participatory mapping and social impact assessments prior to land development. In our plantations, we obtain the Free Prior and Informed Consent (FPIC) of local populations. The agreements are witnessed and managed by a Social Contract which is funded through a development budget.

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. For the 29 villages under Olam's palm projects, these have included the following facilities from 2012 to July 2016:

Education: 6 houses for teachers and 13 schools built or rehabilitated to date, provision of classroom kits, and furnishing;

Health: 5 new pharmacies and dispensaries built, existing dispensaries supplied with medical kits and medicines;

Public infrastructure: 6 public meeting rooms built or rehabilitated

Public utilities: 29 boreholes drilled and equipped with manual pumps; over 758 solar street lights installed; 300km of public roads rehabilitated and graded;

Leisure: 4 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.

As with our palm operations, **Olam Rubber Gabon** has signed social contracts – there are 3 contracts with 24 villages (Bitam – 7 villages, Bikondom – 7 villages, and Minvoul – 10 villages). The Social Contract is based on 3 pillars:

- Development of basic social infrastructure
- Establishment of a programme to support income-generating activities carried out by local populations (including support for smallholder farmers and a fresh produce market)
- Priority hiring of local populations on an equal skills basis.

Olam has supported social projects in the villages at a cost to date of more than 1.3 billion CFA (> US\$2 million), addressing priority needs such as schools and educational materials, teacher housing, dispensaries, water pumps, solar lighting, a fresh produce market, road maintenance, bridges, and various sports and leisure facilities.

Coffee plantations, Tanzania (Aviv); Zambia (NCCL)

Our coffee plantation investments across select geographies have enabled us to cater to the niche but growing demand for single estate, certified and traceable coffees.

We develop all of our plantations to internationally recognised standards, complying with the IFC Performance Standards as a minimum, and going beyond this with the Olam Plantations, Concessions and Farms (PCF) code. This defines processes and standards for managing the environmental and social risks and impacts of plantations including land acquisition, biodiversity and ecosystem conservation, labour and working conditions, and constant dialogue with communities.

We have been able to initiate out-grower programmes for small-scale farmers close to our plantations, by providing training and inputs to help improve yields and livelihoods. Watch Flavian's story. Through investment in local education and healthcare facilities and income diversification training in beekeeping and other crops, we work closely with NGO partners to support thriving rural communities.

In 2016, Aviv and NCCL achieved Rainforest Alliance and UTZ certification. To achieve certification, Aviv and NCCL have to meet specific social and environmental criteria. Social measures taken by Aviv and NCCL include:

Social equity: Aviv has helped to build a village dispensary with consultation room and pharmacy serving 3,000 people. NCCL is working with an international NGO to develop a local school and support surrounding communities, including health and sanitation projects.

Economic viability for farmers: Both plantations also have Village Development Committees where innovative projects in the areas surrounding Aviv and NCCL are given financial support.

Coffee plantation in Laos (Outspan Bolovens)

Since 2011, Outspan Bolovens Ltd. has donated US\$77,000 to communities around its coffee estates:

- 50% of the support has been spent on infrastructure development or improvement such as schools or installing bore wells
- 27% of the funding had been used to overcome temporary rice shortage

To provide long-term improvement of economic development to the communities around the estates Outspan also started an outgrower project providing agronomic, economic, social and environmental training, access to finance and to high value markets. Outspan and its partners will invest US\$1,000,000 from 2016 to 2020 in a programme called *Enhancing the Sustainability of Coffee-based Agriculture* in communities on the Bolovens Plateau in Southern Laos.

Natural Forest Concessions in Republic of Congo (Congolaise Industrielle des Bois)

Our forestry operations cannot proceed in isolation. Trees and groves sacred to semi-nomadic groups and indigenous peoples living in the forests are protected by our staff, while the "Biso na Biso" ("Between Us") community radio station and our TV station Canal Pokola support our outreach in keeping the local communities informed about our activities, as well as providing social and health information.

With the growth of our business, the once remote town of Pokola now has a population of 16,000, with 1,000 employed directly by Olam through our subsidiary Congolaise Industrielle des Bois. We have also provided housing, schools, clinics and a 40-bed hospital, sports facilities and a library cum cultural centre – tangible development benefits for the surrounding community.

