



Global Reporting Initiative - Introduction

A wide range of social and environmental risks exist which could have an impact on our business either directly or indirectly through our supply chains. We therefore have to manage an ever-evolving set of issues. We seek to ensure balanced reporting of the environmental, social and commercial aspects of our business activities, and be transparent in the process. Much of this is covered in our [2017 Annual Report](#) with its focus on Financial and the non-Financial Capitals – Human, Social, Environmental, Intellectual, Intangible and Manufactured.

There is an ongoing challenge in Annual Reporting, however, in terms of balancing detail and readability, transparency and concise content; easy-to-find information with an engaging format. Following positive feedback from our 2016 reporting survey, we are continuing to present our GRI Report as separate to the Annual Report in a Q&A format, responding directly to the GRI disclosure topic and relevant indicators. This process was particularly helpful during 2017 when responding to sustainability analysts and other stakeholders who ask us to complete very similar assessments.

This report comments on the topics most material to our business. It has been prepared in accordance with the GRI Standards: Core option.

We welcome feedback on this report and the 2017 Annual Report via crs@olamnet.com.

Content Index

102.1 Name of company 6

102.2: Activities, brands, products and services 6

102.3: Location of Headquarters; 102.4: Location of Operations 6

102.5: Ownership and legal form..... 6

102.6: Markets served 7

102.9: Scale of organization..... 7

102.8: Information on employees and other workers 9

102.9: Supply Chain..... 10

102.10: Significant changes to the organisation and its supply chain 10

102.11: Precautionary Principle or approach..... 10

102.12: External Initiatives - A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses..... 10

102.13 Membership of associations..... 11

102.14: A statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability..... 11

102.15: Key impacts, risks, and opportunities 11

102.16: A description of the organisation’s values, principles, standards, and norms of behaviour..... 13

102.18: Governance Structure 15

102.40: A list of stakeholder groups engaged by Olam 16

102.41: Percentage of total employees covered by collective bargaining agreements 17

102.42: State the basis for identifying and selecting stakeholders with whom to engage. 17

102.43: Report the organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process..... 20

102.44: Key topics and concerns that have been raised through stakeholder engagement, including report how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns..... 20

102.45: Report the entities included in the organisation’s consolidated financial statements or equivalent documents and whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report..... 23

102.46: Provide an explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content..... 23

102.47: Report a list of the material topics identified in the process for defining report content 28

102.48: Restatements of information 28

102.49: Significant changes from previous reporting periods in the list of material topics and topic Boundaries..... 29

102.50: Reporting period for the information provided..... 29

102.51: Date of most recent previous report (if any) 29

102.52: Reporting cycle..... 29

102.53: Contact for the report..... 29

102.53: Report the ‘in accordance’ option the organisation has chosen. 29

Management approach Economic Performance 29

201.1: Direct economic value generated and distributed..... 29

201.2 Financial implications and other risks and opportunities for the organisation’s activities due to climate change..... 30

GRI 202 Market Presence (FY17Annual Report (AR): Human Capital; material area: Labour) 31

202.2: Proportion of senior management hired from the local community at significant locations of operation	31
GRI 203 Indirect Economic Impacts (FY17AR Human and Social Capital; Material areas: Livelihoods, Food Security and Nutrition, Labour)	32
Management Approach Indirect Economic Impacts	32
203.1: Development and impact of infrastructure investments and services supported	32
203-2: Significant indirect economic impacts, including the extent of impacts	32
GRI 204 Procurement Practices (FY17 AR Social Capital; material area: Livelihoods)	35
Management Approach Procurement	35
GRI 301 Materials	37
Management Approach Environmental	37
301.1 Materials used by weight or volume	37
302 Energy (FY17 AR, Natural Capital; material area: Climate Change)	37
Management Approach Energy	37
302.1: Energy consumption	39
303 Water (FY17 AR Natural Capital; material area: Water)	42
Management approach Water	42
303.1: Water withdrawal by source	44
304 Biodiversity (Natural Capital, FY17 AR; material areas: Land, Climate Change)	46
Management approach Biodiversity	46
304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	47
304.2: Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	49
304.3: Habitats protected or restored	51
305 Emissions (FY17 AR Natural Capital; material area: Climate Change)	51
Management Approach Emissions	51
305.1: Direct greenhouse gas (GHG) emissions (scope 1)	52
305.2: Energy indirect greenhouse gas (GHG) emissions (scope 2)	52
305.3: Other indirect greenhouse gas (GHG) emissions (scope 3)	52
305.4: Greenhouse gas (GHG) emissions intensity	52
305.5: Reduction of greenhouse gas (GHG) emissions	52
306 Effluents and Waste (FY17 AR Natural Capital; material area: Water)	52
Management Approach Effluent and Waste	52
306.5 Olam strategy using Planetary Boundary Approach for nitrogen and phosphorous pollution	53
306.1 Total water discharge by quality and destination	54
306.2: Total weight of waste by type and disposal method	54
306.5: Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation’s discharges of water and runoff	54
307 Compliance	55
307.1: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	55
308 Supplier Environmental Assessment (FY17 AR Natural Capital)	55
Management Approach: Supplier Environmental Assessment	55
308.1 Percentage of new suppliers that were screened using environmental criteria	57
308.2: Significant actual and potential negative environmental impacts in the supply chain and actions taken	58
30.8.2 Number of grievances about environmental impacts filed, addressed, and resolved through formal	

