



Building a sustainable rubber business



ORG has recruited 1,250 employees, more than 30% are women.

Olam International is a global agri-business with its roots in Africa, buying crops such as cocoa, coffee, cotton and cashew from smallholders. Over the last 27 years, our operations have extended across 70 countries, where we established farms and plantations, as well as processing facilities.

We are committed to growing responsibly, ensuring that our profitable growth is ethical, puts environmental stewardship firmly into our decision-making process, and unlocks mutual value for communities. This has helped us to create many partnerships with organisations concerned with improving farmer livelihoods, such as customers,

Development Finance Institutions, NGOs, foundations and governments.

We are a relatively new entrant to the rubber sector, launching our rubber activities in 2007 when we invested in SIFCA, a West Africa based agri-business with plantations in Côte d'Ivoire, Ghana, Liberia and Nigeria. Today our rubber business

consists of third party trading, a Joint Venture plantation in Gabon and a 'crumb' rubber processing facility (SAIC) in Côte d'Ivoire. The SAIC team sources the raw material from rubber plantations owned by about 2,000 smallholder farmers and members of several cooperatives.

Committed to growing and sourcing sustainable rubber

Unlike the palm sector, the rubber industry and some other agri-commodities do not have a certification scheme, so in addition to applying our own internal standards, we have been supporting the natural rubber industry in the development of an international sustainability standard. In January 2015, the International Rubber Study Group (IRSG) launched the Sustainable

Natural Rubber Initiative (SNR-i), which is a self-assessment standard covering 5 main criteria:

- Support improvement of productivity
- Enhance natural rubber quality
- Support forest sustainability
- Support water management
- Respect Human & Labour Rights

In February 2016, we assessed our operations against the proposed SNR-i standards and completed the self-declaration. In addition, Olam presented a comprehensive sustainability framework that covers upstream operations and engagement with farmers in the downstream supply chain to SNR-i stakeholders in mid 2016.

Developing sustainable rubber plantations in Gabon

Gabon urgently needs to develop an economy less dependent on fossil fuels, as well as providing much needed private sector employment. One of its strategic economic pillars is to generate income through forestry, ecotourism and agriculture.