G4.S02 Operations with significant actual and potential negative impacts on local communities

See G4.HR8 above, otherwise no significant issues reported.

Anti-corruption

DMA Anti-corruption

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 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".

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

G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified

During the year under review, as part of the effort in developing an even stronger culture of compliance, a 'Tone from the Top' approach through the issuance of a joint statement by the Group CEO and Board Risk Committee Chair to the employees of the Group on zero tolerance for compliance violations was issued.

See also the [Governance](#) section of the FY2016 Annual Report, pp 16-20.

G4.SO4 Communication and training on anti-corruption policies and procedures

Managers are responsible for ensuring that their teams are aware of the [Code of Conduct](#). This is reinforced by HR, Risk, Internal Audit and Compliance. See also the Governance section of the FY2016 Annual Report, pp 16-20. (Olamgroup.com/investor-relations/)

G4.SO5 Confirmed incidents of corruption and actions taken

As above. Also see section 2.3 of the [Code of Conduct](#).

Public Policy

G4.SO6 Total value of political contributions by country and recipient/beneficiary

See section 2.3 of the [Code of Conduct](#) for our approach.

Anti-competitive behavior

G4.SO7 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes

See section 2.3 of the [Code of Conduct](#) for our approach.

Compliance

G4.S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

Olam had no significant compliance fines for trading in 2016 (e.g. for exceeding position limits).

Supplier Assessment for Impacts on Society

G4.S08 Percentage of new suppliers that were screened using criteria for impacts on society

Given the scale of our supply base, made up primarily of smallholders, it has not been commercially practical to break out data for 2016 specifically on new suppliers. Instead we focus on all suppliers for priority products (see above), signing up to the [Supplier Code](#). By the end of 2016, 58% of priority products (cocoa, cashew, coffee, cotton, hazelnut, palm and rubber) were procured under the Supplier Code.

Under the [Olam Livelihood Charter](#), 203,696 smallholders were trained on good labour practices in 2016.

G4.S09* Significant actual and potential negative impacts on society in the supply chain and actions taken

As stated above, with a supply base of 4.33 million farmers it is not feasible to subject each one to a full Environmental Impact Assessment. We therefore rely on supplier contracts (especially with large-scale farmers), the [Olam Livelihood Charter](#) and the [Supplier Code](#).

Given the issues in the palm oil supply chain, we also have a [Sustainable Palm Oil Policy](#) which suppliers must observe. Our suppliers must also implement full compliance to the [Supplier Code](#), to RSPO, or to a Code that is equivalent to the OSC and approved by Olam.

Following the report from Mighty Earth we looked into complaints against suppliers in our third party palm oil supply chain. Our investigation and [results](#) can be viewed on the [Olamgroup.com](#) website.

G4.S010 Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms

See G4.S09 above.

PRODUCT RESPONSIBILITY (Olam material area: Food Safety and Quality)

DMA Product Responsibility

Ensuring our ingredients and products are delivered to customers without contamination or adulteration is the bedrock of our quality and compliance programmes.

Integrated supply chains enhance food safety

The safety and quality of our products are non-negotiable for our business. We operate highly integrated supply chains working with smallholders to provide training, seeds and other inputs. This is coupled with the highest standards of quality and microbiological control at our processing plants in origin, and in destination markets, reducing food safety risks. This structure also means we can more easily accommodate changes in regulation, such as the Foreign Supplier Verification Programme, which requires importers of food products into the USA to undertake verification programmes to ensure preventative controls for supply chains outside the country. This is part of the Food Safety Modernization Act, which was implemented in the USA in 2016.

Ensuring product integrity through traceability

Traceability is of increasing importance to our customers who want to know about the products they are buying: where they are from, who grew them, and under what conditions. Many of our products such as cocoa, chilli, coffee and black pepper are sourced from a vast, fragmented network of hundreds of thousands of smallholder farmers in remote parts of the developing world.

Tracing products back to individual farmers is challenging – often the quantities they produce are too small to be marked and processed as a separate batch in a factory and there are middlemen involved in buying and selling.