grievance mechanisms	58
401 Employment (FY17 AR Human and Social Capital; material area Labour)	59
Management Approach Employment.....	59
401 Employment (FY17 AR Human Capital; material area Labour)	60
401.3: Return to work and retention rates after parental leave, by gender	60
402 Labour / Management Relations (Olam material area: Labour)	60
Management Approach Labour	60
402.1: Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	61
403 Occupational Health & Safety (FY17 AR Human Capital; material area: Labour)	61
403.2: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	62
403.3: Workers with high incidence or high risk of diseases related to their occupation	63
404 Training and Education (FY17 AR Human Capital; material area: Labour)	63
404.1: Average hours of training per year per employee by gender, and by employee category	64
404.3: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	64
405 Diversity and Equal Opportunity (FY17 AR Human Capital; material area Labour).....	65
405.2: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	65
407 Freedom of Association and Collective Bargaining FY17 AR Human Capital; material area Labour) .	65
408 Forced or Compulsory Labour (FY17 AR Social Capital; material area: Labour)	68
408.1 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	69
411 Rights of Indigenous Peoples (FY17 AR Social Capital; material area Land)	69
411.1: Total number of incidents of violations involving rights of indigenous peoples and actions taken	70
412 Human Rights (FY17 AR Human Capital; material area Labour)	72
Management Approach Human Rights	72
412.1: Number and percentage of operations that have been subject to human rights reviews or impact assessments	73
413 Local Communities (FY17 AR Social Capital; material area: Land, Livelihoods, Food Security and Nutrition).....	73
Management Approach Local Communities	73
413.1 Percentage of operations with implemented local community engagement, impact assessments, and development programmes.....	74
414 Supplier Assessment for Impacts on Society	76
414.1: Percentage of new suppliers that were screened using criteria for impacts on society	76
414.3: Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	76
416 Customer Health & Safety (FY17 AR Manufactured Capital; material area Food Safety and Quality) .	76
Management Approach Customer Health & Safety	76
416.1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	77
416.2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	77

GENERAL DISCLOSURES

102.1 Name of company: Olam International Ltd

102.2: Activities, brands, products and services

Established in 1989, Olam is today a leading global agri-business operating from seed to shelf, supplying food and industrial raw materials to over 22,000 customers worldwide. Our team of 72,000 employees across* 66 countries has built leadership positions in several of our 18 platforms, including cocoa, coffee, edible nuts, spices, rice and cotton. We source from approximately 4.7 million farmers and their communities. We are listed on the Singapore Exchange (SGX) and are among the top 30 primary listed companies by market capitalisation.

We have a number of business to business brands including the DeZaan, Unicao, Joannes and Huysman cocoa powder brands. We also have a range of consumer brands for products sold only in Africa. These include Tasty Tom tomato paste, Freshyo yoghurt drinks, Mama Gold Rice, Egglicious Noodles, Milky Magic Biscuits and many others which are listed on the Olamgroup.com website.

As per Disclosure 102.2 b we do not sell any products that are banned in markets. Many of the crops we source and grow have sectoral issues such as farmer livelihoods, labour issues and environmental issues such as deforestation and are therefore of interest to stakeholders. These crops include oil palm, cocoa, coffee and rubber.

*Employees includes full-time, seasonal, contract and temporary workers

102.3: Location of Headquarters; 102.4: Location of Operations

In 2017 we moved from our offices at Suntec in Singapore to 7 Straits View; Marina One East, Tower #20-01; Singapore 018936T: (+65) 6339 4100F: (+65) 6339 9755

Countries with significant operations, and a priority for our sustainability reporting, include:

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

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

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

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

102.5: Ownership and legal form

Listed on Singapore Exchange in 2005.

Please see the Governance Report of the [2017 Annual Report](#) for full details on shareholders (page 35).

A key objective in the past few years has been to realign our shareholder base by attracting shareholders who better reflect the long-term tenor of our strategy. Two significant investors are:

Temasek Holdings 53.81% issued share capital

An Asian investment company headquartered in Singapore, Temasek became the majority shareholder of Olam after the completion of a voluntary general offer in May 2014.

Mitsubishi Corporation (MC Group) 17.49% issued capital

A global integrated business enterprise headquartered in Japan, MC Group became a strategic investor and the second largest shareholder of Olam in September 2015. Its strategic investment in Olam sets the platform for a long term strategic partnership with Olam, with several mutually beneficial potential collaboration opportunities, including

a joint venture in Japan which has been set up to market specific products of Olam that can leverage its strong distribution and retail presence and Olam’s deep origination expertise in those products.

102.6: Markets served

Olam serves multi-national and national food, textile and manufacturing companies across Europe, North America, South America, Asia, Australasia and Africa. This includes industries associated with rubber and wood products. In Africa only we manufacture and sell products such as pasta, rice, dairy drinks and biscuits directly to the consumer. See the Strategy Section of the [Annual Report](#) for more information.

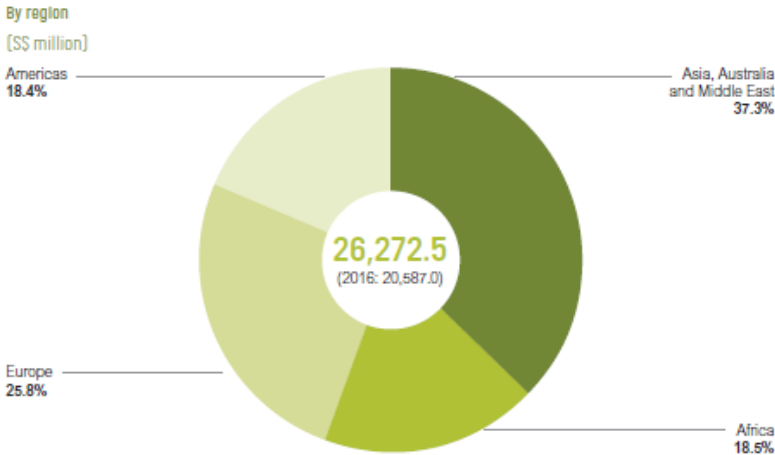
102.9: Scale of organization

Olam employs around 72,000 direct staff, seasonal, contract workers in 66 countries. We are present in 5 segments:

