Pioneering Sustainable Supply Chains
The Olam Sustainability Standard

Living the Livelihood Charter
Making a difference in grower communities worldwide

Palm Spotlight
Leading responsible upstream development in Africa

Growing Responsibly
Doing business in a sustainable way to create long-term value for all
Our Vision

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 ensure the creation of long-term value for all.

2012 Highlights

230% increase
in number of small-scale farmers now part of the Olam Livelihood Charter across 17 initiatives in 9 countries

94,000 hectares
allocated to a Public Private Partnership with the Government of the Republic of Congo under the REDD+ scheme to cut deforestation by realising value from standing forest

637 global outreach workers
delivering a package of services to small-scale farmers such as distribution of crop pre-finance, seedlings and training. A staffing investment in excess of US$8.5 million

77.4% of workers
employed in our cashew processing units are female

1st year
Olam has completed the CR&S Report using the Global Reporting Initiative framework

62,257 tonnes
audited and certified cocoa and coffee volume

94,000 hectares
allocated to a Public Private Partnership with the Government of the Republic of Congo under the REDD+ scheme to cut deforestation by realising value from standing forest

185,000 people
reached in our HIV/AIDS effort as part of our continuing commitment to support our local communities

US$63.8 million
lent to Olam Livelihood Charter farmers at 0% interest
Growing Responsibly

Olam believes that doing business in a sustainable way and delivering long-term value for shareholders are complementary. Of course this is only fully realisable once we have achieved our target to pioneer seed to shelf sustainable supply chains across all our businesses. We call it the **Olam Sustainability Standard** and we are working through each step of our value chain to identify and implement measures and processes to deliver sustainable products across all our geographies by 2020.

**Guiding Principles**

*We continue to be guided by our sustainability principles:*

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

*We need to manage the key challenges today to build a sustainable business for tomorrow.*
How does Olam’s corporate strategy take sustainability into account?

We recognise that our Governing Objective ‘to maximise long-term intrinsic value for our continuing shareholders’ is only achievable if we operate a sustainable business in the fullest sense. At Olam, we believe that profitable growth needs to be combined with a way of doing business, from the top to the bottom of the organisation. At its heart, it involves creating value on an ethical, socially responsible and environmentally sustainable basis - we have called this ‘Growing Responsibly’.

What is your vision for sustainability within Olam?

Our vision is to pioneer an end-to-end sustainable supply chain, that we refer to internally as the Olam Sustainability Standard, by 2020. Such a vision makes straightforward business sense – it provides differentiation; there is increasing customer and investor demand for providing sustainable supply chain solutions; staff and potential employees are motivated and inspired to work for a business that grows responsibly.

In order to deliver this vision, I have challenged our team not to simply meet current best practice, but to try and pioneer ‘next practice’. This means striving to future-proof our resources, infrastructure, products and systems whilst delivering environmental stewardship, economic prosperity and social welfare in the communities in which we operate.

What are the broader trends and challenges in the agricultural sector that impact your strategy?

I believe there are four key developmental changes facing us this century: energy security, food security, water security and the impact of climate change. While policy makers and experts view these separately, addressing them in a siloed manner, at Olam we believe they are mutually-related problems with interlocking causes which need to be addressed holistically.

Each of these four areas impact Olam’s business directly. 40-50% of the cost of production in agriculture is energy related. 71% of the world’s fresh water supply is used for agricultural purposes and climate change is causing increased and prolonged episodes of floods, droughts and fire across the globe.

The growing supply-demand gap for food is exacerbated by a growing population; increasing per capita food consumption with rising income; dietary shift from cereal/carbohydrate based to protein/fat based; growing use of food and feed raw materials in biofuel production; declining arable land and agricultural productivity growth rate; impact of urbanisation; logistics, storage and infrastructure deficits.

In order to address this growing imbalance, we need to focus on investing in research to improve productivity in both smallholder and large-scale farming systems, reduce food waste through investment in agri-infrastructure, improve water usage efficiency, reduce land degradation through minimum till farming practices and shift road freight to rail and barge.
Our approach is also to address these macro trends through collaboration – we recognise that no one single entity can navigate these issues without working hand-in-hand with an extended web of committed and like-minded partners. These partners range from national governments, customers, donors, NGOs and private sector organisations to a multitude of small-scale farmers with their 1-3 hectare land holdings.

In our opinion sustaining a strong business for the 21st century can be better achieved through our model of Unlocking Mutual Value.

What are the key internal sustainability highlights and challenges this year?

Over the last 12 months I believe we have made significant progress in building the foundation of the Olam Sustainability Standard but recognise there is still much for us to do.

We have expanded on our traditional strengths of building relationships with small-scale farmers, as demonstrated by The Olam Livelihood Charter. Now in its third year, we increased farmer numbers by 230% and pre-financed farmers to the value of US$63.8 million.

We have added capabilities in the new parts of our value chain, especially in the upstream company farms and plantations where we have embedded third party Environmental and Social Impact Assessments into land development projects. We completed a second New Planting Procedure in Gabon under the Roundtable on Sustainable Palm Oil (RSPO) framework.

We now have 637 extension officers in the field providing sustainability training in 12 countries. Educating and aligning our global team of over 18,000 people across 65 countries is a substantial effort. We would like to have made more headway in terms of formalising this process. Every manager needs to know what is expected of him or her, not only in their commercial deliverables, but in their role as CR&S stewards too. We are running training programmes and workshops to align our employees to our Growing Responsibly strategy and value their active contribution. We have also introduced a “Sustainability in Action Award” for 2012 within our annual company awards to make our sustainability initiatives more visible and give a further push to their efforts in this regard.

How will you advance sustainability in Olam over the next 3-5 years?

In last year’s CR&S report we laid out a set of sustainability aspirations for the first time, with a 2020 targeted timeline which we are on track to deliver. We have added some additional indicators including the goal to endorse the UN Global Compact and the CEO Water Mandate. This year we have provided more detail about our targets on pages 4-5 of this report. We will continue to review and revise our level of ambition as we learn more on our Growing Responsibly journey.

Sunny Verghese
Group Managing Director and CEO

THE OLAM LIVELIHOOD CHARTER DEFINES OUR RELATIONSHIPS WITH SMALL-SCALE FARMERS

Adopting the GRI Framework

“Earlier this year, the CR&S Board Committee recommended that the management team look into reporting using the Global Reporting Initiative (GRI) framework. I am delighted our recommendation has been implemented in time for this 2012 report. One of the world’s most prevalent standards for sustainability reporting, GRI promotes transparency and good governance. I am pleased that Olam is working hard to take responsibility for its impacts, taking on the daunting task of measuring its carbon, water and bio-waste footprint across 65 geographies and managing for the second year to complete the Carbon Disclosure Project’s questionnaire. No meaningful management or reduction in emissions can be achieved without first understanding the data. I look forward to seeing the CR&S team build on this platform over the coming 12 months and feel confident that they will deliver the necessary steps over the next eight years to verify the Olam Sustainability Standard by 2020.”

Jean-Paul Pinard
Non-Executive Director and Chairman of the Board CR&S Committee
<table>
<thead>
<tr>
<th>Area</th>
<th>Baseline 2011</th>
<th>2012 Actual</th>
<th>2015</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olam Livelihood Charter: Farmer number</td>
<td>65,000</td>
<td>212,377</td>
<td>600,000 Reviewed and increased target</td>
<td></td>
</tr>
<tr>
<td>Tree crop seedlings provided</td>
<td>441,000</td>
<td>906,375</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>Farmers linked to Olam supply chains</td>
<td>1,500,000</td>
<td>3,500,000</td>
<td>4,000,000 Reviewed and increased target</td>
<td></td>
</tr>
<tr>
<td>Product Traceability</td>
<td>40%</td>
<td>45%</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Environmental Footprinting</td>
<td>6 locations</td>
<td>6 locations and 3 supply chains studied</td>
<td>All locations Published: proprietary data 50:50</td>
<td></td>
</tr>
<tr>
<td>Emissions Reduction per/MT</td>
<td>Data collection</td>
<td>Data collection</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>New Indicator</td>
<td>Data collection</td>
<td>Signatory of the UN CEO Water Mandate 10% reduction per tonne in water within processing</td>
<td></td>
</tr>
<tr>
<td>Responsible Sourcing</td>
<td>Research</td>
<td>Drafting the Supplier Code</td>
<td>60% direct suppliers linked to Olam through the Supplier Code</td>
<td></td>
</tr>
<tr>
<td>Global Reporting Initiative</td>
<td>Preparation</td>
<td>GRI G3 Application Level C</td>
<td>GRI G4 and sector supplement</td>
<td></td>
</tr>
<tr>
<td>External Disclosures</td>
<td>New Indicator</td>
<td>Pilot disclosure Carbon Disclosure Project (CDP)</td>
<td>Endorse UN Global Compact CDP disclosure Leadership Index Disclose to Forest Footprint Programme</td>
<td></td>
</tr>
<tr>
<td>Labour Conditions</td>
<td>New Indicator</td>
<td>Consultation with Fair Labour Association (FLA)</td>
<td>FLA Affiliate Member</td>
<td></td>
</tr>
<tr>
<td>Growing Responsibly Internal Communications</td>
<td>New Indicator</td>
<td>Executive Committee and Management Committee level</td>
<td>100% awareness across all employees, contractors and suppliers</td>
<td></td>
</tr>
<tr>
<td>QEHS Improvement</td>
<td>New Indicator</td>
<td>Audit of Tier 1 facilities</td>
<td>100% compliance to Olam QEHS global framework standards for Tier 1 locations. Remainder to developing level</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>How</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>----------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>800,000</td>
<td>New farmer initiatives in line with the 8 Principles of the Olam Livelihood Charter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Partnerships developed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,000,000</td>
<td>Cocoa, coffee &amp; cashew seedlings available through the development of existing and new nurseries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Farmers connected to the Olam sourcing network directly</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Farmers connected through suppliers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>Increase in Olam Livelihood Charter initiatives and volumes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increase in Olam’s upstream production volumes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% proprietary data</td>
<td>Establish standardised methodologies in line with internationally recognised practices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Establish baselines: Phase 1 – higher materiality. Phase 2 – lower materiality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10%</td>
<td>Evidenced through Environmental Footprinting and Carbon Disclosure Project reporting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Product and country level objectives and improvement plans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Communities of best practice (knowledge sharing)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10% reduction per tonne in irrigation</td>
<td>Design and implement water management framework in line with international standards and CERES Aqua Gauge</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consider integrated reporting</td>
<td>Supplier code linking – Tier 1 &amp; 2: Olam Farmers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tier 3: Olam Contracted Suppliers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tier 4: Other Suppliers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aligning to customer requirements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance Leadership Index</td>
<td>Build capacities within the business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Complete footprinting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Implement data management tools</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FLA recommendations being rolled out</td>
<td>Consultation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Developing codes and policies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Audits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Embedded in daily activities</td>
<td>Internal communications campaign (video, toolkit, workshops)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Champions identified and briefed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supplier Code and Olam Sustainability Standard implemented</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All locations fully compliant and all Tier 1 globally accredited</td>
<td>QEHS workshops in all locations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maturity gap analysis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Individual site improvement plans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internal audit &amp; benchmarking</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Continual improvement programmes including training and culture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olam Sustainability Standard verified</td>
<td>800,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100% proprietary data</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10% reduction per tonne in irrigation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consider integrated reporting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Performance Leadership Index</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FLA recommendations being rolled out</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Embedded in daily activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>All locations fully compliant and all Tier 1 globally accredited</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Olam Sustainability Standard verified</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Olam Overview

Olam International is a leading global supply chain manager of agricultural products and food ingredients, sourcing 20 products with a direct presence in 65 countries and supplying them to over 12,300 customers. Our global team of over 18,000 employees has built a leadership position in many businesses – including cocoa, coffee, cashew, sesame, rice and cotton.