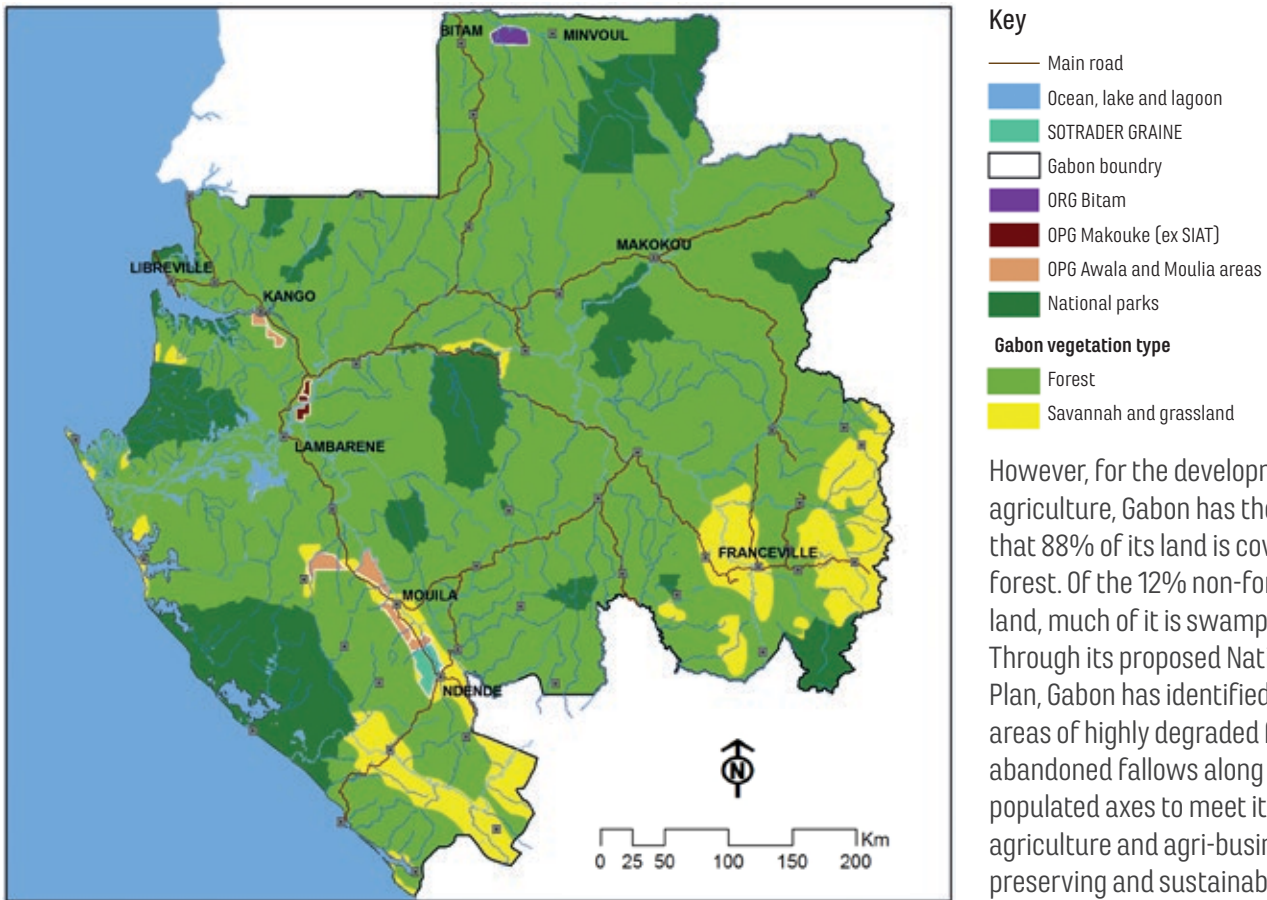


Figure 1: ORG concession (purple polygon), presented with other concessions operated by Olam in Gabon. As of January 2018, there are no other large plantation businesses operating in Gabon and forest cover is almost continuous over the national territory.

Key

- Main road
- Blue Ocean, lake and lagoon
- Light Green SOTRADER GRAINE
- Black Gabon boundary
- Purple ORG Bitam
- Red OPG Makouke (ex SIAT)
- Orange OPG Awala and Moulia areas
- Dark Green National parks

Gabon vegetation type

- Light Green Forest
- Yellow Savannah and grassland

However, for the development of agriculture, Gabon has the challenge that 88% of its land is covered by forest. Of the 12% non-forested land, much of it is swamp or infertile. Through its proposed National Land Use Plan, Gabon has identified sufficient areas of highly degraded forests and abandoned fallows along the main populated axes to meet its needs for agriculture and agri-business, while preserving and sustainably managing all of its high conservation value and high carbon stock, intact, and old-growth forests. Our total planted area of palm and rubber represents less than 0.25% of Gabon's land area, and yet we are the biggest private sector employer in the country.

We began to develop our rubber plantations in Gabon in 2012 under a Joint Venture (JV) partnership with the Republic of Gabon (Olam Rubber Gabon) with whom we also have JVs for palm and smallholder cooperative plantations.

To date, Olam Rubber Gabon (ORG) has fully planted 11,000 hectares (ha) of the planned development in a single concession near Bitam (North Gabon), while conserving over 65% of natural ecosystems and freely negotiated village use areas (approximately 25,000 ha) within our concession boundaries.