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

Financials – See also [2017 Annual Report](#) (Strategy Report page 22 to 27; plus Financial Statements. For our current market capitalisation view the Investor Relations page [here](#). Some key charts:

Revenue by region



For the 12 months ended 31 December

\$ million	2017	2016	% Change
Profit and Loss Statement			
Sales Volume ('000 Metric Tonnes)	22,534.6	14,415.8	56.3
Sales Revenue	26,272.5	20,587.0	27.6
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)*	1,327.9	1,202.8	10.4
Earnings Before Interest and Tax (EBIT)*	947.2	849.3	11.5
Profit Before Tax*	630.8	433.4	45.6
Profit After Tax and Minority Interest	580.7	351.3	65.3
Operational Profit After Tax and Minority Interest*	431.5	363.8	18.6
Per Share			
Earnings Per Share basic (cents)	18.6	11.5	61.4
Operational Earnings Per Share basic (cents)*	13.3	11.5	15.7
Net Asset Value Per Share (cents)	200.1	190.8	4.8
Net Dividend Per Share (cents)^	7.5	6.0	25.0
Balance Sheet			
Total Assets	22,298.5	23,468.9	(5.0)
Total Invested Capital	15,832.4	16,649.0	(4.9)
Total Debt	11,587.9	13,670.5	(15.2)
Cash and Cash Equivalents	1,986.4	2,144.1	(7.4)
Shareholders' Equity	6,443.6	5,398.3	19.4
Cash Flow			
Operating Cash Flow Before Interest and Tax	1,369.2	1,243.5	10.1
Net Operating Cash Flow After Changes in Working Capital and Tax	2,203.9	1,015.8	117.0
Free Cash Flow to Firm	1,484.4	(418.1)	N.M.
Free Cash Flow to Equity	1,020.4	(765.8)	N.M.
Ratios			
Net Debt to Equity (times)**	1.46	1.99	(0.53)
Net Debt to Equity (times) adjusted for liquid assets**	0.51	0.73	(0.22)
Return on Beginning-of-period Equity (%)**	9.0	6.1	2.9
Return on Average Equity (%)**	8.5	5.8	2.7
Return on Invested Capital (%)	5.4	4.0	1.8
EBITDA on Average Invested Capital (%)	8.2	7.8	0.4
Interest Coverage (times)*	2.2	2.0	0.2

* Excludes exceptional items
^ Proposed final dividend of 4.0 cents for 2017 is subject to shareholders' approval at the 23rd Annual General Meeting.
** Before Fair Value Adjustment Reserves
* EBIT on total interest expense

Regions	Total Primary Workforce Strength	Total Secondary Workforce Strength
	40,500	31,600
Africa	57.8%	72%
Asia	26%	18.6%
Australasia	0.75%	1.05%
Europe	3.9%	0.94%
Middle East	0.16%	0
North America	4.6%	2.7%
South America	6.75%	4.4%

102.8: Information on employees and other workers

Employee breakdown

a. Total number of employees by employment contract and gender

Total primary workforce strength = 40,500 (26% women, 74% men). We do not collate data on full-time vs part-time contracts at a global level.

Total secondary workforce strength = 31,600 (gender information for seasonal, contract and temporary workers not collated globally)

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

Managers (Band E & above) \ Primary Workforce – Male = 2.9%

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

Other Managers (below Band E) \ Primary Workforce – Male = 2.3%

Other Managers (below Band E) \ Primary Workforce – Female = 0.5%

Officers on Expat terms (O/T grades) \ Primary Workforce – Male = 0.6%

Officers on Expat terms (O/T grades) \ Primary Workforce – Female = 0.03%

Staff \ Primary Workforce – Male = 22%

Staff \ Primary Workforce – Female = 6%

Permanent non seasonal workers \ Primary Workforce – Male = 42%

Permanent non seasonal workers \ Primary Workforce – Female = 24%

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

See point A and B above.

d. Report the total workforce by region and gender.

Primary	Africa	Asia	Australasia	Europe	Middle East	North America	South America
Men (primary)	78%	57%	73%	69%	85%	70%	75%
Women (primary)	22%	43%	27%	31%	15%	30%	25%

There have been no significant variations versus 2016.

Gender data not available for secondary workforce. See 102.9 above.

e. Report whether a substantial portion of the organisation’s work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. Not applicable.

f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries). Secondary workforce listed above is subject to seasonal crop cycles.

102.9: Supply Chain

We buy from around 5,600 large-scale and 4.7 million small-scale farmers across North and South America, Africa, Europe, Australia, and Asia. We buy from many directly but also via many intermediaries and other traders. We also engage in exchange based trading. See the Social section of the [Annual Report](#) and related disclosures in this document for more information. Certain sections of our supply chain are particularly labour intensive such as cashew processing where there is limited mechanisation. Equally, crops such as hazelnuts, cashew, coffee and cocoa depend on labour for harvesting. Our palm oil operations in Gabon demand significant levels of labour - over 7,700 Gabonese nationals are employed across our plantations, as well as skilled expatriates.

102.10: Significant changes to the organisation and its supply chain

We increased our farmer sourcing base from 4.3 to 4.7 million farmers.

We inaugurated our new poultry feed mill and day-old-chick ("DOC") facilities in Kaduna State, Nigeria, concurrently starting production at an integrated poultry and fish feed mill at Ilorin in Kwara State.