Headquartered in Singapore and listed on the SGX-ST in 2005, we have achieved a consistent track record of profitable growth and expansion throughout our 23-year history. Olam’s heritage lies in the origination of agricultural products from farm gate and the traditional supply chain segment, sourcing products for our global customers.

However we have spent the last three years extending our value chain. We now operate in the upstream sector in farming, plantations and forestry concessions, in the midstream sector through over 100 processing facilities and finally in the downstream retail segment where we market packaged foods in African markets. We can now describe our business as a fully integrated seed to shelf operation.

Our worldwide experience pioneering innovative solutions contributes to our ability to achieve sustainable growth through responsible practices.
Performance Overview

**VOLUME**

- FY 2011: 8.5m tonnes
- FY 2012: 10.7m tonnes
- Increase: +26.3%

**NPAT**

- FY 2011: $444.6m
- FY 2012: $403.8m
- Decrease: (9.2%)%

**SHAREHOLDERS BY REGION**

- North America: 60.5%
- Other Europe: 4.9%
- Other Asia: 1.9%
- Others: 8.7%
- Singapore: 12.0%
- Malaysia: 7.1%
- Japan: 5.7%
- United Kingdom: 5.4%
- Other Europe: 4.9%
- Europe: 1.8%
- Oceania: 1.8%

**SALES REVENUE**

- FY 2011: $15.8b
- FY 2012: $17.1b
- Increase: +8.2%

**ROE**

- FY 2011: 14.2%
- FY 2012: 21.3%
- Improvement: +7.1%

**EMPLOYEES BY REGION**

- North America: 37.7%
- South America: 40.6%
- Asia: 8.8%
- Africa: 5.7%
- Europe: 4.9%
- Oceania: 1.8%
- Other Asia: 1.8%
- Others: 1.8%
Rio+20: The outcome for food and sustainable agriculture

In June 2012, representatives of the nations of the world gathered for the Rio+20 United Nations Conference on Sustainable Development – an attempt to reach a better understanding of global sustainability challenges and how we will work together to address them. There was general consensus from observers of these ongoing multi-lateral events that progress will only come when individual nations work with the private sector and other partners in collaboration. Olam believes this is Unlocking Mutual Value.

On the Rio agenda, nations discussed:

- **Sustainable agriculture**: fighting drought, deforestation and desertification; sensible land management; conserving biodiversity; responsible use of biotechnology and preventing pollution
- **Increasing needs, shrinking resources**: crises affecting food supplies, volatility of commodity markets; energy and water; health security; national resilience against disaster; and the impacts of climate change
- **Sustainable livelihoods**: population changes and migration; strengthening the roles of women and indigenous peoples in sustainable development; globalisation; and the effects of the financial crisis

Martin Roberts
Director, Cambridge Programme for Sustainable Leadership

“Over the last two years Olam has been at the heart of the Natural Capital Leadership Platform, a cross-sector business led initiative committed to understanding and addressing the degradation of vital services that nature provides. Olam has already taken significant steps to minimise its impact on the environment but by signing the Natural Capital Leadership Compact, Olam has committed to work with other global companies to properly value and maintain the Earth’s natural capital on which we all depend.”
Achievements of Rio+20

The future for sustainable agriculture made a significant appearance on the Rio+20 agenda and its outcomes.

- **Reaffirmation** of the original commitments of the 1992 Earth Summit, reasserting their relevance for governments, the private sector and citizens

- Recognition of **uneven progress** made in implementing sustainable development since 1992 and the need to accelerate action across economic, social and environmental dimensions

- UN Secretary-General Ban Ki-moon’s **Zero Hunger Challenge** – a vision that stresses the key role of sustainable agriculture in fighting hunger, that urges food systems to become sustainable and seeks greater opportunities for smallholder farmers – and women in particular – to double their productivity and income

- **Agreement to address food security** through collective action, technology and innovation, and support for smallholder farmers

- Emergence of the **business sector** in promoting the sustainability agenda further and delivering on its goals beyond the ability of governments to act

- Advancement of a global approach to **protecting biodiversity**, natural capital, key resources such as water and an integrated understanding of the role of agriculture in achieving these aims

- International agreement to develop a new and universal set of **Sustainable Development Goals** to align with the existing Millennium Development Goals (MDGs) which expire in 2015, integrating the environment and development and addressing the root causes of the sustainability challenges

Olam participated in Rio by signing the **Natural Capital Leadership Compact** as drawn up by the Cambridge Programme for Sustainable Leadership. This is a collective call for action to properly value and maintain the Earth’s Natural Capital such as water and carbon.

Sustainable Development Goals

We have long been supporters of the UN’s MDGs, a set of global development targets adopted in 2000 for achievement by 2015, and have aligned our initiatives across the company accordingly.

One of the most important outcomes of the Rio+20 conference was an international agreement to develop a new and universal set of Sustainable Development Goals (SDGs) to replace the MDGs after they expire in 2015. Thematic topics to drive the post-2015 development agenda are being crafted, with a target to launch the new goals at the UN General Assembly’s meeting in 2013.

<table>
<thead>
<tr>
<th>SDGs emerging themes</th>
<th>Our position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Combating poverty</strong></td>
<td>Our livelihood initiatives aim to improve productivity and income at the small-scale farmer level and our investments across the supply chain increasingly offer employment opportunities in the rural areas</td>
</tr>
<tr>
<td><strong>Changing consumption patterns</strong></td>
<td>We work to supply increasing quantities of products that meet strict sustainability criteria, fulfilling the demands of mainstream consumers for sustainable products</td>
</tr>
<tr>
<td><strong>Promoting sustainable human settlement development</strong></td>
<td>Through our community-based approach to involving small-scale farmers across several supply chains, we directly contribute to building thriving communities</td>
</tr>
<tr>
<td><strong>Biodiversity and forests</strong></td>
<td>Through our management of land, we follow the recognised practice of High Conservation Value management. In 2012 we launched a REDD+ pilot</td>
</tr>
<tr>
<td><strong>Water resources</strong></td>
<td>Water is one of our key raw materials and we employ good agricultural practices to optimise its use. We work to understand the ‘real value’ of water and factor this into our decision making</td>
</tr>
<tr>
<td><strong>Advancing food security</strong></td>
<td>Through our rice farming projects and our wheat milling operations in Africa, we seek to assist national governments in self-sufficiency of staple foods</td>
</tr>
<tr>
<td><strong>Energy, including from renewable sources</strong></td>
<td>We continue to work to reduce our energy consumption and increase the proportion generated from our own biomass in addition to switching to lower carbon sources e.g. natural gas in our processing operations</td>
</tr>
</tbody>
</table>
## Global Presence

### Population by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>North America</th>
<th>Central &amp; South America</th>
<th>Asia &amp; Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (billion)</td>
<td>0.46</td>
<td>0.47</td>
<td>4.09</td>
</tr>
</tbody>
</table>

### GDP by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>North America</th>
<th>Central &amp; South America</th>
<th>Asia &amp; Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (billion)</td>
<td>$17,985</td>
<td>$4,440</td>
<td>$21,341</td>
</tr>
</tbody>
</table>

### Olam Countries

- North America: Canada, Mexico, United States of America
- Central & South America: Argentina, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Panama, Paraguay, Peru, Uruguay
- Asia & Middle East: Cambodia, China, Egypt, India, Indonesia, Japan, Laos, Malaysia, Singapore, Thailand, United Arab Emirates, Vietnam

### Olam Products

- Almonds, cashews, cocoa, coffee, cotton, dairy, dehydrated vegetables, grains, peanuts, rice, sesame, spices, tomatoes, wood
- Cocoa, coffee, cotton, dairy, dehydrated vegetables, peanuts, rice, sesame, sugar, wood
- Cashews, cocoa, coffee, cotton, dairy, dehydrated vegetables, fertiliser, grains, palm, peanuts, rice, rubber, sesame, spices, sugar, tomatoes, wood, wool

### Employees

<table>
<thead>
<tr>
<th>Region</th>
<th>North America</th>
<th>Central &amp; South America</th>
<th>Asia &amp; Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>1,579 M 951 F 628</td>
<td>1,021 M 623 F 398</td>
<td>7,327 M 3,824 F 3,503</td>
</tr>
</tbody>
</table>

### Farmer Suppliers

<table>
<thead>
<tr>
<th>Region</th>
<th>North America</th>
<th>Central &amp; South America</th>
<th>Asia &amp; Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier</td>
<td>705</td>
<td>6.7 thousand</td>
<td>99.1 thousand</td>
</tr>
<tr>
<td>Area under Production (Ha)</td>
<td>18.4 thousand</td>
<td>1.42 million</td>
<td>177.5 thousand</td>
</tr>
</tbody>
</table>

### Farmers Trained by Olam Outreach Officers

<table>
<thead>
<tr>
<th>Region</th>
<th>North America</th>
<th>Central &amp; South America</th>
<th>Asia &amp; Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trained</td>
<td>Not applicable</td>
<td>340</td>
<td>31,472</td>
</tr>
</tbody>
</table>

### Number of 3rd Party Agents

<table>
<thead>
<tr>
<th>Region</th>
<th>North America</th>
<th>Central &amp; South America</th>
<th>Asia &amp; Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agents</td>
<td>Not applicable</td>
<td>672</td>
<td>18,958</td>
</tr>
</tbody>
</table>

### Tier 1 Processing Facilities

<table>
<thead>
<tr>
<th>Region</th>
<th>North America</th>
<th>Central &amp; South America</th>
<th>Asia &amp; Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities</td>
<td>12</td>
<td>3</td>
<td>13</td>
</tr>
</tbody>
</table>