Facts and Figures about Olam Rubber Gabon (ORG)*

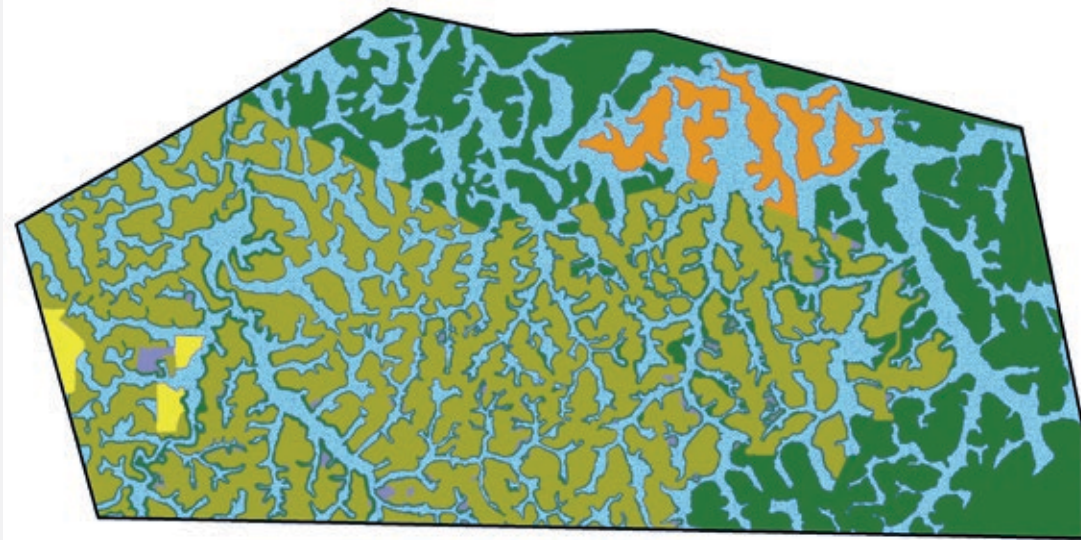
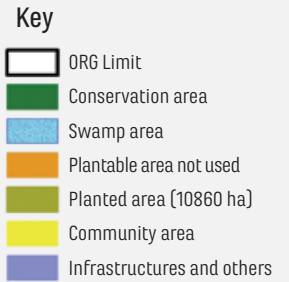
- Public Private Partnership (PPP) with Republic of Gabon (RoG) of 60% Olam and 40% RoG
- The plantations were established in logged and secondary forests in Gabon's most-populated rural province, a national centre of agri-development
- 11,000 ha fully planted by 2017 with improved varieties of high yielding, disease resistant natural rubber trees
- Around 25,000 ha already being conserved, more than double the final planted area
- ORG has recruited 1,200 employees, more than 95 % is local and one fifth of our workforce is female
- By 2019, when tapping commences, we expect to employ 90% national Gabonese
- 100% of the 24 surrounding villages have been included in freely negotiated Social Contracts, established through a Free Prior and Informed Consent Procedure (FPIC)
- An expected yield of 2.1 mt/Ha
- US \$220-240 million expected total investment by Olam Rubber Gabon for 11,000 ha planted area.

* As of January 2018

Forest conservation and spatial planning

Olam Rubber Gabon Concession

Figure 2: ORG planting and conservation area locations



The entire ORG concession lies within an area of abandoned agricultural fallows and mixed secondary forests, in a hilly landscape dissected by broad, flat swamps and rivers. We conducted an Environmental and Social Impact Assessment in 2011 which went through a full public consultation prior to any land preparation.

The biodiversity surveys commissioned by Olam to aid spatial planning included 77km of forest inventory transects, ground-truthing of LiDAR data (see box to the right) by qualified botanists and conservation experts, as well as 128km of fauna surveys to identify any potentially important animal populations and habitats. These surveys confirmed the dominance of rattan thickets (a sprawling, spiny palm) and secondary forests, while bushmeat hunting has depleted animal populations to very low levels. However, there are also some better quality habitats on slopes, and some patches of denser forests.

As a result of these surveys, we were able to identify 11,000 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 of village use areas (318 ha) and 9,500 ha of swamp forests and wetlands). The ratio of protected

ecosystems is even higher than in our Olam Palm Gabon concessions, being approximately 67% of the concession area compared to 41.2% for palm plantations. A strict no-hunting policy has been put in place to ensure that these forests gradually recover from historical overhunting.