As reported on page 40 of the Strategy Report in the [2017 Annual Report](#) we executed on the following initiatives to release cash and improve cash flow generation:

- Associated company GSEZ sold 25.0% stake in its subsidiary company GSEZ Mineral Port to Meridiam in September 2017 and also sold concession rights to operate the new Owendo International Port in Gabon to Bolloré Group in October 2017. Post these transactions, GSEZ repaid its shareholder loan of €66.0 million (approximately S\$104.0 million) to Olam in the second half of 2017.
- We sold 5,100 acres (approximately 2,100 hectares) of edible nuts farmland assets in California, USA, to Farmland Partners Inc. for a cash consideration of US\$110.0 million in December 2017. In addition to the cash release, a net gain of US\$25.0 million (S\$34.2 million) was booked as exceptional income in 2017.
- We divested 50.0% stake in FEA, which owns sugar refining company PT Dharmapala Usaha Sukses, to Mitr Phol for US\$100.0 million as part of our strategic partnership agreement with the company to enter into sugar milling in Indonesia. The transaction resulted in a one-time gain of US\$88.5 million (S\$121.2 million) based on the written down carrying value of the assets for 2017.

102.11: Precautionary Principle or approach

As a global agri-business we, and our suppliers, are dependent on the earth's natural resources. We are signatories to the UN Global Compact and seek to uphold Principle 7 on the Precautionary Approach.

Maintaining sustainable yields and growing our business means that we have to act as responsible stewards of the environment and encourage third-parties to do the same. Our own operations must avoid or mitigate potential negative impacts, therefore all investment cases for any new developments must undergo environmental and social impact assessments and implement the relevant management plans. For our existing operations, we are guided by our Risk Scorecard, as well as a suite of Policies, Codes and Standards. Our Governance structure ensures that we adhere to these principles and that we undertake regular audits and gap assessments. See the Risk and Natural Capital sections of the [2017 Annual Report](#) as well as the Environmental disclosures of this report.

102.12: External Initiatives - A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses.

In 2017 the World Business Council for Sustainable Development elected CEO Sunny Verghese [as the new chair of the Council for a 2 year tenure](#) starting in January 2018. Sunny is also a Commissioner for the [Business Sustainable Development Commission](#). A major initiative undertaken in 2017 was becoming a founding member signatory to the [Cocoa & Forests Initiative](#) to halt deforestation in cocoa supply chains. We are already a member of [CocoaAction](#). We continue to be signatories to the [UN Global Compact](#) which commits us to upholding its Ten Principles. We are also aligning our sustainability strategy to the UN Sustainable Development Goals. We have listed others against our 2017 Material Areas below:

Livelihoods	Labour	Food Security	Food Safety and Quality	Land	Water	Climate Change
Meet certification requirements including: Fairtrade, Rainforest Alliance, UTZ, CMIA, BCI	UN Declaration on Human Rights – committed to upholding	Free, Prior and Informed Consent (FPIC) – committed to upholding	Good Manufacturing Practice	UN Guidelines on Responsible Land Tenure	Alliance for Water Stewardship – requirement to uphold for certification	CDP – requirement to submit annual assessments
Signatory to CocoaAction	ILO Declaration on Fundamental Principles and Rights at Work – committed to upholding	Global Nutrition for Growth Compact - voluntary	Hazard Analysis and Critical Control Points	CDP Forest Footprint Disclosure – requirement to submit annual assessments	CDP Water – requirement to submit annual assessments	Paris Climate Agreement
SDGs 1, 2, 4, 5 and 17 (Voluntary – seeking to align as far as possible)	Fair Labour Association affiliate member – specific programme monitoring requirements for cocoa and hazels	SDGs 2, 12 and 17 (Voluntary – seeking to align as far as possible)	BRC/FSSC 22000 – requirement to uphold certifications	FSC; RSPO – requirement to uphold for certification	UN CEO Water Mandate – endorsing company	WBCSD LCTPI CSA working group – Co-chair commitment to advance strategy to meet goals
	SDGs 5, 8, 10	Champions 12.3	International and national food safety regs.	Global Forest Watch	UN WASH Standards	Sustainable Agriculture Network Standards
			SDGs 3, 12	SDGs 2, 13, 15	SDGs 2, 6	SDGs 2, 13

102.13 Membership of associations

[For a full list see olamgroup.com/](http://olamgroup.com/)

2. Strategy

102.14: A statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability

Please refer directly to the CEO Review of the FY17 Annual Report pages 4 – 19 in which sustainability is extensively covered by Sunny Verghese.

102.15: Key impacts, risks, and opportunities

Unsustainable conversion or over-exploitation of forests and other natural habitats for food, fibre and other commodities threatens our natural life support systems, including soil, air, water, all living things, and the global climate, with serious implications for future generations.

A response based on doing less harm, eliminating unacceptable practices such as deforestation at the scale of individual farms, plantations and concessions, or incremental improvements by companies representing a small fraction of the supply chain, will not be sufficient to meet these challenges, as we have seen over the last two decades.

Olam believes we therefore need to **reimagine global agriculture** so as to produce food and fibre sustainably within planetary boundaries, alleviate poverty, and provide employment and decent livelihood opportunities in rural areas, whilst also conserving natural habitats and biodiversity.

Our [2017 Annual Report](#) and other sections of this report detail the extensive risks, and negative as well as positive impacts in both our direct (Olam-managed) and indirect (third party sourcing) operations. In summary, as a global agri-business, our potential environmental impacts are linked to production on the land with its impact soil and nutrients, natural habitats, forests; extraction and use of water; contribution to climate change such as through energy emissions, over-use of fertiliser, and emissions-heavy agricultural practices such as synthetic fertilisers and flooding fields (e.g. rice production).

Potential social impacts include community engagement issues; farmers not seeing Olam as a good partner; labour issues, and food safety problems such as pesticide residues. Many of these are discussed in detail later in this document.