---

3. Excludes cotton gins and primary processing
<table>
<thead>
<tr>
<th>Region</th>
<th>Population (billion)</th>
<th>GDP (billion)</th>
<th>Olam Countries</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>0.46</td>
<td>$17,985</td>
<td>• Canada • Mexico • United States of America</td>
<td>Almonds, cocoa, coffee, cotton, dairy, grains, wood</td>
</tr>
<tr>
<td>Central &amp; South America</td>
<td>0.47</td>
<td>$4,440</td>
<td>• Argentina • Brazil • Colombia • Costa Rica • Ecuador • Guatemala • Honduras • Panama • Paraguay • Peru • Uruguay • Argentina • Brazil • Colombia • Costa Rica • Ecuador • Guatemala • Honduras • Panama • Paraguay • Peru • Uruguay</td>
<td>Cashews, cocoa, coffee, cotton, dairy, grains, hazelnuts, peanuts, sesame, sugar, tomatoes, wood</td>
</tr>
<tr>
<td>Asia &amp; Middle East</td>
<td>4.09</td>
<td>$21,341</td>
<td>• China • Egypt • India • Indonesia • Japan • Laos • Malaysia • Singapore • Thailand • United Arab Emirates • Cambodia • China • Egypt • India • Indonesia • Japan • Laos • Malaysia • Singapore • Thailand • United Arab Emirates • Cambodia</td>
<td>Cocoa, coffee, cotton, dairy, dehydrated vegetables, peanuts, rice, rubber, sesame, sugar, tomatoes, wood</td>
</tr>
<tr>
<td>Africa</td>
<td>0.95</td>
<td>$1,575</td>
<td>• Algeria • Burkina Faso • Burundi • Cameroon • Côte d’Ivoire • Ethiopia • Gabon • Gambia • Ghana • Guinea • Guinea Bissau • Liberia • Madagascar • Mauritius • Mozambique • Nigeria • Republic of Congo • Senegal • Tanzania • Togo • Uganda • South Africa • Sudan • Zambia • Zimbabwe</td>
<td>Cashews, cocoa, coffee, cotton, dairy, fertiliser, grains, packaged foods, palm, peanuts, rice, rubber, sesame, sugar, tomatoes, wood</td>
</tr>
<tr>
<td>Europe</td>
<td>0.84</td>
<td>$21,886</td>
<td>• France • Italy • Kazakhstan • Netherlands • Poland • Russia • Spain • Switzerland • Turkey • Ukraine • United Kingdom</td>
<td>Almonds, cocoa, cotton, dairy, grains, wool</td>
</tr>
<tr>
<td>Oceania</td>
<td>0.04</td>
<td>$1,392</td>
<td>• Australia • New Zealand • Papua New Guinea</td>
<td>21 products</td>
</tr>
<tr>
<td>Total</td>
<td>6.85</td>
<td>$68,619</td>
<td>65 countries</td>
<td>21 products</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees</th>
<th>1,579 M 951 F 628</th>
<th>1,021 M 623 F 398</th>
<th>7,327 M 3,824 F 3,503</th>
<th>6,809 M 5,095 F 1,714</th>
</tr>
</thead>
<tbody>
<tr>
<td>Films</td>
<td>979 M 697 F 282</td>
<td>329 M 227 F 102</td>
<td>18,044 M 11,417 F 6,627</td>
<td></td>
</tr>
<tr>
<td>Marketing Offices</td>
<td>16.2 thousand</td>
<td>3.56 million</td>
<td>168,573</td>
<td></td>
</tr>
<tr>
<td>Tier 1 Processing</td>
<td>12 3 13</td>
<td>19</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>
Olam Sustainability Standard

Olam is committed to growing responsibly. It’s how we do business. In practical terms this means that value creation for our long-term shareholders should be achieved with respect for the people, environment and the social contexts in which we operate. This is our interpretation of sustainable business. Without responsible stewardship, the earth’s finite natural resources such as water and soil, forests and indigenous communities will not thrive.

Today our business stretches from upstream operations, to span sourcing, processing, storage and logistics all the way to the retail shelf. When it comes to ensuring the sustainability of our supply chains, we adopt the same pioneering spirit that is characteristic of Olam’s approach in general. Not content with adopting best practice, we set ourselves the goal of establishing ‘next practice’ to set new international standards that keep us at the leading edge of our industry. We have called the organising framework for this ambition the Olam Sustainability Standard.

The Olam Sustainability Standard is our goal to pioneer end-to-end sustainable supply chains for 16 product platforms in 65 countries by 2020. This is a challenging target but one that informs the daily choices we make as an organisation. In practice we work with more than 200,000 small-scale farmers covered through the Olam Livelihood Charter.

We hope to move as many of our 3.5 million farmers as possible to the Livelihood Charter Principles. In addition, our capabilities in upstream company farms and plantations where we have embedded third party Environmental and Social Impact Assessments into land development projects and our work developing responsible sourcing through supplier codes demonstrate the impact of this work.

The true test of our effectiveness in moving closer to our goals lies in transparency, collaboration and measurement. We have started to set meaningful targets that will help us to keep track of our progress and communicate to our stakeholders.
Small-scale Farmers – Improving farmer wellbeing through the Olam Livelihood Charter

Large-scale Farmers – Water, carbon and biodiversity management through Good Agricultural Practices

Sustainable stewardship of land and communities through carrying out Environmental & Social Impact Assessments

Championing sustainability in the workplace through behavioural change

Improved efficiencies and reduced emissions through intelligent systems

Using our purchasing to achieve better outcomes through implementing Supplier Codes

Environment, people and food safety through recognised processes and policies

Chris Brett
Head of Corporate Responsibility and Sustainability, Olam

“Delivering for all our stakeholders is not sustainable without defined sustainability practices”
Olam Sustainability Standard

Farmer Suppliers

We have continued to expand the number of farmers within our supply chain, building direct relationships with both small-scale and large-scale farmers. We continue to bring our farmer networks within the eight Principles of the Olam Livelihood Charter and have direct contracting mechanisms in place with large-scale farmers.

Small-scale Farmers

Olam works with 3.5 million small-scale farmers across the globe. We have 110 initiatives to help address many of the issues faced by these smallholders such as poverty and lack of education, food security and basic social amenities.

Our primary goals in relation to these vital suppliers to the global food chain are:

- Improving farmers’ income and economic prosperity
- Transferring agricultural and business skills to farmers through close partnership with public, private and NGO sectors
- Developing thriving communities through improvement in local infrastructure, rural health services and education
- Providing practical solutions to today’s pressing issues relating to food security, water constraints, improving productivity and deficit in available arable land

Olam Livelihood Charter Initiatives 2012

| Initiatives | 17 (+183%) |
| Total Farmers | 212,377 (+230%) |
| Total Hectares | 369,740 (+236%) |
| Total Volume | 156,587 MT |

The Olam Livelihood Charter

Launched in 2011, the Olam Livelihood Charter (OLC) improves the rural livelihoods of small-holder farmers across the world. We apply as many of the eight Principles as possible to each and every one of our farmers. Only after an initiative meets all eight of the Principles can it be classed as an OLC initiative. This year there were 17 of these flagship programmes. We aspire to include 800,000 farmers under our OLC initiatives by 2020.

Owing to the declining yields and quality of agricultural products from rural communities, we recognised that real investment was required in these farming communities to ensure their livelihoods, motivation and prosperity, thereby building sustainable supply chains. The programme is managed and evaluated by 637 Olam officers, based at a local community level, living and working with the farmers. The staffing investment amounted to US$8.5 million this year and we funded US$2.2 million in social development.

The economic livelihood data can be read on pages 26-27 of this report.

Eight Principles of the Olam Livelihood Charter

- **Finance**
  Pre-finance of crop purchase and capital advances for production

- **Improved Yield**
  Investment in farmer training and support by the supply of inputs

- **Market Access**
  Commitment to a fair and competitive price

- **Quality**
  Encouragement of good quality by enhancing value to farmers and customers

- **Traceability**
  Tracking of products to source

- **Labour Practices**
  Education on child labour, gender, safety and financial issues

- **Environmental Impact**
  Tackling environmental impacts at farm level

- **Social Investment**
  Support of rural health, education and infrastructure

Sesame, Nigeria
Peanuts in Argentina

Our goal is to increase yields and quality at scale whilst reducing negative impacts and inputs. We have achieved a planted area of 24,000 hectares over 195 separate farms made up of 31 farmer contractors.

Over the years we have managed to increase the percentage of our hectarage under the minimum tillage farming practices where the land is not ploughed before planting, considerably reducing the amount of machinery passes on the land.

<table>
<thead>
<tr>
<th>Minimum Tillage Operations</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Seeding (Ha)</td>
<td>4,928</td>
<td>9,800</td>
<td>14,300</td>
</tr>
<tr>
<td>Total (Ha)</td>
<td>11,350</td>
<td>18,000</td>
<td>24,000</td>
</tr>
<tr>
<td>Direct Seeding</td>
<td>43%</td>
<td>54%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Energy Reduction: Seeding carried out without land preparation lowers the diesel consumption in the season by 13-15 litres per hectare and the consequent carbon emissions. Cumulatively we have reduced the total fuel consumption by 442,000 litres per year, saving 1,409 MT of carbon emissions.

Soil Preservation: There are prevalent north winds in Argentina in August, up to 80kms/hour. Land which has been worked upon prior to planting during this time is highly susceptible to this wind erosion which can be avoided by direct seeding. In addition less disturbance of the soil increases the level of organic matter, leading to improved soil health.

Soil Inoculation

We also look to inoculate the soil to avoid the negative impact of residual nitrogen after a crop period. By inoculating the seed we are increasing the capability of the plant to fix more available atmospheric nitrogen into the soil, thereby making it available for the crop in its usable form. We have consistently maintained the percentage of area under this system at around 50% of our total planted area.

Crop Rotation

Proper crop rotation is fundamental to any sustainable farming practice. We do not work with any farm that has planted peanuts in the immediately preceding three years, ensuring that we contribute towards more sustainable agronomic practices.

Large-scale Farmers

We work with large-scale farmers to embed sustainable agricultural practices, especially in the areas of water, carbon and energy. The clear goal is to increase yields so as to maximise agriculture land utilisation. These yield increases need to be achieved without increasing the use of fertiliser and water. Targeted drip irrigation facilities are deployed to ensure ‘more crop per drop’.

Dirk Jan de With
VP Procurement Ingredients & Sustainability, Unilever

“I have been impressed with the entrepreneurial drive of the Olam Executives I have met, their expertise in agriculture and their capability to connect to large networks of smallholder farmers. Our relationship has huge potential in achieving the growth and sustainable living objectives of both companies.”
Olam's Approach to Land Management

As we move increasingly into activities upstream that include farming and plantations, we take great care when acquiring the rights to operate on the land through lease/tenure arrangements with national governments. As a matter of course, it is very unusual for Olam to have land ownership. Our land management can be broken down as follows:

- Allocated concessions specific to forestry operations
- Government joint ventures
- Land leased – different timeframes
- Land through acquisition
- Concession areas allocated for specific crop production by small-holders

Olam looks for brownfield sites (land previously developed for farming or plantations) for our upstream developments where possible due to the lower environmental and social impact.