Through the [Olam Livelihood Charter](#), we strengthen traceability by buying directly from the farmer groups. By helping them to improve their agricultural practices, we also help them to improve product integrity and quality. This includes using natural methods of pest control and organic fertiliser coupled with judicious pesticide use. Under the Olam Livelihood Charter, almost 95,000 small-scale farmers were trained specifically on Integrated Pest Management (IPM). This focuses on 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.

In 2016, 1.34 million metric tonnes of product under the OLC were traceable.

Applying internationally recognised processing standards across the world

A large part of our processing footprint is in emerging markets, which do not necessarily have the same regulatory frameworks for Quality, Environment, Health and Safety as developed nations – for example, a lack of Occupational, Safety and Health norms, or a regulatory authority with strict standards. Perception of risk and legal compliance can sometimes be relatively low as consequences may be limited due to weak enforcement.

Olam therefore instils international standards and behaviours across our global operations. By the end of 2016, Cocoa, Coffee, Dairy, Rice, SVI and Sugar businesses had achieved 100% BRC/FSSC 22000 certification. This means that 82% of relevant top tier food processing facilities are now BRC/FSSC 22000 certified.

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 Environment, Health and Safety managers and customers.

Following international standards

In processing, we employ the systematic preventative approach called Hazard Analysis Critical Control Point (HACCP). It addresses physical, chemical and biological hazards across the operation as a means of prevention rather than relying on finished product inspection. Some of the hazards we manage include the adulteration of raw materials, processing contamination by foreign bodies or pathogens and labelling errors. This approach enables us to determine key controls over processes and concentrate resources on activities that are critical to ensuring safe food.

Additional information:

- See also our [Quality and Food Safety policy](#)
- [Food Safety and Quality](#), Strategy section, FY2016 Annual Report pp 60 – 63 (Olamgroup.com/investor-relations/)

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
GOAL 6. Safe and reliable foods for our customers			
6.1. Food processing facilities meet international quality and food safety standards	100% of relevant processing facilities to be FSSC 22000 or BRC certified.	82% of relevant top tier food processing facilities are FSSC 22000 or BRC certified.	On target

G4.PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

We do not break the percentage for commercial reasons but a substantial part of our business is continuously assessed for health impacts. These include: cocoa, coffee, edible nuts, dairy, packaged foods, spices and dehydrated vegetables, grains, rice, sesame, edible oils and sugar.

G4.PR2* Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes

Not identified globally.

G4.PR3 Type of product and service information required by the organisation's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements

Olam undertakes clear labelling for consumers on our packaged foods in Africa.

G4.PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes

Not identified globally.

G4. PR5 Results of surveys measuring customer satisfaction

Surveys conducted according to business need.

G4.PR6 Sale of banned or disputed products

Not applicable.

G4.PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes

Not identified globally.

G4.PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

Not applicable.

G4.PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

Not identified globally.

Appendix 1

G4.2; G4.20; Olam's Sustainability Goals

Livelihoods (See also [Annual Report](#) on page 42)

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	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	Bring 1 million hectares under the OLC with an estimated 500,000 farmers.	302,552 farmers over 671,784 ha (Due to a change in business strategy, we are no longer sourcing directly from 66,000 OLC cotton farmers in Zambia).	On target
1.2. Suppliers comply with the Olam Supplier Code	100% of priority products covered by the Supplier Code: cashew, cocoa, coffee, cotton, hazelnut, palm and rubber.	All priority products are working with suppliers to implement the Supplier Code. 58% of priority product volumes procured by origins in FY16 are covered by the Olam Supplier Code.	On target
1.3. Women are economically empowered within our supply chain	Support 100,000 women to access economic opportunities, including female farmers, processors, distributors, and workers supported or employed by Olam.	55,192 women farmers under the OLC. Côte d'Ivoire cotton: 688 "farmers' wives" – vegetable projects and business training Côte d'Ivoire cocoa: 800 "farmers' wives" – fortified cassava projects and business training. Around 11,600 women employed in the cashew supply chain in emerging markets. Data collection process being reviewed regarding other women empowered, e.g. distributors.	On target
1.4. Elimination of child labour	No breaches in compliance reported or observed in audits.	1 breach of Olam child labour standards on plantations was identified by Internal Audit. Corrective action has been taken to ensure legal age restrictions are observed, and that age-appropriate roles are assigned. At the time of writing the FLA had not issued its audit report for the 2016 hazelnut harvest. No breaches were identified by the FLA in the cocoa monitoring.	On target
1.5. People have improved livelihoods potential through enhanced skills, economic resources and infrastructure	750,000 beneficiaries, including an estimated 500,000 smallholders, plus other beneficiaries of capacity-building, cooperative support, school support, access to finance, producer goods, and economic infrastructure initiatives.	302,552 farmers have benefited from livelihood support through the OLC. Appropriate metrics for assessing beneficiaries of Olam's projects (including dependents of OLC farmers, and non-OLC livelihood projects) will be explored in 2017.	Behind target
GOAL 2. Good health and wellbeing (Material area: Livelihoods – some overlap with Labour)			
2.1. Ensuring provision of access to health, water and sanitation infrastructure, as a minimum, meets the Olam WASH Standard	100% of Olam's direct operations are compliant with the Olam WASH Standard.	Leading the development of guidance on employee WASH access in agricultural and forestry operations with WBCSD. WASH field study conducted in Olam's palm plantations, Gabon by Olam and WBCSD. Learnings to be implemented in FY17 and rolled out to all Olam plantations.	On target
2.2. People have improved health and wellbeing	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.	Reached 190,000 people in Africa.	On target