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

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

In 2017 our annual reporting evolved to embrace 6 non-Financial Capitals – Financial, Human, Social, Natural, Intellectual, Intangible (brand) and Manufactured. Each of these sections includes extensive analysis of sustainability issues and risks, both long-term and during the 2017 reporting period. See the [Annual Report here](#)

- Human Capital: pages 68 – 71 (includes Labour as a material area)
- Social Capital: pages 72 – 76 (includes Livelihoods, Food Security & Nutrition material areas)
- Natural Capital: pages 77 – 82 (includes Land, Water and Climate Change material areas)
- Intellectual Capital: pages 83 - 85
- Intangible Capital (brand): page 86
- Manufactured Capital: pages 87 – 88 (includes Food Safety as a material area)

For the first time we also included a non-financial Capitals snapshot in the Financial Capital reporting of each of our Business Segments:

- Edible Nuts & Spices & Vegetable Ingredients: pages 48 - 49
- Confectionery and Beverage Ingredients: pages 52 - 53
- Food Staples and Packaged Foods: pages 56 - 57
- Industrial Raw Materials: pages 60 - 61

- Commodity Financial Services: page 62

In the CEO Review, Strategy Chapter, our CEO Sunny Verghese also gives an in-depth analysis of the impact of short-, medium- and long-term sustainability trends, risks, and opportunities on the long-term prospects and financial performance of Olam. These include:

- Page 6: From Fork back to Farm: how we help customers meet consumer trends which include healthy eating and ethical sourcing
- Page 7: Supply side trends, fragile ecosystems, natural and social capital impacts
- Page 8: We must produce more food using fewer resources – a look at the Planetary Boundaries
- Page 9: 'The company closest to the farmer' – maximising our USP – a look at the challenges facing farmers in both developed and developing nations

There is a section on stakeholder engagement and materiality – see pages 92 - 93. You can also read more on stakeholder engagement in this report.

We continued to report against the goals and targets set out against each of the Material Areas we have had in place since 2015. These have been included against the relevant indicators of this report. Or they can be viewed at the end of the Capitals sections in [the Annual Report](#).

3. Ethics and Integrity

102.16: A description of the organisation's values, principles, standards, and norms of behaviour.

Re-imagining global agriculture : Growing Responsibly		
What are we on fire about?	How do we conduct our business?	
Re-imagining Global Agriculture	Growing Responsibly	
What do we want to achieve?		
Prosperous farms and farming systems	Thriving communities	Re-generation of the living world

Since we first began operations in 1989, and recognised the importance of unlocking mutual value for our farmer suppliers, we have always set high standards in Olam. This was subsequently formalised in our Governing Objective: to “maximise shareholder value over time in an ethical, socially responsible and environmentally sustainable manner”. In recent years we have encapsulated this more succinctly as 'Growing Responsibly', which is part of Company Purpose and frames how we conduct our business. This phrase neatly sums up how we do business, whether we are

talking about commercial criteria such as ensuring sound risk management procedures; mitigating environmental impacts on eco-systems or ensuring we have the social licence to operate. We cannot hope to deliver profitable and enduring growth for our shareholders if these three foundation pillars – Commercial, Environmental and Social – are not upheld, not least because our stakeholders from communities to customers, shareholders, lenders, regulators and governments will accept nothing less. Consequently, we must ensure that Growing Responsibly is embedded in every aspect of Olam's business.

The Olam Code of Conduct provides one of the guiding frameworks to help us achieve this. It sets out the Group's commitment to “do what is right”. It helps employees make informed decisions should they ever be faced with an ethical dilemma, as well as giving the knowledge and courage to speak out should they ever feel that others are not operating to the same standards. In fact, as outlined on page 10 it is a violation of the Code not to speak out – see [the Code here](#).

A simple communication channel allows anonymous reporting of any Fraud or Misappropriation which the Internal Audit department receives immediately. Alternatively, the Internal Audit team can be contacted directly.

In 2017, we strengthened our Anti-Bribery and Corruption Policy, rolling out training across the business. Over 3,500 people undertook training by end of December, with the majority of training continuing into 2018 led by the Legal and Compliance teams. The Market Compliance Office (MCO) is responsible for ensuring regulatory compliance for the derivative trading units. The MCO carries out regular trader training courses to ensure familiarity with prevailing exchange rules globally and ensures that all new hires are comprehensively trained in Olam's Trading Compliance Manual.

Olam's values

We need to refresh our current values and culture for Olam 2.0



At the heart of our drive for success are our values, the tangible expression of our corporate culture. We live our values with both conviction and enthusiasm, making it a shared workplace philosophy to live and breathe them daily. Over the years, our 6 values and the everyday behaviours that

institutionalise these values in the company (see below) have helped us build a distinctive culture, shaping how we work and setting the standards for what it means to be part of Olam. We have always competed on the basis of the organisational advantage that this unique culture has provided us. We are currently in the process of reviewing our existing values to see how they should be refreshed to remain relevant as we go forward and our evolving priorities. (See CEO Review, [2017 Annual Report](#), pages 18-19).

Entrepreneurship – ‘we dare to dream’

- We continuously seek unique opportunities and act upon them at every level in the organisation.
- We promote intelligent risk taking when the potential rewards are great.
- We make it safe for our managers to fail occasionally as a learning process.
- We eat our own cooking. We encourage our people to participate in the risk and rewards of the business by putting their net worth at risk through taking equity stakes in the business.

Stretch & Ambition – ‘our passion for doing more’

- We instill ambition and aspire for high standards of success.
- We shape our ambition through inducting a unique point of view of the future of our businesses.
- We embed the desire to achieve that which seems beyond our grasp.
- We demonstrate discretionary effort and passion for doing more than expected

Partnerships – ‘we strive to develop positive and long-term relationships with our partners’

- We understand and respect our customers' and suppliers' needs.
- We strive to develop positive and long-term relationships with our customers and suppliers.
- We endeavour to achieve high customer and supplier satisfaction.