Land Development

Our approach to land development is based on the following steps:

1. The CR&S due diligence template is completed for all areas of land development
2. A national Environmental & Social Impact Assessment (ESIA) is carried out to ensure legal compliance and to identify initial environmental and social risks
3. Following the review of the national study, a full ESIA is carried out to the International Finance Corporation (IFC) Standards. Our assessments include the full High Conservation Value (HCV) and Free Prior & Informed Consent (FPIC) management practices. The ESIA aims to establish a project’s social and environmental baseline and proposes mitigation measures through management and monitoring plans for the duration of the project.

The output is an Environmental & Social Management Plan (ESMP) which outlines all associated risks, defines responsibilities and details resources and reporting indicators for auditing. Water assessments and carbon mapping are increasingly being incorporated into this ESIA process.

Follow-up compliance audits are conducted as a matter of course.

<table>
<thead>
<tr>
<th>Palm</th>
<th>Rubber</th>
<th>Coffee</th>
<th>Rice</th>
<th>Timber</th>
<th>Almonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gabon (Mouila) ESIA*</td>
<td>Gabon ESIA for 28,000 Ha</td>
<td>Tanzania – ESIA &amp;</td>
<td>Nigeria – ESIA completed,</td>
<td>Republic of Congo 1.3m Ha</td>
<td>Australia &amp; USA 15,100 Ha</td>
</tr>
<tr>
<td>validated by national</td>
<td>waiting for final</td>
<td>hydrological study</td>
<td>including hydrological study</td>
<td>under FSC™</td>
<td>under production</td>
</tr>
<tr>
<td>government for 35,354</td>
<td>approval</td>
<td>in process 2,000 Ha</td>
<td>covering 10,000 Ha. Total</td>
<td></td>
<td>40,500 Km drip irrigation</td>
</tr>
<tr>
<td>Ha (of which approx</td>
<td></td>
<td></td>
<td>plantable area to be</td>
<td></td>
<td>installed – a significant</td>
</tr>
<tr>
<td>20,000 Ha is plantable</td>
<td></td>
<td></td>
<td>finalised</td>
<td></td>
<td>reduction in water</td>
</tr>
<tr>
<td>Gabon (Awala) 1,370</td>
<td>Gabon FPIC process and</td>
<td>Laos – 1,600 Ha</td>
<td>600 Ha planted in the</td>
<td></td>
<td>application recorded</td>
</tr>
<tr>
<td>Ha planted (total site</td>
<td>HCV study being</td>
<td>planted. Environmental</td>
<td>current season. Further</td>
<td></td>
<td></td>
</tr>
<tr>
<td>is 20,030 site of which</td>
<td>undertaken Ethiopia – ESIA</td>
<td>&amp; community social</td>
<td>land area to be planted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7,300 Ha is plantable</td>
<td>&amp; hydrological study in</td>
<td>assessments continue to</td>
<td>next season</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-going social</td>
<td>process</td>
<td>be carried out</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>engagement with</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>communities, quarterly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>visits to the plantation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Environmental and Social Impact Assessment
*New Planting Procedure
Olam has committed itself to sustainability requirements and is making significant progress towards ensuring that the company’s upstream developments meet sustainability and international best practice requirements. With support from Proforest, Olam has demonstrated this by developing sustainability policies and standards and is striving to implement these on the ground. The company has made significant efforts to carry out robust evaluations of potential environmental and social impacts, including high conservation value assessments, for its oil palm, rubber and coffee plantation developments, although would acknowledge the challenges that still remain in ensuring the practical implementation of sustainability requirements on the ground.

Standards and Certification
Olam operates to recognised international standards where applicable in our upstream segment, having continued to be successfully audited against Forest Stewardship Council (FSC™) requirements and completed the Roundtable on Sustainable Palm Oil (RSPO) New Planting Procedure in 2012. Where no standards are recognised, Olam works with third parties to develop a benchmark standard in a sector, such as the recent standard we have completed for rubber. We have set up a specific section on Olam’s website for public disclosure of documents – a principal component of RSPO and many other standards, demonstrating our commitment to transparency.

Social Audits
Olam has developed a full social audit process for all plantations in response to some community issues raised in our coffee plantation in Laos this year. A government survey of the land in question was conducted and we commenced our development based on the results of that official survey. It has subsequently transpired that this national survey was insufficient. We are addressing and resolving the issues with the local communities and expect a positive outcome for all parties.

Reducing Emissions through Deforestation and Degradation (REDD+)
In May 2012, Olam announced a new Public Private Partnership with the Government of the Republic of Congo that aims to create a viable commercial framework to generate carbon credits from standing forests. The Pikounda Nord concession is 94,000 hectares of dense natural tropical rainforest and is classified as rich in biodiversity.

The objective of this pilot initiative is to generate alternative revenues from sustainably managed forest landscapes by valuing the forest as a carbon sink and to originate carbon credits for the pre-compliance Voluntary Carbon market. This market is considered best practice and recognised by the global carbon community as able to generate marketable Carbon Credits. In the near future it is expected that these Credits will be accepted by the larger regulatory markets operating within the framework of the Kyoto protocol.

Abraham Baffoe
Associate Director, Proforest

“Olam has committed itself to sustainability requirements and is making significant progress towards ensuring that the company’s upstream developments meet sustainability and international best practice requirements. With support from Proforest, Olam has demonstrated this by developing sustainability policies and standards and is striving to implement these on the ground. The company has made significant efforts to carry out robust evaluations of potential environmental and social impacts, including high conservation value assessments, for its oil palm, rubber and coffee plantation developments, although would acknowledge the challenges that still remain in ensuring the practical implementation of sustainability requirements on the ground.”

Almond plantation, Australia
Olam relies on three main sources for its various products - our own plantations and farms, direct from the farmers or through third party suppliers. This segment in our report focuses on these suppliers. Since the beginning, our unique focus at origin has enabled us to build a sourcing network of suppliers at the community level. This has created a broad base of suppliers who have been empowered through our long-term support to develop their businesses through our consistent commercial relationship. We have assisted many of them through crop procurement finance and have also provided capital investment to enable them to develop their businesses through investment in transport and warehousing. Our year-round presence up-country in sourcing origins has also boosted a number of local entrepreneurs to provide subsidiary services, as well as products to our operations.

Throughout the year, Olam has continued to develop its procurement network as more suppliers join us and we expand our basket of products; for example this year hazelnuts has been added to our portfolio. We have continued to implement systems, and processes to deliver to our customers’ specifications from both our direct supply chain, as well as our supplier partnerships.

### Responsible Sourcing

One of the key trends that has emerged in the last few years has been scrutiny over product traceability and sustainability. Through the framework of the Olam Sustainability Standard, we have been working across our supply chains to ensure our products meet those growing demands. This work covers all the segments of the supply chain previously described – direct farmer procurement; our own plantations, concessions and farms; and third party suppliers.

Our main focus within the Sourcing and Trading step in our value chain to ensure sustainable practices is the introduction of a Supplier Code. We have been working with our products and suppliers, as well as external consultants, to develop a rigorous set of guidelines and contractual regulations that would deliver on both our own and our customers’ commitments.
The Code will enable us to give direct assurance to our customers on where and how the products have been produced. In order to effectively roll out our code across our supply chains, we have tiered our suppliers into the following categories:

**Tier 1**
Farmers both large-scale and small-scale that we consider to be our core long-term partners, including farmers in the Olam Livelihood Charter. This group is described in the Farmer Suppliers segment of the Olam Sustainability Standard.

**Tier 2**
Farmer groups that we directly support but who are not as yet within the Olam Livelihood Charter.

**Tier 3**
Intermediaries with whom we have a long-term relationship and financially support throughout the growing season.

**Tier 4**
Suppliers that source products which they supply to us through their own independent financial means.

The implementation of the code will, in the first phase, focus on our suppliers in Tiers 1 and 2.

**Our Approach to Responsible Sourcing**

There are three principal steps in our approach to responsible sourcing.

**The Supplier Code:** the list of requirements which suppliers sign. This will focus on operational practices, covering the following areas:

- Management systems
- Labour standards and working conditions
- Business ethics

**Guidance document:** operational guidelines to implement the Code, focusing on policies and processes.

**Checklist:** a structured set of checkpoints for self-inspection, second or third party verification and internal reporting to ensure compliance.

**Responsible Trading**

Olam’s primary focus is on the supply of physical products into the food and industrial raw material supply chains. This includes buying large volumes of product from third parties in the open market.

In order to conduct this commercial transaction in a risk-free way, we need to hedge those trades to protect ourselves from unpredictable market fluctuations.
During another year of significant growth and change, the clear and consistent commitment from Olam’s senior management to Quality, Environment and Health & Safety (QEHS) remains at the forefront.

Olam’s QEHS Framework consisting of Policies, Standards and Codes of Practice was developed and shared across the organisation in 2011. We recognise that our operations vary considerably, so in order to ensure we have a comprehensive understanding and effective implementation of the QEHS framework, our top priority in 2012 has been the development and launch of the QEHS improvement programme. This has involved presentations and workshops to country teams and through Manufacturing and Technical Services (MATS) managers in each region.

Workshops were held in India, Ghana, Nigeria, South Africa, Vietnam and China. The workshops were practical sessions – participants apply gap tools to determine the level of maturity in all areas of QEHS for each manufacturing facility in their country. Following this, a site ‘Improvement Roadmap’ is developed. The overall process is managed by the Global Leadership Team of the MATS function who formally report the progress to the Board CR&S Committee.

**Culture of Learning**

At the pilot QEHS workshop in Ghana we introduced the concept of ‘Communities of Practice’ (COPs). COPs are knowledge and experience sharing-platforms for discussing challenges, successes and support for each other in driving QEHS initiatives. Five COPs were created covering Health & Safety, Environment & Sustainability, Hazard Analysis & Critical Control Points (HACCP) and Good Manufacturing Practice (GMP). COPs will be rolled out across all geographies.

**Quality & Food Safety**

As Olam continues to expand its presence in midstream processing, food safety has become the key quality parameter for many of our business units. Building on our Quality and Food Safety Framework we have now increased to 20 (up from 15 last year) plants which are accredited to BRC (the global safety and quality certification programme widely used by suppliers and global retailers). All our plants in China, Turkey, UK, USA and Vietnam are accredited, and we now have a certified plant in Africa – Edible Nuts, Côte d’Ivoire. This represents 40% of our key food processing sites, and we plan to double that in the next two years.