Environmental mapping: Olam's technical approach

Olam uses plane-based laser imaging technology known as LiDAR for large-scale, high resolution mapping of our concessions prior to any spatial planning of plantations, conservation areas and buffer zones.

LiDAR allows us to map both 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 'ground-truthed' (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.

We use 1m² resolution maps derived from LiDAR to protect the hydrological network with a system of buffer zones and permanently protected set-asides that include ecologically valuable or High Conservation Value forests, and High Carbon Stock forests.



Figure 3: Various analyses achieved from LiDAR data in land planning

Helping villages to thrive

The Woleu Ntem province where ORG operates is the most densely populated rural area of Gabon. Historically, it was known as the farming heartland of Gabon, with an active cocoa and rubber plantations sector. However during the oil boom of the 60s and 70s, organised agriculture declined and the province reverted largely to slash-and-burn patterns of subsistence agriculture. As a result, in 2012 when Olam commenced activities, there was very high unemployment and abandonment of villages by young people.

The villages now situated along the roads were originally spread throughout the landscape, including around 20 within the ORG concession itself. Since the 1940s, all of these have been relocated to main roads as a government policy of 'regroupement'. The abandoned village lands of the interior reverted to rattan thickets or secondary forests, forming today's mosaic landscape with species typically associated with secondary growths. While only very elderly people remember the days before 'regroupement', hunters and collectors of traditional forest products do still visit their traditional lands. Villagers thus retain a strong sense of ownership for the land which it is essential to respect.

During 2012, ORG officially announced its commitment to reverse this rural population decline and integrate local communities in making decisions about the establishment of its industrial plantation.

In order to build trust with local villages we based our decisions on a Free, Prior and Informed Consent (FPIC) procedure, resulting in a documented Social Contract with villages neighbouring the concession. The basis of FPIC is that villagers can say 'no' to developments on their lands, even where they hold no legal land title (as is universally true in rural Gabon).