Mutual Respect & Teamwork – ‘we treat each other the way we want to be treated’

- We show respect for each other and points of view through responsible, open, two way communication.
- We value the diversity among our colleagues in style, language and talent.

- We actively share information and ideas in a boundary-less manner regardless of business unit or self interest.
- We encourage widespread participation in our decision making process.

Integrity – ‘we stay true to what we believe, say and do’

- We always strive to do the right thing.
- We are committed to fostering sustainable and responsible business practices.
- We promote ideas, projects and people based on merit in an objective and unbiased way.

Ownership – ‘We take responsibility as if we were founders of the business’

- We demonstrate ownership mindset in everything we do.
- We show an intensity to win.
- We deliver on our role and responsibilities. We make and deliver on commitments.
- We set high standards for execution excellence through continuous improvement.
- We strive to organise to get things right the first time.

102.18: Governance Structure

a. Governance structure of the organisation, including committees of the highest governance body.

b. Committees responsible for decision-making on economic, environmental, and social topics.

The [2017 Annual Report](#) has a dedicated Governance Chapter which details all matters relating to Olam’s governance and board. It covers most of the requirements for Disclosure topics 102.19 to 102.39.

Corporate Responsibility & Sustainability Committee (CRSC)

This committee is chaired by Jean-Paul Pinard. He was appointed to the Board in 2008 and has since chaired the CRSC. Through his chairmanship and guidance, Olam’s CR&S function as well as the Manufacturing & Technical Services function continues to mature in strength and expertise, with several key CR&S policies and related policies developed and implemented and key stakeholders’ relationships built to further Olam’s CR&S commitment and endeavours. His experience with the International Finance Corporation has brought considerable insight.

Nihal Kaviratne CBE	
Marie Elaine Teo	
Yutaka Kyoya	(appointed 1 May 2017)
Sunny George Verghese	(appointed 4 January 2018)
Shekhar Anantharaman	(stepped down 4 January 2018)
Katsuhiro Ito	(stepped down 1 May 2017)

At Olam, we believe that profitable growth, as a way of doing business, needs to incorporate creating value on an ethical, socially responsible and environmentally sustainable basis. We have called this 'Growing Responsibly'.

The CRSC met 4 times during the year. The terms of reference of this Committee include:

- To review and recommend to the Board the Corporate Responsibility and Sustainability (CR&S) vision and strategy for the Group;
- To oversee the integration of CR&S perspectives into the Company's strategy and businesses;
- To review global CR&S issues and trends and assess their potential impact on the Group;
- To review the state of the Group's health and safety measures and status;
- To monitor implementation, through the CR&S function, strategy as well as policies and investments in the CR&S area;
- To review the progress made on various initiatives;
- To support management's response to crisis, where required;
- To review the Company's annual sustainability reporting and its (Olam) Livelihood Charter; and
- To review the adequacy of the CR&S function.

The CRSC actively engages the CR&S function headed by Dr. Christopher Stewart with oversight by Gerard Manley, a member of the Executive Committee, in the formulation and implementation of various sustainability policies and projects.

The Committee plays a pivotal role in monitoring the state of health and safety within Olam, ensuring a culture of zero tolerance to fatality, and reviews the health and safety report from MATS on a quarterly basis.

During the year under review, the Committee reviewed and discussed Olam's engagement with the Non-Governmental Organisations in the sustainability sphere as well as the approach to the global issues concerning environment and sustainability. See the Stakeholder Engagement section for topics.

The Committee actively monitors corporate responsibility and sustainability issues and the reporting by management on such issues in the Company's pursuit of various investments.

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

The Executive CR&S Committee reports to the CR&S Board Committee. It has representation from across the geographical regions, as well as experts from across our upstream operations, smallholder supply chains, as well as Treasury. The Committee is chaired by Gerard Manley, who has over 30 years' experience in the cocoa and chocolate industry and through his many industry memberships has helped to advance sustainability across the cocoa supply chain.

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

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

5. Stakeholder Engagement

102.40: A list of stakeholder groups engaged by Olam

This includes:

- Employees
- Investors
- Large and small-scale farmer suppliers
- Rural communities

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

102.41: Percentage of total employees covered by collective bargaining agreements.

In 2017 33% of employees in our primary workforce (40,500) were covered by collective bargaining agreements. In 2016 it was 30% of (35,000) and in 2015 it was 40% of 26,300. Note that in 2017 there was a reclassification of secondary workforce to primary.

102.42: State the basis for identifying and selecting stakeholders with whom to engage.

Olam has a vast global network of stakeholders: customers, farmer suppliers and their communities, investors, employees, NGOs, financiers, foundations, trade bodies, industry platforms and governments. Business units, functions and country teams interact with them every day. As an agricultural company, how we manage social and environmental issues are common questions from across the stakeholder spectrum. We have a dedicated Corporate Responsibility & Sustainability (CR&S) Function, as well as sustainability experts embedded in businesses across the world. Achieving our CR&S ambition to be a net positive company requires the support of stakeholders in strategic alliances and partnerships to catalyse system change together.

We consult on a regular basis on policy consultation, (e.g. the new [Olam Living Landscapes Policy](#)), on implementation of High Conservation Value (HCV) and Free Prior & Informed Consent Procedures (FPIC), through stakeholder events, or in response to reports and questions. By listening and discussing issues together we share understanding of our business, learn, and often find opportunities for partnerships.

The vast majority of our stakeholders want to achieve the same outcomes as Olam – profitable farms and farming systems, thriving rural communities and regeneration of the living world – even if we don’t always necessarily agree on the exact way forward. Where possible we try to engage with most stakeholders either directly, or by submitting written responses. Sometimes reports are issued by NGOs who do not engage with us to hear our point of view before publishing a report. Overall, our approach is to contact them if we feel that an inaccurate statement has been made. We also contact other stakeholders who might be concerned about the points being made.