**Environmental Performance Metrics**

During the last year we rolled out a reporting format for key operations performance metrics for our Top 50 manufacturing units. These metrics include four important environmental impact measures:

- Carbon
- Energy usage
- Water usage
- Waste produced

**Table 1: Environmental Sustainability Metrics – USA Processing Facilities**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>Actuals FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon</td>
<td>(MT CO₂)</td>
<td>196,909</td>
</tr>
<tr>
<td>Water</td>
<td>(m³)</td>
<td>3,467,198</td>
</tr>
<tr>
<td>Energy</td>
<td>(GJ)</td>
<td>444,870</td>
</tr>
<tr>
<td>Waste (disposed)</td>
<td>(MT)</td>
<td>2,992</td>
</tr>
<tr>
<td>Waste (Recycled)</td>
<td>(MT)</td>
<td>17,706 (86% of total waste)</td>
</tr>
</tbody>
</table>

**Stephen Driver**

Head of Manufacturing and Technical Services, Olam

“There is nothing we do that is so important that we cannot take the time to do it without risk of injury to people, harm to the environment, damage or loss to the process or to adversely affect the quality of what we make.”

We have already implemented the reporting format at all of our operations in the USA (see Table 1). In the coming year we will continue to conduct the baseline assessments for the remainder of our Top 50 manufacturing units to allow us to set meaningful targets for improvements and will monitor and report progress towards the targets.

Table 2 is an example from our Soluble Coffee plant in Vietnam where this work has already started – trend analysis indicates the plant is on track to achieve its 2013 targets.
Table 2: Environmental Sustainability Metrics – Soluble Coffee (Vietnam)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>FY2013 Target</th>
<th>Status</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>kWh</td>
<td>-20%</td>
<td>On track</td>
<td>Implementation of energy audit recommendations</td>
</tr>
<tr>
<td>Coal</td>
<td>MT</td>
<td>-7%</td>
<td>On track</td>
<td>Energy audit recommendations; increased use of bio-fuel</td>
</tr>
<tr>
<td>Diesel oil</td>
<td>m³</td>
<td>-20%</td>
<td>On track</td>
<td>Energy recovery from exhaust gases in new roaster</td>
</tr>
<tr>
<td>Energy</td>
<td>GJ</td>
<td>-10%</td>
<td>On track</td>
<td>Planning underway</td>
</tr>
<tr>
<td>CO₂ from energy</td>
<td>MT</td>
<td>-12%</td>
<td>On track</td>
<td>Planning underway</td>
</tr>
<tr>
<td>Water</td>
<td>m³</td>
<td>-7%</td>
<td>On track</td>
<td>Increasing reverse osmosis system efficiency</td>
</tr>
<tr>
<td>Waste</td>
<td>MT</td>
<td>TBC</td>
<td>–</td>
<td>Baseline data gathered. Target being evaluated</td>
</tr>
</tbody>
</table>

Note: These measures are aligned with the GRI Sustainability Reporting Guidelines G3.1

Alternative Steam Generation – Vietnam

Background
Soluble coffee manufacturing generates a significant amount of waste, for example 1 MT of finished product generates approximately 1.5 MT of waste, which is known as spent coffee grounds (SCG). The SCG has approximately 50% calorific value of coal and can be used as a supplemental fuel in the boiler.

Activity
We installed a system to collect, de-water and re-use the SCG in the boiler, thereby reducing the need to dispose of the waste. As SCG partly substitutes the coal in the boiler, this initiative also reduces CO₂ emissions.

Benefits
As we expand the soluble coffee capacity next year, this initiative is estimated to reduce 14,000 MT of waste and close to 16,000 MT of CO₂ emissions.

This initiative qualifies for claiming certified emission reductions (CER) popularly known as carbon credits under the United Nations Clean Development Mechanism (CDM). The formal process of validation, registration and verification is now complete and we should be on our way to sustainably claim the carbon credits for the next 10 years.
**Zero Waste Facility – USA**

**Background**
Tomatoes require a large amount of compost for a successful crop. Other Olam compostable wastes were being disposed instead of being utilised for an alternative purpose. High waste disposal costs.

**Activity**
Tomato waste, almond shells, rice straw and forage crop mixed into the appropriate carbon:nitrogen recipe to create compost. Waste water used on the forage crop field. Compost applied to the crop fields.

**Benefits**
Zero compostable waste to landfill, reduced waste disposal costs, reduced waste water disposal, reduced need for purchased compost and fertiliser.

---

**Rainwater Harvesting – India**

**Background**
The sugar factory requires a large volume of water. There is available roof space (1,500m²) on the existing water storage tank which can be used for water catchment to reduce the reliance on abstracted water supply.

**Activity**

**Phase 1** – Installed rain gutters at the roof edge to collect the rain water which then passes through the existing filtration system and into the water storage tank. Water is then used for cooling towers, boilers and other applications. All resulting waste water is then processed through the waste water plant.

**Phase 2** – Extend catchment to other available factory roof space (up to 12,000m²).

**Benefits**

**Phase 1** – Reduced water abstraction costs by 25% during the rainy season, payback less than 1 year. Increased water security for the factory.

**Phase 2** – Eliminates water abstraction demand and costs during the rainy season, and allows for further reduction outside of the rainy season. Payback less than 1 year, surplus water can also be supplied to nearby villages for sugar cane cultivation and increased water security for the factory production.
**Olam Sustainability Standard**

**Logistics**

We define logistics as all transport by sea and road, as well as product warehousing. We constantly review our operations to see how we can progressively reduce our footprint as we grow and develop our supply chains. Our move into midstream activities located in origins, gives us the direct opportunity to aggregate farmer products closer to source. This results in the significant reduction of energy required in the transportation of unprocessed goods. Over the year we commissioned two new cashew processing units in West Africa, removing the transport requirements of 60,000 MT of raw cashew nuts to Asia for processing. We have also commissioned the construction of a cocoa processing unit in Côte d’Ivoire which will enable the processing of 70,000 MT of cocoa beans in origin and the transportation of cocoa based products direct to market.

We optimise shipments for our grains, cotton, sugar, wood and rice businesses across the Pacific and Atlantic Ocean. This has delivered not only significant cost and efficiency benefits but also significant environmental benefits including reductions of greenhouse gas emissions.

**Offices**

The environmental impact in our offices remains insignificant in the company’s overall footprint, but we see our offices as an integral hub for inspiring behavioural change. We are championing our Growing Responsibly strategy through an internal communications campaign to help all teams implement the Olam Sustainability Standard in their daily activities.

A practical example is the move to eliminate plastic water bottles from our offices.

Shipping fuel prices have spiralled by 240% since 2000, opening up new thinking in Olam. We formulated a strategy to optimise the movements of cargo, combining smaller cargos into larger vessels and prioritising the use of more fuel efficient vessels which travel at optimum eco-speeds.

Combining two product shipments from Australia to Indonesia in one larger vessel operating at economical speed settings results in:

- Fuel reduction of 400 MT
- CO₂ reduction > 1,500 MT

**Challenge:** Marine growth on a ship’s hull can increase fuel consumption by up to 10%, often building up because ships are left in port for prolonged periods.

**Solution:** Olam use one vessel optimally and clean the hull consistently to ensure efficient performance.

**Challenge:** The introduction of invasive marine species by ships has been identified as one of the four greatest threats to the world’s oceans. Large ships sometimes take on ballast water in one region and discharge it at the next port. This discharged water contains a variety of biological materials, including plants, animals, viruses and bacteria.

**Solution:** We have invested in high-powered cleaning equipment using less water and cleaning chemicals.

For Olam to continue towards its ambition of reducing its environmental footprint we must continue to address logistics as a priority area.
Olam Focus Areas

Environmental Stewardship

Carbon

Climate change is recognised as the single most important global environmental issue and the contribution of our sector to both the causes and potential solutions of climate change is significant.

We have identified a range of material issues (e.g. land development and logistics), and material products (e.g. timber, tomatoes, sugar and rice) which are our carbon reduction priorities. Within our production processes we are also committed to reducing our energy consumption and lower carbon options.

The aim of the carbon footprint is to support the development of a mitigation and adaptation plan to reduce our carbon intensity in 2020 by 10%. We are also developing collaborative programmes to reduce the carbon intensity of our value chain partners.

In 2012 we publicly reported our carbon footprint to date and our approach to climate change risks and opportunities through the Carbon Disclosure Project.

Land

Olam manages significant areas of land and our growth strategy will result in an increase in our land portfolio.

We are taking a leading approach to the issue of land management. We first look for brownfield sites for upstream developments to lower the environmental and social impacts. Our comprehensive due diligence process ensures legal compliance and identifies environmental and social risks as per IFC Standards. The process is not only a start-up tool for new investments, but is also applied throughout the upstream investment cycle to monitor and evaluate our performance.

In addition to this, modern advances in farming mean we can now grow more on less land than was once possible. We aim to reduce, wherever feasible, our land use, as well as increase productivity. Land development impacts our carbon footprint, so we are working with academic institutions on carbon mapping of our land use.

Water

The majority of Olam’s upstream businesses are in areas where rainfall is abundant for crops. However, we also have upstream businesses requiring irrigation in areas of water scarcity and many of our midstream processing operations are significant water consumers.

Water security is therefore becoming an increasingly critical issue for the Olam
value chain in terms of our potential impact on water sources and the associated water security issues for other local water consumers.

We continue to establish a sustainable water management framework across all our products to understand and mitigate current and future water risks and opportunities.

We are members of the University of Cambridge Programme for Sustainability Leadership - Natural Capital Leaders Platform. In 2012, Olam collaborated on a case study to assess the current and future ecological and socio-economic impacts of water to establish its real ‘value’ in our Californian tomato operations. In the future, we aim to factor the real ‘value’ of water into our decision making to improve our resilience to water risks.

In 2013, Olam will become a signatory to the UN CEO Water Mandate, publicly stating our commitment to the need for a sustainable approach to water.

Our target for reducing our consumption of fresh water in processing is 10% by 2015 and for irrigation 10% by 2020.

Soil

Healthy soil is essential. We need it to grow crops, provide natural habitats for biodiversity and to protect water quality and supply.

Olam recognises that poor agricultural methods put the very fertility of the soil at risk and with it, the sustainability of both our business and those communities whose livelihoods depend on it.

We are continuously working with our farmers to ensure best practices for soil protection are implemented in our supply chains. Two examples by which we do this are by increasing the number of shade trees for crops which significantly reduces erosion, preserves water and increases wildlife conservation; and secondly by employing low tillage programmes.

These programmes reduce erosion and preserve water but have the additional benefit that the soil acts as a carbon sink rather than releasing stored carbon. Furthermore, by reducing the need for vehicle activity, fuel consumption and its associated carbon emissions are lowered.