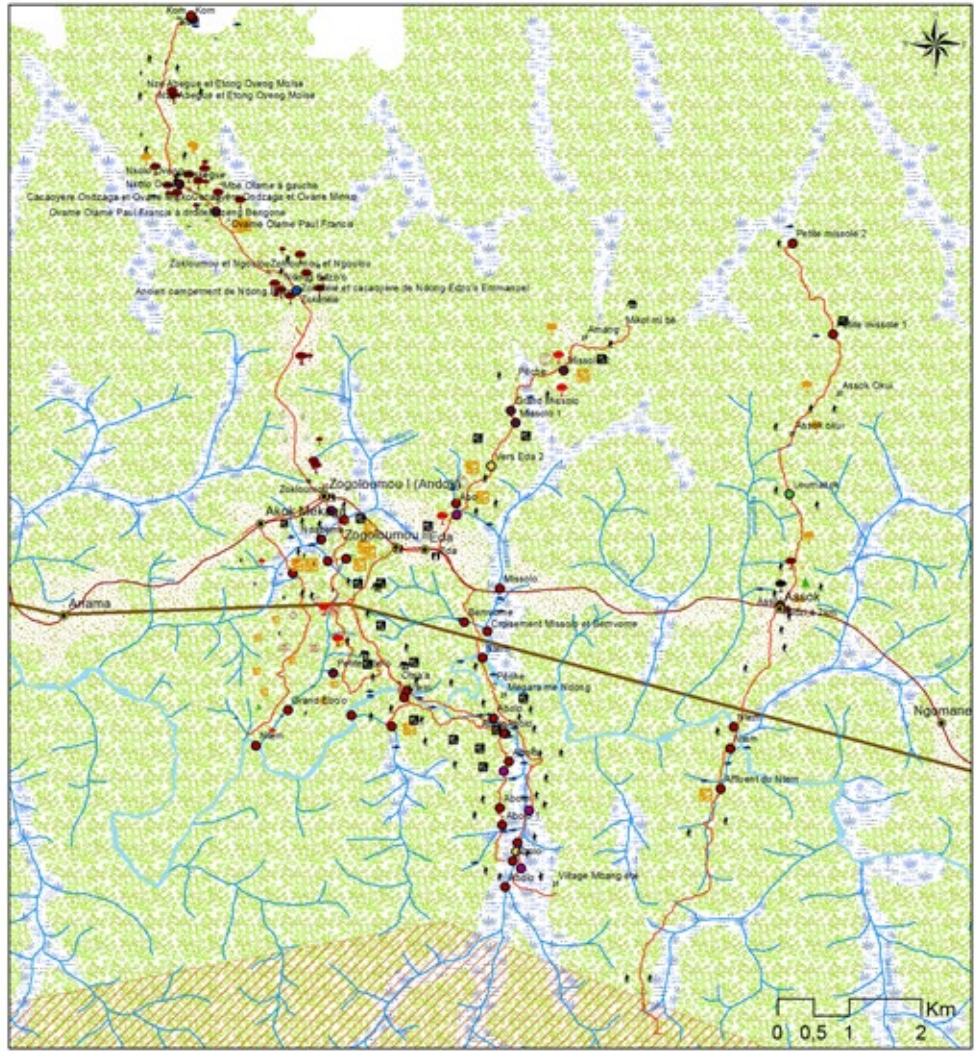


Figure 4: Example of participative mapping of villages in the periphery of the ORG concession

Legend

● Village	▲ Arbres fruitiers	— Limite	— Route
■ Ancienne cacaoyère	● Cacaoyère	■ Maison du chef	— Piste villageoise
● Exploitation artisanale de bois	▲ Permis Olam	● Marécage	■ Limite ORG
■ Jachère	● Plantation	▲ Montagne	■ Hydrographie
● Plantes médicinales	— Zone de pêche	● Point d'eau	■ Zone plantation
● Zone de chasse	■ Zone de ramassage	● Rivière	■ Forêt dense
■ Zone de cueillette	● Ancien campement	● Stade	■ Forêt inondée
■ Zone de grande chasse	● Campement	● Village	■ Forêt secondaire
● Ancienne plantation d'hévéa	● Carrefour		
	● Fleuve		

The fundamental condition for the implementation of FPIC is respect for the 3 pillars of responsible management of natural resources, namely: economic adequacy, social equity and ecological compatibility.

To achieve this consent, the process is carried out in several phases:

- Information campaign for all the stakeholders about the project requirements

- Participatory mapping of village lands by representatives appointed by the community, validated by the whole village in a public meeting
- Participatory development of the negotiating rules and establishment of management and consultation bodies (for ORG, a tripartite steering committee bringing together representatives of local populations, the local authorities, and Olam, plus a monitoring committee in each village)

- Presentation of the ESIA results and likely impacts and benefits of the project on a village by village basis
- Negotiation phase to define areas where the project can, and cannot proceed; and commitments by the company for specified community development projects and rules of engagement

- Signature of the Social Contract, witnessed by villages and authorities

Social fund creation and management

Outside of the Social Contract, ORG also set up a Social Fund, managed by a similar tripartite committee, to

support community development projects generated by the community on an ongoing basis. As of early 2017, this fund contains over US\$100,000 in seed funding and will be supplemented over time from various sources, including donors other than Olam.

Voices from the Community



"I thank God and I bless Olam for this ineffable gift, the construction of a large clinic in our village. I can now go in peace as I'm sure that, thanks to Olam, my family will have better health facilities. My dear children, please do not abandon us."

Mme Ateме, from Assok village



"We're very happy with the pump that Olam has donated. Such a relief! Before this, we had to walk miles to get water. Now we have this precious liquid at hand. We're very happy. We thank Olam for its support."