In 2017, we also undertook more detailed mapping and prioritisation of our stakeholders at an international and national level, to understand how we could better communicate and manage relationships. This activity will be continued in 2018, working with individual Business Units, Countries and Functions.

Stakeholder groups	Olam lead	Reason for engagement	Examples of priorities	Examples of 2017 activity
Investor and financial community (shareholders, investors, potential investors and the providers of capital)	CEO Office; Investor Relations; Treasury Also CR&S team, particularly for Development	Ensure they understand Olam’s vision, strategy and business model; they see Olam as a strong investment	Overall performance across all key metrics and long-term business sustainability Execution of strategy 2016 –	One to one meetings and calls Olam Insights Newsletters – in 2017 focused on Cocoa, Cotton and Spices & Vegetable Ingredients (see Olamgroup.com) Results briefings and webinars

	Finance Institutions		2018 and beyond Shareholder returns Regulatory issues Integrity and governance Environmental & Social impacts	Annual reporting
Farmers and communities	Countries and Business Units; CR&S; HR	To help farmers produce more and build trust so that they want to sell to us. We reach critical groups within farming communities such as women and young people, helping to empower them through farming and associated activities	Better yields and lower losses Commodity prices Access to better seedlings Access to finance Fair employment Access to education and health services	Olam Livelihood Charter and other sustainability programmes which includes consulting with farmers and co-operatives Supplier Code training and implementation Surveys and plans through the Olam Farmer Information System Engaging farmers in new technologies for advice, procurement and payments (e.g. Olam Direct – see Annual Report pages 30 - 31) Farmer group mobilisation and capacity-building FPIC engagement and social contracts for communities around plantations Grievance procedure for palm updated to facilitate anonymous entries
Customers and prospects	Business Units	To help build trust in Olam to supply safe and reliable products; they recognise breadth of portfolio and expertise; become strategic partners.	Food safety Product quality Cost efficiencies Sustainable sourcing	BU specific engagement through meetings; trade shows; newsletters and reports Development of Olam AtSource which was based on in-depth research with customers (see Annual Report pages 15 and 16)

				Multiple partnerships continue under the Olam Livelihood Charter.
Governments and policy makers	Countries	To demonstrate how Olam is a responsible corporate citizen which can bring value to communities and the wider economy.	<p>Payment of taxes and duties; support responsible business environment</p> <p>Export crops – investment in country-processing before export</p> <p>Job creation, skills development and investment</p> <p>Domestic food security and farmer livelihoods versus imports</p>	<p>Meetings with Ministers for Agriculture, Trade etc (e.g. Nigeria Senate Joint Committee on Customs, Excise, and Tariff And Marine Transport regarding import payments – Annual Report page 56)</p> <p>Meetings with regional and local policy makers</p> <p>Site visits and inaugurations (Animal Feeds Nigeria, Biscuits Ghana)</p>
NGOs and thematic platforms	CR&S; Corporate Comms; Countries	They recognise that Olam is trying to solve issues in the sector.	<p>Deforestation; High Carbon Stock Toolkit; biodiversity loss; reforestation</p> <p>Human rights, child labour, slavery and exploitation</p> <p>Community rights and development</p>	<p>Engagement with Mighty Earth re. agreement for palm and rubber; withheld Policy for Association complaint to FSC</p> <p>Engagement with Greenpeace (palm)</p> <p>Engagement with Chain Reaction Research (coffee)</p> <p>Engagement with OCDH and Renapac (Wood)</p> <p>Engagement with wide set of NGOs for new Olam Living Landscapes policy.</p> <p>Engagement with Gabonese national and international NGOs through The Forest Dialogue in Gabon looking at carbon thresholds for agricultural development (October 2017)</p>

102.43: Report the organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.

See 102.42 above.

In advance of preparing the 2017 Annual Reporting we undertook a stakeholder survey of the FY16 reports. 7 stakeholder groups – Employees, Financiers, Investors, Customers, Analysts, Trade Associations, Suppliers:

Content & Format: Clear (94%), Understandable (90%), to keep separate books (66%), to combine financial & sustainability reporting (78%)

Layout & Visual: Layout is clean (81%); information is appealing (92%), interesting (85%) and useful (86%), but length can be reduced (61%)

Top 3 useful sections: Highlights, CEO perspective, Business Model & Financial Report

Digital Channels: 70% visited website for reporting information, 33% would like print copy in future

Economic Section: Report is clear (96%), important financial information is present (83%), context for Olam’s strategy is well defined (91%), business segments are clearly explained (91%), Olam’s long-term performance is promising (87%)

Social/Environment Section: Over 77% respondents understood Olam’s sustainability initiatives, targets, challenges, and issues. 48% found the GRI report useful.

We also took on board some specific feedback in terms of inclusion and layout for the Annual Report which now carries much of our sustainability reporting.

To present a more holistic view of each Product Segment: in the [2016 report](#), we presented the financial aspects for each Segment (e.g. Confectionery and Beverage Ingredients) but the sustainability reporting / discussion was presented under the Material Areas under Social and Environment. This meant that if the reader was only interested in cocoa, they had to read through the whole report.

This year, we therefore included a Non Financial Capitals Snapshot within the financial reporting for each segment. This included key developments, stakeholder concerns, achievements etc. Eg. See pages 46-49 for Edible Nuts and Spices & Vegetable Ingredients of the [Annual Report](#).

We also took on board requests to include more third party commentary in the [2017 Annual Report](#) so we included comment from the Fair Labor Association about progress on child and other labour issues in cocoa and hazelnut supply chains – see pages 49 and 53 in the 2017 Annual Report. We also included comment on Olam partnerships from Lancaster University on soil and the Consultative Group to Assist the Poor (CGAP) were also included – see pages 73 and 78.