Eric Servat
Senior Manager for cocoa at Rainforest Alliance

“Olam and conservation NGO Rainforest Alliance have been successfully strengthening their partnership in several countries, securing their leadership in sustainability as follows:

- Olam is the first company to have achieved Rainforest Alliance certification in Indonesia and in Nigeria
- Olam is the first company to have supported the Rainforest Alliance initiative on a Sustainable Yield Module in Côte d’Ivoire
- Olam is the first company to have invested in a Climate Friendly Cocoa project in Ghana

This collaboration reflects not only the recent huge change in production practices in major cocoa production countries but also in business practices in cocoa and chocolate companies. We are happy Olam significantly contributes to biodiversity conservation in those production landscapes and to increased income for smallholder farmers.”
We work with farmers to improve their farming and business skills. This training assists farmers to approach their farming operation as a business and recognise that they are entrepreneurs. This allows farmers to connect their understanding of investments on their farms to increasing their incomes, empowering them to manage their assets and resources and make informed decisions.

This commercial approach is also addressing another key challenge in the agribusiness sector. The younger generation of potential farmers are leaving rural communities in hope of gaining a livelihood in bigger towns. This human capital crisis is threatening the sustainability of the sector. Our activities, through the Olam Livelihood Charter (OLC) Principles are re-engaging the younger generation.

The ultimate goal is to create thriving rural communities. With this shift, the local communities will naturally generate a host of subsidiary small and medium enterprises to support the local commerce, forging greater independence for tackling the global issues affecting their livelihoods.

We have 110 initiatives around the world targeted to develop the livelihoods of small-scale farmers, 17 of which are the flagship programmes that have met all eight Principles in the OLC.
Olam provides interest-free loans to small-scale farmers whether it be an advance against crop purchase, cash for agricultural inputs such as fertiliser or a longer term loan for equipment such as tractors. Olam provides interest-free loans to small-scale farmers whether it be an advance against crop purchase, cash for agricultural inputs such as fertiliser or a longer term loan for equipment such as tractors.

**Integrated Cashew Model**

Olam’s strength lies in our relationships at the farm gate, increasing our access, intelligence, and ability to engage the needs of farmers and farming communities. Our new Integrated Cashew Model in Côte d’Ivoire, is a prime example of making the most of this access to actualise our economic sustainability goals, through directly linking farmers to our processing units. Through an integrated sustainable cashew growers initiative, we are organising farmer groups, training farmers, connecting farmers to financing institutions, providing market information, and linking cashew farmers from 226 villages directly to our new state-of-the-art mechanical processing facility in Bouaké, Côte d’Ivoire. This initiative is extending the reach of fair market prices by sourcing cashews from over 10,000 local farmers. Through its partnership with GIZ and the African Cashew Initiative, this farmer linkage initiative will extend to improve the livelihood of 30,000 farmers in the next two years. In addition, the cashew processing plant will contribute to direct employment generation for the local community and build the skills of 2,400 workers.

Through this initiative, by 2015, farmer incomes will increase by US$100 per year due to better quality and volume premiums. Due to its sheer breadth and depth, this initiative will not only significantly and sustainably improve the livelihoods of those 30,000 cashew producers and their families, but it will also unlock the value latent within surrounding rural communities.
Olam Focus Areas

Social Welfare

Health
Employees and Farmers
To invest in the health and wellbeing of our employees and the communities in which we operate, we follow local guidance as per national norms in provision of healthcare to our staff. Our processing units have a nurse on-site and an increasing number of Olam factories are providing health insurance to staff.

Delivering Services on Plantations and Concessions
In remote locations on our plantations, concessions and company farms, we believe we have a duty of care to our employees and their dependents to provide housing, health and educational services. For example we are building 10,000 houses in Gabon as part of this requirement. In our forestry concessions in the Republic of Congo we operate a hospital where on average one baby is born each day. We often work with NGO partners to help us in the delivery of these services.

HIV/AIDS
HIV/AIDS is a prevalent challenge, particularly in the rural areas of Africa. The global theme of this year’s World AIDS Day was ‘Getting to Zero’. This is the first year of a four year global campaign to get to zero new HIV infections, zero discrimination, and zero AIDS-related deaths.

In support of ‘Getting to Zero’, eight of our origins across Africa organised HIV/AIDS programmes. Six of the programmes have been developed as longer-term, comprehensive HIV interventions for employees, farmers and community members at large.

In total, our HIV/AIDS efforts this year touched over 185,000 people, many more than ever before. In order to achieve this reach, Olam contributed US$157,000 as part of our continuing commitment to support these local communities through a range of activities.

Comprehensive Health Care Initiatives in Tanzania
We entered into a Public Private Partnership with GIZ to deliver a long-term and comprehensive health support programme for our employees through the Tanzanian German Programme to Support Health. This partnership has helped to meet the complex health care needs associated with HIV/AIDS in our Mtwara cashew factory, which employs 2,500 people – 98% of whom are women. The partnership has been divided broadly into three sets of activities: healthcare through our factory dispensary, health education and health insurance for employees.

In partnership with USAID, we are also collaborating with Engender Health, a leading International Reproductive Health organisation, to promote national dialogue about gender roles, and increase gender equitable beliefs and behaviours.
Education
Advancing education is a key component of our social investment, as it is instrumental in lifting our farmers, their families and future generations out of poverty. Through collaboration with partner organisations, we improve access to appropriate and effective education and broad skills development, including business competencies. This not only enables farmers to improve crop yields and quality, but leads to building their capacity to develop self-sustaining communities.

Food Security
Most of the food insecure population lives in rural areas suffering from both the availability of food in sufficient quantities and on a consistent basis – Food Availability, as well as sufficient resources to obtain nutritious and appropriate foods – Food Access.

Food Availability: Recognising the growing demand for high quality rice in Africa, we began to transition rice farmers to improved varieties and practices, thereby producing an alternative to costly imported rice. We have also established a large-scale integrated and mechanised farming and rice-milling project in Nigeria. In addition, our new wheat mill plant in Ghana demonstrates our goal to reduce dependence on imports by focusing on local investments that will enable African countries to meet their food requirements.

Food Access: A major part of our business involves assisting small-scale farmers to increase the yield and quality of their crops which leads to increased income for farmers and their families, enabling them to have better access to the food they require.

Empowering Cocoa Households with Opportunities and Education Solutions (ECHOES) Alliance
Olam partners with the World Cocoa Foundation ECHOES programme delivering expanded opportunities for youth through livelihoods, literacy and basic education in an effort to empower cocoa growing communities. More than 13,000 youth have received agricultural training in 79 villages in Côte d’Ivoire and Ghana. The programme serves as a scalable model for education in farming communities in rural Africa.
People are the architects of Olam’s future. It is the commitment of the 18,000 full-time employees across the businesses that has enabled Olam to exceed its goals consistently over the past 23 years.

Olam’s global reach right across the value chain in both developed and developing countries creates job opportunities for a huge range of people from factory floor workers to chemists, trained technicians and plantation managers. This breadth of roles opens up jobs for both skilled and unskilled staff, men and women. Furthermore a raft of indirect businesses are supported by our presence in remote areas bringing wealth to the local population.

We have robust HR systems in place to ensure respect for the individual, strict codes of conduct, access to collective agreements, as well as preventing discrimination. Our shared values are lived out by our employees as part of their day to day routine.

Our staff can expect a safe and hygienic workplace, role development and training programmes and appropriate health measures to provide a stable and rewarding career as a core member of the Olam team.

Sustaining ‘One Company’ Strengths

It is our people who have contributed to building our culture into what it is today. This culture is a unifying force providing the glue to link the various business units together to operate as ‘one company’.

Our global managers are the true ambassadors of our core values, embedding and replicating our DNA as we grow and venture into new territories. Our people, culture and values combine to form our true sustainable competitive advantage.

We have strengthened our ‘one company’ strategy through a number of integrating mechanisms such as our ‘Leadership through Coaching’ programme – the transfer of insight from senior leaders to their teams and the establishment of ‘Communities of Practice’ – sharing of tacit knowledge within expertise areas across business units.
Global Alignment to Growing Responsibly

This year we have launched ‘Growing Responsibly’ as the programme to align our employees globally around our sustainability vision. We have commenced a series of workshops with business and country management teams to outline the programme and to help understand what support and tools are needed to embed the strategy into our daily operations. If we are to pioneer next practice in sustainability, we will need all our employees to be on board with innovating and implementing responsible growth. We have also launched a ‘Sustainability in Action Award’ in 2012, to be awarded to the team demonstrating the most significant impact in all areas of environmental stewardship, economic prosperity and social welfare.

Building Local Talent in Africa

Olam started in Africa more than two decades ago. We have committed to invest $2.2 billion in the continent by 2015 and currently provide work for 25,000 individuals including contract, seasonal and temporary workers, many of whom are women.

We have long-term partnerships with national governments, NGOs, suppliers, businesses and communities in 24 countries. A Pan-African sustainable business for us in the future will be dependent on building our existing local talent pool by bridging the skills gap. Our programmes across all levels and specialisations aim to achieve this capacity building on the farm, in processing plants and in local offices.

We have a West Africa Trainee Programme (WAF) lasting 18 months. Up to ten graduates receive all-round training on the company’s operations resulting in a senior executive role. Certain countries have specific strategies. In Gabon, for instance, we are working on a capacity-building and succession plan for the coming five years. Olam investments are expected to create 26,000 direct jobs of which almost 3,000 are qualified jobs. Through our joint venture with the government of the Republic of Gabon, we are partnering with local tertiary education institutions to build relevant academic syllabi to prepare graduates for the world of work. Through this programme Gabon will build a pool of regionally competitive labour strengthening its ability to attract and retain future private sector investment.
Laws, Regulations and Policies

Olam abides by all applicable national and international labour laws and regulations in the countries in which it operates. This includes the International Labour Organisation (ILO) recommended standards on labour practices and decent work such as fair wage, non-discrimination, freedom of association, and education and counselling regarding serious diseases. 84% of workers (both skilled and unskilled) and 86% of hourly/contract workers are covered by collective bargaining agreements.

Our recruitment policy and ongoing nurturing of staff monitors for diversity and equal opportunity.

All employees at Olam receive regular Performance and Career Development reviews.

We are in the process of becoming Fair Labour Association Affiliate Members in the coming Financial Year.

Child Labour Policy

Olam is against all forms of child exploitation. Olam abides by all applicable national and international labour laws and regulations in the countries in which it operates, including the ILO Convention 138 on the Minimum Age for Employment and the ILO Convention 182 on the Worst Forms of Child Labour. In addition, Olam will not knowingly work with suppliers that use or permit child labour.

Occupational Health and Safety

Olam is committed to providing a healthy and safe workplace for our employees, contractors and visitors. We ensure this by managing workplace risks and by applying sound safety principles to all our activities through relentless focus on the elimination of those risks and practices that can lead to injury and illness.

Through visible safety leadership, our safety management programmes and compliance to local laws and regulations, we aim to deliver a safe workplace for all.
Olam’s business brings us into contact with many different people and groups, each with their own needs and expectations of Olam. We work hard throughout our business to maintain a positive and productive dialogue with all our partners. This report is intended to reflect our range of relationships, with a particular emphasis on our priority stakeholders – those with whom we have close, mutual relationships and influence.