Labour (See also [Annual Report](#) on page 48)

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
GOAL 3. Zero-harm workplace (Material area: Labour)			
3.1. Eliminate serious incidents	Reduce LTIFR to 0.3 in Olam processing operations (50% reduction from 2015 actual).	LTIFR was further reduced to 0.43 in our 69 Tier 1 processing plants, a 30% year on year reduction.	On target
	Reduce LTIFR in Olam-managed plantations, concessions and farms by 50% from baseline determined in 2016.	Primary focus in 2016 has been in the expanding palm and rubber plantations in Gabon, with new professional resources, extensive training, several audits and corrective actions. This has significantly improved the focus on safety behaviours with positive benefits. It is too early to quantify the improvement in lagging indicators.	On target
3.2. Sustain health and safety behaviour change programme	All locations routinely report unsafe acts and unsafe conditions, and near misses.	Olam Imperative 3 Reporting, Recording, Review and Compliance Checklist has now been rolled out to all key locations, so leading and lagging safety indicators will be routinely reported from Q1 2017. Leading indicators include unsafe acts and near misses.	On target
GOAL 4. Respect for workers' rights (Material area: Labour)			
4.1. Olam complies with ILO principles	No moderate or severe breaches of compliance reported or observed in audits.	We identified 4 cases in processing operations where ILO principles were breached. These related to non-compliance on statutory dues, working hours, minimum wages, and overtime. One breach of Olam child labour standards on plantations was identified by Internal Audit. Corrective action has been taken to ensure legal age restrictions are observed, and that age-appropriate roles are assigned.	Behind target
4.2. Diversity strategies are implemented	100% of businesses with >100 employees to have a documented and reported diversity strategy.	Draft policy undergoing review.	Behind target

Food Security and Nutrition (See also [Annual Report](#) on page 56)

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
GOAL 5. Food security and nutrition (Material area: Food Security)			
5.1. Workers are educated on, and can access, nutritious foods	Conduct nutrition education or access initiatives for the workplace for 100% of target businesses, to be determined in the Standard.	Olam Workplace Nutrition Guidelines drafted and under final review. Olam Healthy Living programme implemented in 19 businesses across Africa. This initiative targets improved health and nutrition for workers and communities.	Behind target
5.2. Increased availability of micronutrient fortified foods	Produce 40 billion servings of micronutrient fortified foods.	Over 26 billion servings of fortified biscuits, flour and tomato paste (Africa).	On target

Food Safety and Quality (See also [Annual Report](#) on page 60)

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
GOAL 6. Safe and reliable foods for our customers			
6.1. Food processing facilities meet international quality and food safety standards	100% of relevant processing facilities to be FSSC 22000 or BRC certified.	82% of relevant top tier food processing facilities are FSSC 22000 or BRC certified.	On target

Land (See also [Annual Report](#) on page 68)