Mme Nkene Marinette, from AkokMekaga village



"Olam has brought work to the Woleu-Ntem province and, thanks to Olam, several people are now able to support their families. Through my small business, Olam has made it possible for me to create jobs and help my fellow countrymen."

M. Ango Gauthier, plantation contractor for ORG



"In terms of the social component, I can confirm that people are pleased with the implementation of the first part of the social contract, particularly the setting up of the social fund and the investments Olam has made in the villages. It's

true that not everything is perfect, and as you know the more you give the more people want, which is why the villages are continuing to ask for things. It's true that not everything has been done but we think it's only a matter of time, as Olam will be here for many years. Olam has made a lot of progress with the social component, but much still remains to be done, so we congratulate Olam for this initial phase and look forward to the start of the second phase."

M. Boniface Fougues Prefect of Ntem Department



"We salute Olam's commitment and determination. Ever since the company arrived, it has consistently made significant contributions to help the young people of Woleu-Ntem, by creating hundreds of jobs and building a lot of infrastructure in the villages, such as football pitches. We'd like Olam to go even further in its commitment to the young people of our region."

M. MbaMefe Justin, from Ngomane village

Our journey towards producing verified, sustainable Olam Rubber

Olam International is committed to sustainable supply chains by 2020, and compliance with relevant international industry standards. Where our commodities are covered by a recognised certification scheme such as RSPO for Palm Oil or FSC® for wood products, we will work towards achieving certified products. Where such a recognised standard does not exist, we work with academic institutions, industry experts and NGOs to develop and implement our own.

The Olam Plantations, Concessions and Farms (PCF) Code defines the process and standards for managing the environmental and social requirements of acquisitions of new and existing upstream developments across the entire project life-cycle. The Code includes key social and environmental issues, consistent with IFC Performance Standards and other credible international standards. The Olam PCF

Code was developed in 2013-14, after the ORG project was well underway, but the operations today follow the process and standards set in the Code, and we have instituted regular third party audits against the Code to measure our progress and improve our performance. Our compliance with the legally binding ESIA and Environmental and Social Action Plan, including the Social Contracts, is also the subject of

regular inspections by the RoG's relevant authorities, including the Department of Environment, the Ministry of Agriculture, Labour Inspectorate to name but a few.

Olam therefore already feels confident that we can supply our customers with a fully traceable, verified sustainable product, and will aim to achieve certification when a suitable standard emerges for the rubber industry.



Monitoring of fertiliser application in nursery.

Our rubber trading operations

Our third party trading business began in 2011, procuring rubber from Indonesia and Malaysia for customers around the world. Today, we have offices in Indonesia, Malaysia and West Africa and a direct sales presence in the markets of China, India, Europe and Singapore. We import and export natural rubber in blocks, sheets and latex form. In 2017, we physically sourced 350,000 metric tonnes.

The Olam Supplier Code

We pursue long-term relationships with suppliers based on responsible business practices and trust. In 2013, we began the roll-out of the Olam Supplier Code (OSC) to the priority products in key origins. 100% of our third party suppliers have already signed the OSC. 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, suppliers must:

- 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



A tool for traceability – Olam Farmer Information System

The Olam Farmer Information System (OFIS) is a technical solution for collecting, analysing and using farmgate level data which will enable the Rubber team to reach out to more than 2,000 farmers in the supply chain in Côte d'Ivoire. As of February 2017, more than 300 farmers are already on the system. Via a mobile application, field agents collect key information from the rubber growers, such as size of the plantation, details

about production, information on Good Agricultural Practices and crop diversification.

Other GPS-mapped information, such as social infrastructure, is also gathered. By understanding what is available in the way of water access, healthcare centres and schools, we can pinpoint potential issues which might hinder the ability of the growers or highlight potential risks – so the

lack of local school can suggest a higher risk of child labour.

These detailed insights will guide the team to propose adapted solutions to optimise farmers' yields and socio-economic standards. It will also improve their knowledge about best practices in rubber plantations to mitigate potential concerns: a powerful support tool for an integrated development.

For more information:

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