### High Mutual Influence Relationships

<table>
<thead>
<tr>
<th>Investors</th>
<th>Customers</th>
<th>Employees</th>
<th>Farmers</th>
<th>Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key issues</strong></td>
<td><strong>Key issues</strong></td>
<td><strong>Key issues</strong></td>
<td><strong>Key issues</strong></td>
<td><strong>Key issues</strong></td>
</tr>
<tr>
<td>Good governance</td>
<td>Quality products that meet</td>
<td>Fair remuneration</td>
<td>Support to help improve</td>
<td>Fair purchasing arrangements;</td>
</tr>
<tr>
<td>and management;</td>
<td>expectations;</td>
<td>and recognition;</td>
<td>improve skills and grow</td>
<td>sharing good practices;</td>
</tr>
<tr>
<td>business growth</td>
<td>standards, reliability and</td>
<td>career development;</td>
<td>their business; fair</td>
<td>opportunities for growth</td>
</tr>
<tr>
<td>and profitability;</td>
<td>traceability; fair commercial</td>
<td>responsible workplace</td>
<td>prices paid</td>
<td></td>
</tr>
<tr>
<td>new markets and</td>
<td>terms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>innovation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Communications     |                                   |                            |                              |                             |
| Tools              | Annual Report, CR&S Report,       | Annual Report, CR&S Report,| Outreach officers at farm    | Supplier Codes, site visits,|
|                    | Investor Perception Survey, quarterly conferences, interim & year end webcasts, Investor Roadshows, company website, email alerts, press releases, meetings, telephone and video conference calls | company website, site inspections, meetings, telephone and video conference calls | farm gate, training sessions, premium ceremonies, community meetings, manuals, mobile text alerts, posters, toolkits | audits, meetings |

<table>
<thead>
<tr>
<th>NGOs</th>
<th>Rural Communities</th>
<th>Project Funders</th>
<th>Governments and Regulators</th>
<th>Opinion Leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key issues</strong></td>
<td><strong>Key issues</strong></td>
<td><strong>Key issues</strong></td>
<td><strong>Key issues</strong></td>
<td><strong>Key issues</strong></td>
</tr>
<tr>
<td>Implementing good practices and improving our performance; conducting effective partnerships; open dialogue</td>
<td>Our long-term presence in the community; participation in development partnerships that bring mutual benefit</td>
<td>Delivering improved environmental and social outcomes; corporate ethics and reputation; measuring the impact</td>
<td>Compliance with national laws and our contracts; repeating good practices in new countries; joint venturing</td>
<td>Demonstrating vision and innovation; leading in our industry; trying next practice</td>
</tr>
</tbody>
</table>

We interact with these partners in myriad ways every day. **We ensure these relationships are characterised by openness, mutual respect and trust.** Examples of how we work with our stakeholders are included throughout this report.

We seek to solicit objective feedback from all these groups to help us surface those issues that are important to individuals in order to continuously improve our organisation.

---

33
Leading Responsible Upstream Development in Africa

Olam is committed to developing a sustainable footprint in our upstream palm projects and we will work closely with local and international partners and stakeholders in this endeavour. Active participation in the Roundtable on Sustainable Palm Oil (RSPO), Customer and Community partnerships and our long-time presence in Africa give us an edge on ‘tomorrow’s best practice,’ and we convert this knowledge into action in the plantation. Olam’s commitment to progressive and sustainable development in Africa is reflected in our sound understanding of land use in the local context. We continue to carry out comprehensive due diligence on our sites, assessing Environmental & Social Impacts and High Conservation Value (HCV) areas. We have developed a robust community engagement process that takes into account existing native customary rights and social structures. The Government of the Republic of Gabon, our partners in plantation development in Gabon, have adopted conservation and sustainability as a guiding principle in defining their framework for development of the national agriculture sector. The country is setting the standard for development in the region, demonstrated by RSPO hosting their Road Show in Gabon in June 2012.

Our Commitment to Responsible Growth

Olam Palm has developed a due diligence process for its upstream investments, based on expert knowledge of the region’s social and environmental aspects. We are developing palm plantations in two locations namely, Awala (7,300 hectares plantable area), and Mouila (estimated 21,000 hectares plantable area). We were the first company in Africa to complete RSPO New Planting Procedure (NPP) at the Awala site and have now planted 1,370 hectares of palm. We continue to work in step with the RSPO NPP as we develop the Mouila site, setting aside more than 13,000 hectares for High Conservation Value areas and buffer zones from the total land bank of 35,354 hectares.

Keeping our Promises to the Community

Community engagement on a continual basis is a pillar of our sustainability agenda. As a part of our commitment to improving rural livelihoods and respecting customary rights in the process of obtaining Free Prior and Informed Consent (FPIC), we have committed to support a range of programmes for the local communities such as: isolating nearly 1,000 hectares for traditional agriculture, hunting, fishing and collection activities; setting up an HIV/AIDS Peer Education Programme to train and create one peer educator for every 25 employees; running sexual harassment and cervical cancer awareness workshops; creating access to health services through planned medical visits to villages and providing basic medicines to pharmacies; building recreational facilities and promoting community activities.

On a quarterly basis, village representatives are invited to tour the plantation and give their feedback. Our Social Managers visit the villages weekly, allowing us to surface any issues from the plantation development affecting communities. This year we provided 750 solar power lamps to the villages adjacent to both plantation sites. Next year we will continue to deliver on the social contracts drawn with the communities during the FPIC process, which will include establishing hydraulic water pumps in nearby villages. We have also raised the benchmark by embarking on an agricultural and animal husbandry survey project, targeting 2,500 people in the respective plantation areas, to improve local food production and promote the development of cooperatives.

Capacity Building for a Sustainable Future

We prioritise employment opportunities for local communities. Our plantation team has grown to over 1,200 people—90% are recruited from nearby communities, 70% of which are women. This year we paid over US$2m in wages to our staff and workers from nearby communities. The jobs provide employment in an area where other opportunities for the unskilled local population are scarce.

Training sessions in Nursery Management, Plantation Upkeep, Phyto sanitary application techniques and Quality Environment Health & Safety (QEHS), held over a total of 31 man days, have been attended by 445 staff and workers. Our HCV Forest team is also benefiting from infield training sessions by an independent expert on HCV monitoring and management.
Olam targets to have the first mill RSPO certified by 2016. Below are some of the measures we have implemented to prepare for the certification process:

<table>
<thead>
<tr>
<th>RSPO Principles</th>
<th>Achievements</th>
</tr>
</thead>
</table>
| Commitment to transparency                              | • Shared ESIA and HCV documents with Greenpeace and Rainforest Foundation UK  
• Site visit by four WWF members  
• Engaged with communities through elected Village Representatives and Village Chiefs, with quarterly site visits |
| Compliance with applicable laws and regulations         | • Partnered with WWF and WCS on a proposal for a land declassification legal process  
• Aggregated and reviewed all applicable national and local laws and regulations |
| Commitment to long-term economic and financial viability| • Establishing standard operating procedures for agronomy and plantation development  
• Tracking and monitoring critical financial and agronomic parameters from the start  
• Developing a mechanisation programme for improved productivity and efficiency |
| Use of appropriate best practices by growers and millers| • Implementation of micro-irrigation systems to avoid wastage and run off, and established conservation terracing  
• No planting on peat  
• Made commitment to No Paraquat  
• Created and implemented QEHS Plan; training sessions on aspects of Health & Safety attended by over 140 people  
• Completed 26 training sessions for staff and workers on aspects of nursery and plantation management best practices |
| Environmental responsibility and conservation of natural resources and biodiversity | • Partnering with local NGO on Bushmeat Awareness Programme  
• Demarcated HCV and Riparian buffer areas; training field team on HCVF monitoring in Awala  
• Identified HCV areas and Planned Wildlife Corridors in Mouila |
| Responsible consideration of employees and of individuals and communities affected by growers and mills | • Signed Social Contracts with all affected villages demonstrating their FPIC and negotiated agreements  
• Sexual Harassment Workshop held for male and female workers  
• Solar power lamps established in villages  
• Created jobs for over 1,200 Gabonese |
| Responsible development of new plantings                | • Completed the NPP in Mouila  
• No fire was used in the preparation of land |
| Commitment to continuous improvement in key areas of activity | • Commenced an Agricultural Survey in communities nearby the plantation to improve food sufficiency |

More information on our palm business including our Palm Policy and disclosure documents can be found on our website. You can contact our palm team at: palm@olamnet.com
Country Spotlight: Mozambique

The CR&S team in Mozambique was set up in 2011, resulting in the leadership team identifying the following sustainability objectives to develop sustainable supply chains:

- Work with marginal farmers directly and indirectly
- Work towards food security in Mozambique
- Work towards growing crop sizes across the country
- Distribute improved seed varieties and improve yield and quality
- Directly engage in social initiatives and target niche origin certifications

**Cotton**

The integrated ginning model is now firmly in place, integrating 70,000 farmers across 19 districts this year to our cotton gins under the Principles of the Olam Livelihood Charter. Farmer incomes have risen from US$110/Ha two years ago to US$145/Ha. We are working in collaboration with IAM (Instituto de Algodao de Mocambiqie, the government body responsible for the cotton sector) to try to increase the crop size from 44,000 MT (in 2010) to in excess of 100,000 MT in 2012. New varieties have been introduced through the Olam channels and we have been instrumental in bringing the Better Cotton Initiative (BCI), the sustainability standard for cotton, to Mozambique.

**Rice**

Mozambique imports 320,000 MT of rice in a year which is 80% of its annual consumption. In 2011, we embarked on an ambitious upstream investment to establish a 10,000 hectare corporate rice farm in the Zambesia province for the local market, thus improving Mozambique’s food security.

**Sesame**

Sesame is a small but growing crop within Mozambique. We support 16,500 farmers by buying through our third party agents. We have recently established sesame cleaning facilities in the ports providing local employment. In addition, we have started an ambitious 1,000 hectare sesame farm in Mopeia where we are introducing a shatter-proof variety from the USA. This variety more than doubles the productivity and achieves a higher premium in the market. We collaborate with AgDevCo as a key partner in delivering this project.

### TABLE 1: Current Status for CR&S Objectives in Mozambique

<table>
<thead>
<tr>
<th>Objective</th>
<th>Cotton</th>
<th>Sesame</th>
<th>Cashew</th>
<th>Peanuts</th>
<th>Rice</th>
<th>Edible Oil</th>
<th>Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work with marginal farmers (direct)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work with marginal farmers (indirect)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Address food security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grow the crop size</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribute improved varieties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Niche sustainability certifications</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Cashew

The cashew crop in Mozambique is reducing due to ageing cashew trees and poor farmer practices. We have adopted a two-pronged approach – starting a 1,900 hectare plantation and supporting all the villages adjoining our processing facilities with good quality saplings. Our cashew processing facilities employ 4,600 people, mostly women.