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
Goal 7: Sustainable development and use of land-based ecosystems (Material area: Land)			
7.1. Protection of ecosystems, high carbon stock forests, and high conservation value forests	100% of Olam-managed plantations, concessions and farms to have implemented their Land Management Plan.	Due Diligence, Environmental and Social Impact Assessments (ESIA) completed for all plantations currently in operation. A Global Forest Policy is in consultation Q1 2017. Full response to Mighty Earth regarding allegations of deforestation available on olamgroup.com .	On target
7.2. No community based conflict on Olam-managed plantations, concessions and farms	100% of Olam-managed plantations, concessions and farms to have implemented their FPIC process and their Social Action Plan.	Free Prior Informed Consent, Social Contracts and Grievance Procedure were established and achieved for all new Olam plantations in Gabon since 2011. Formal Grievance Procedures are in place for established coffee plantations in Tanzania, Zambia and Laos. A gap analysis will be conducted in 2017 to ensure suitable processes are in place to avoid, mitigate and manage any potential conflict across all upstream operations.	On target
7.3. Reduce indirect land impacts from third-party farmers and suppliers	100% of third-party supplier volume complies with the Supplier Code based on a prioritised product approach. Priority products: cashew, cocoa, coffee, cotton, hazelnut, palm, rubber.	All priority products are working with suppliers to implement the Supplier Code. 58% of priority product volumes procured by origins in FY16 are covered by the Olam Supplier Code.	On target

Water (See also [Annual Report](#) on page 74)

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
Goal 8: Sustainable use of water resources (Material area: Water)			
8.1. Increased water use efficiency in Olam's direct operations	New science-based water targets for 2020 to be developed in 2017.	Partnership developed to set science-based targets for Olam-managed plantations, concessions and farms.	On target
	10% reduction in process water intensity in Olam Tier 1 factories from 2013 baseline.	Partnership developed to set science-based targets.	On target
	Supplementary science-based targets to be developed on a water risk basis.	Improved water metering at 100% of factories. Baseline and target to be reviewed in light of improved data from metering and business restructuring.	
8.2. Increased water use efficiency in priority supply chains	100% of priority supply chains to have Water Resource Management plans.	On track for OLC volumes. OLC programme water risk mapping completed. Extend risk mapping to non-OLC in 2017.	Started
8.3. Improved water discharge quality from Olam's direct operations	100% compliance with wastewater discharge limits.	Water discharge limits in place for Olam Tier 1 factories. Monthly reporting on discharge for Tier 1 and coffee plantations. Olam's upstream Farming Community of Practice established to support the development of erosion, nutrient and integrated pollution management programmes.	On target
8.4. Long-term equitable water access and usage	100% of Olam's direct operations in high water risk areas to participate in a water stewardship programme.	Olam is first agri-business globally and first business in Africa to have a site achieve the Alliance for Water Stewardship Standard for its Aviv Coffee Plantation in Tanzania.	On target

Climate Change (See also [Annual Report](#) on page 80)

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
GOAL 5. Reduced greenhouse gas emissions (Material area: Climate change)			
5.1. Increased energy efficiency	During FY17, developing science-based targets for total Olam GHG emissions from which the 2020 metric will be determined.	Energy efficiency assessments conducted. Twelve Tier 1 processing and manufacturing plants with highest potential have been selected for implementing ISO 50 001 Energy Management System.	On target
5.2. Avoided GHG emissions	All Olam farms, plantations and Tier 1 factories to have implemented their 2020 GHG reduction plans (1) operational efficiency (2) Avoid High Carbon Stocks for land development (3) Climate-Smart Agricultural practices.	Olam Palm Gabon is carbon positive.	On target
5.3. Increased share of renewable energy	25% of energy derived from renewable and biomass sources at Olam's Tier 1 factories (from 2015 baseline – 15%).	Sugar, rice and coffee Top Tier processing and manufacturing sites ≥ 15% renewable and biomass energy sources.	On target
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	Implement the Olam 2020 Climate-Smart Agriculture (CSSA) Programme. Resilience impact to be launched in FY17 as part of WBCSD CSA programme.	Climate-Smart Agriculture measures incorporated into OLC principles of Environment, Social Investment and Improved Yield. CSA measures incorporated into Olam Plantations, Concessions and Farms Code.	On target

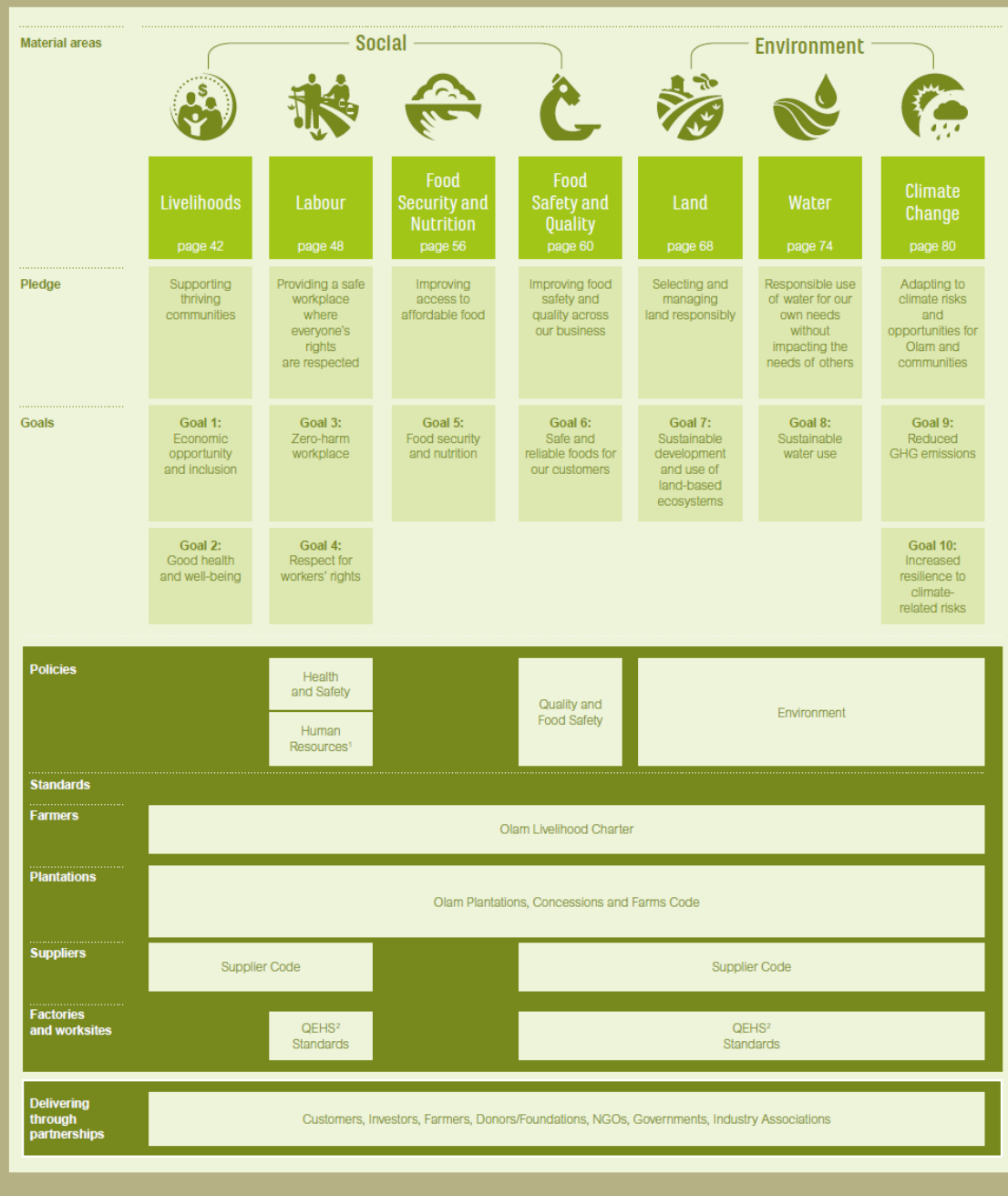
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Our material areas

The table below shows how our material areas and goals are embraced by a framework built on policies which then drive our standards, procedures and technical controls.

HOW ARE WE GROWING RESPONSIBLY?

Sustainability goals



¹ In progress.

² Quality, Environment, Health and Safety.

Note: the goals have been renumbered in 2016.