### Peanuts

The peanut crop is also reducing. Currently we are procuring peanuts from 3,800 farmers through our third party agents and we have installed a cleaning facility at Nacala. We are actively working on an initiative to improve production in the country with the support of Dutch NGO, SNV.

### Edible Oil

We have a palm oil refinery at Beira which addresses the edible oil needs of central Mozambique, currently deficient in oil. Our mission is to provide the local population with low cost yet good quality oil for their daily needs.

### Retail

Our nine retail stores in Maputo and its suburbs are a unique initiative to address Mozambique’s urban food security issue. Consumers can buy rice and other food items at competitive prices within their communities.

##### TABLE 2: Product Data in Mozambique

<table>
<thead>
<tr>
<th></th>
<th>Cotton</th>
<th>Sesame</th>
<th>Cashew</th>
<th>Peanuts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Farmers</strong></td>
<td>70,000</td>
<td>16,500</td>
<td>40,625</td>
<td>3,800</td>
<td>130,925</td>
</tr>
<tr>
<td><strong>Hectares</strong></td>
<td>72,000</td>
<td>16,250</td>
<td>40,000</td>
<td>3,850</td>
<td>132,100</td>
</tr>
<tr>
<td><strong>Farmer groups</strong></td>
<td>1,140</td>
<td>20</td>
<td>20</td>
<td>8</td>
<td>1,188</td>
</tr>
<tr>
<td><strong>Suppliers</strong></td>
<td>Direct buying</td>
<td>86</td>
<td>94</td>
<td>25</td>
<td>205</td>
</tr>
<tr>
<td><strong>Volume of products purchased (MT)</strong></td>
<td>34,500</td>
<td>5,100</td>
<td>9,300</td>
<td>2,400</td>
<td>51,300</td>
</tr>
<tr>
<td><strong>Workers in processing units</strong></td>
<td>280</td>
<td>210</td>
<td>4,600</td>
<td>110</td>
<td>5,200</td>
</tr>
</tbody>
</table>

**Repeatability**

Olam’s business model has relied on repeatability – build a successful supply chain in one country and then replicate it in another product or geography. CR&S has adopted this commercial strategy through frameworks and practices such as the Olam Livelihood Charter which now spans four product supply chains in nine countries. We operate in 24 African countries, which is Olam’s heartland, but we believe we can take the lessons learned on this continent to help us improve sustainable agricultural production in geographies such as Russia, India and China.
Olam continues to observe a high standard of corporate governance in keeping with its overarching philosophy of delivering consistent financial performance with integrity. It strongly supports the principles of openness, integrity and accountability as set out in the Code of Corporate Governance 2005. The Board comprises of both Non-executive and Executive Directors and holds regular meetings to review the operations, business and performance of the Company.

We focus on the substance and spirit of the Code while continuing to deliver on the Company’s vision and objectives. Our Corporate Governance structure is set out in the diagram below.

Corporate Responsibility and Sustainability Governance

Olam has two tiers of governance to implement, monitor and evaluate the delivery of the CR&S strategy as an intrinsic part of the daily business operations.

Board CR&S Committee

Our dedicated Board CR&S Committee is made up of three non-executive and independent directors and two executive directors, to whom the Executive CR&S Committee is accountable. Chaired by Jean-Paul Pinard, the Board Committee has detailed terms of reference, documented in the annual report.

The Board meets at least four times during the year to monitor and evaluate progress made by the Executive CR&S Committee and also conducts an annual site visit to a different region.

Executive CR&S Committee

The Executive CR&S Committee embeds sustainability from strategy through to daily activities. The Committee also plays an audit role – monitoring and evaluating corporate and product-level operations to ensure sustainable and responsible business practices across all operations.

Our Executive CR&S Committee comprises 8 senior managers, representing a cross-spread of Olam’s products, geographies and operational functions. The Committee is chaired by Gerard Manley, Executive Committee Member and Managing Director of our Cocoa Business and its activities are managed by Christopher Brett, CR&S Senior Vice President.

CR&S Management Resources

The CR&S Function has increased its direct management resources over the last 12 months due to the specialist knowledge and skills required to ensure the sustainability strategy is carried out across the entire value chain.

The team now consists of a Function Head who oversees Managers for the Environmental, Social and Communication aspects of sustainability. In addition two regions have been allocated managers - Africa and Asia.
About this Report

Report Boundaries

This CR&S Report published by Olam in October 2012 is our sixth successive report. It covers the period from July 1st 2011 to June 30th 2012, and is available in English and French. The copy deadline for established content relevant to the Report was June 30th 2012.

Audiences

The CR&S report is aimed at a broad range of audiences including employees, customers, suppliers, communities, investors, governments and opinion formers in the fields of sustainability and business responsibility. Feedback from the different user groups is continuously evaluated to support the development of our CR&S strategy.

Report Format

The report follows a similar format to our 2011 report to allow for comparison against the previous year. The first part of the report contains senior management commentaries on our progress and targets along with an overview of Olam’s business and its CR&S strategy. The second part of the report provides an update on the specific progress and challenges at each stage of the value chain along with further focus on environment, social and economic areas. In addition there are also two further sections on the subject of our palm plantation project and our operations in Mozambique.

The CR&S report relates to Olam International Ltd wholly owned companies and its subsidiaries, excluding joint ventures and suppliers, as defined in the 2012 Annual Report. Any exceptions to this are marked accordingly.

A wide range of social and environmental issues 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 strive to ensure balanced reporting of the environmental, social and commercial aspects of our business activities. As we do so, we feel it is important to present a transparent overview of our strengths and any negative occurrences.

We have therefore taken the decision to report using the Global Reporting Initiative (GRI) G3.1 framework for the first time in 2012. One of the world’s most prevalent standards for sustainability reporting, GRI promotes transparency and good governance.

Materiality

This CR&S report is therefore focused on addressing the progress of key result areas (KRA) across the Olam value chain which are materially important to helping us to achieve our aspirations (see pages 4 and 5). We need to measure and analyse data arising from our activities in order to assess our impacts across the economic, environmental and social parameters. This in turn will be incorporated into our ongoing strategic development and the setting of meaningful targets to help as we undertake our journey.

The reporting structure for Olam is complex, covering 16 business platforms in 65 countries. These countries handle every step of the value chain from seed to shelf.

We intend to build on this platform in order to deliver the necessary steps to pioneer sustainable supply chains by 2020 which we describe as the Olam Sustainability Standard.

We hope you find this report engaging and informative, and welcome your input and views at crs@olamnet.com
## Global Reporting Initiative (G3.1) Index Level C

<table>
<thead>
<tr>
<th>Category</th>
<th>GRI References</th>
<th>Inclusion</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy &amp; Analysis</td>
<td>1.1</td>
<td>Yes</td>
<td>2, 3</td>
</tr>
<tr>
<td>Organisational profile</td>
<td>2.1, 2.4, 2.2, 2.5, 2.7, 2.3, 2.6, 2.8, 2.9, 2.10</td>
<td>Yes, Yes, Yes, Yes</td>
<td>BC, 10, 11, AR, W</td>
</tr>
<tr>
<td>Report parameters</td>
<td>3.1, 3.2, 3.3, 3.4, 3.5, 3.7, 3.6, 3.8, 3.10, 3.11, 3.12</td>
<td>Yes, Yes, Yes</td>
<td>39, AR, AR, 33</td>
</tr>
<tr>
<td>Governance, Commitments and Engagement</td>
<td>4.1, 4.2, 4.3, 4.4, 4.14, 4.15</td>
<td>Yes, Yes, Yes</td>
<td>38, AR, AR, 33</td>
</tr>
<tr>
<td>Economic performance indicators</td>
<td>EC1</td>
<td>Yes</td>
<td>AR</td>
</tr>
<tr>
<td>Environmental performance indicators</td>
<td>EN4, EN16, EN17, EN8, EN26</td>
<td>Yes, Partial</td>
<td>W, 20, W</td>
</tr>
<tr>
<td>Labour practices &amp; decent work performance indicators</td>
<td>LA1, LA2, LA4, LA10, LA13, LA14</td>
<td>Yes, Yes, Yes, Yes</td>
<td>10, 11, W, 32, W</td>
</tr>
<tr>
<td>Human Rights performance indicators</td>
<td>HR4, HR6</td>
<td>Yes, Yes</td>
<td>W, 32, W</td>
</tr>
<tr>
<td>Society performance indicators</td>
<td>SO9, SO10</td>
<td>Yes, Yes</td>
<td>17, W, W</td>
</tr>
</tbody>
</table>

AR  Annual Report  
BC  Back Cover  
W  Olam Website
Key Member Associations

African Cashew Alliance (Executive Board Member)
American Dehydrated Onion & Garlic Association (President)
American Spice Trade Association (Board Member)
Association Technique Internationale des Bois Tropicaux (Board Member)
Association of Cotton Merchants in Europe (Executive Board Member)
Australian Council of Wool Exporters & Processors (Committee Member)
Better Cotton Initiative (Council Member)

British Retail Consortium
California League of Food Processors (Executive Committee and Board Member)
Cocoa Association of Asia (Board Member)
Cocoa Merchants’ Association of America (Executive Board Member)
Combined Edible Nuts Trade Association (Committee Member)
Green Coffee Association (Executive Board Member)
European Cocoa Association (Board Member)
European Spice Association
Federation of Cocoa Commerce (Chairman)

Forest Stewardship Council (General Assembly)
The Foundation of Strategic Sourcing
Imported Wood Products Association USA (Committee Member)
International Cotton Association (Executive Board Member)
International Nuts & Dried Fruits Council (Board of Directors)
Smallholder Acceleration and REDD+ Programme (SHARP)
Roundtable Sustainable Palm Oil (RSPO)
World Cocoa Foundation
World Processing Tomato Council

Development Partnerships

(Steering Committee Members)
African Cashew Initiative
Cocoa Livelihoods Programme
ECHOES Alliance
Initiatief Duurzame Handel (IDH)
Sustainable Tree Crops Programme

Collaborating Partners

ACDI-VOCA
Bureau Veritas
Cambridge Programme of Sustainable Leadership
GIZ
Soco-Devi
Technoserve

Private Sector Collaboration in Origin

Blommer Chocolate
COSTCO
Douwe Egberts Foundation
Nestlé
Unilever

Certifying Bodies

Fairtrade
2,218 MT cocoa & coffee traded

Soil Association
1,647 MT cocoa & coffee traded

Forest Stewardship Council
1.3 million Ha certified

UTZ Certified
15,252 MT cocoa & coffee traded

Rainforest Alliance
28,560 MT cocoa & coffee traded

4C Association
Growing Responsibly
Doing business in a sustainable way to create long-term value for all

Pioneering Sustainable Supply Chains
The Olam Sustainability Standard

Living the Livelihood Charter
Making a difference in grower communities worldwide

Palm Spotlight
Leading responsible upstream development in Africa