102.44: Key topics and concerns that have been raised through stakeholder engagement, including report how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.

We have covered the most significant issues in the [2017 Annual Report](#) but outline them here also.

Palm operations – Mighty Earth, Greenpeace, Forest Heroes ([page 57 Annual Report](#))

Olam’s palm oil business was involved in a wide reaching debate about sustainable agricultural development in the highly forested nations of West and Central Africa, following a campaign by the NGO Mighty Earth in 2016 targeting our plantations in Gabon and our palm trading business. Recognising that opinions are highly polarised regarding the potential for plantations to drive economic and social development in developing countries whilst protecting critically important rainforests, we initiated a process of increased transparency, both to create space for a multi-stakeholder effort to find common ground for responsible development in countries like Gabon, and to inform international stakeholders of the complex process we have followed to develop some of the world’s most sustainable plantations.

To that end, [Olam and Mighty Earth signed an agreement in February 2017](#) committing both parties on a number of points. We agreed to a moratorium on further development of palm and rubber in Gabon to give time for stakeholders to develop further specific criteria for sustainable agriculture in countries where most of the land is

covered by forests. We also updated our [Palm Policy](#) to provide more clarity for our suppliers on our No Deforestation, No Peat and No Exploitation sourcing requirements.

We [invited Mighty Earth to visit our plantations](#), the neighbouring villages and the High Conservation Value areas we actively protect (72,000 ha inside our concessions), and meet with national NGOs and other stakeholders. A joint update on the visit is available on [olamgroup.com](#). Mighty Earth recognised the employment opportunities and investment in social infrastructure provided by Olam and the efforts taken to protect High Conservation Areas; but also expressed reservations about the biodiversity and climate impacts, and potential human rights impacts, of large scale plantation agriculture as a basis for the renewal of Gabon's rural economy.

In October Olam Palm Gabon invited The Forests Dialogue, a Yale-based programme which promotes multi-stakeholder discussions on forest issues, [to co-host a Dialogue in Gabon](#). This was attended by more than 50 stakeholders, including international and national NGOs such as WWF, TNC, Forest Peoples Programme, WRI, BrainForest and Mighty Earth, as well as industry, government, inter-governmental organisations. The Dialogue helped develop a roadmap and national plan of action which is being taken up by a Gabonese multi-stakeholder group. At the end of 2017, Olam's Bilala oil palm mill and plantation was certified by RSPO, taking the overall certified area managed by Olam to 55,400 ha. On third party trading, more than 80% of crude palm oil and palm kernel oil volumes were successfully traced using GPS co-ordinates, against a target of 50% with roadmap metrics now available on a palm dashboard on [olamgroup.com](#). The London Zoological Society (ZSL) ranks Olam 7th out of 50 against its Sustainability Policy Transparency Toolkit with a score of 77.9%. Responses to Mighty Earth, Greenpeace and other NGOs on palm-related matters can be found on [olamgroup.com](#). See also this [blog by World Resources Institute on the Gabon Dialogue](#).

Cocoa – Mighty Earth (page 53 [Annual Report](#), Strategy Chapter)

In September, Mighty Earth issued a report on the Cocoa sector regarding deforestation in Cote d'Ivoire and Ghana. Olam Cocoa issued the following statement:

Olam is absolutely clear that deforestation by cocoa smallholders must be halted which is why it is a key focus in our sustainability programmes around the world. The issue is also well recognised at an industry level with Olam being a co-founder of the Cocoa & Forests Initiative (CFI) which now encompasses 34 other companies. Together with the Governments of Côte d'Ivoire and Ghana CFI will present a detailed action plan at the UN Climate Talks (COP23) in November.

However, there is no fast answer. Deforestation by cocoa farmers is a direct result of entrenched poverty, which Olam and many of our peers, customers and NGO partners, have been tackling for several years. In Côte d'Ivoire and Ghana the Governments set the price of cocoa but farm yields are low. In these emerging markets, cocoa farmers often lack education and resources, unaware of techniques to maintain soil fertility, and unable to afford fertilisers. The solution for many is to farm on fertile forest soils.

Since 2009, Olam has been working with Ivorian farmers to improve productivity and incomes, providing agri and environmental training, credit, as well as health and educational infrastructure. In 2011 we began working with Rainforest Alliance to produce the world's first climate friendly cocoa with farmers in Ghana, and our programmes have increasingly included measures to protect forests. Today, over 85,000 cocoa farmers in Côte d'Ivoire and 30,000 in Ghana are in Olam Livelihood Charter programmes which include focus areas on deforestation, and the planting of shade and forestry trees.

A significant issue is traceability. In Côte d'Ivoire, many thousands of farmers produce sacks of cocoa beans which are typically sold to various intermediaries. This is why Olam has long encouraged farmers to establish co-operatives from whom we buy directly. In Côte d'Ivoire we work with 185 co-ops who must sign our Supplier Code and adhere to the terms of our agreements relating to sourcing outside of classified forests, national parks and reserves. We also expect all suppliers to comply with national forestry laws and, if we find evidence of sourcing from forest areas, we will investigate and take appropriate action.

Fortunately, technology is now catching up, enabling us to reach our ambitious 2020 goal for 100% of our directly sourced volumes to be traceable and sustainable. With our bespoke platform called the Olam Farmer Information System (OFIS), we have mapped and surveyed in detail over 51,500 cocoa farms in Côte d'Ivoire. This allows us to better understand the issues relating to the productivity of the farm and in many cases the social, environmental and economic issues that exist.

In addition to our own initiatives, the actions proposed under CFI are already designed to take into account the entrenched poverty whilst embedding sustainable smallholder practices. We must also ensure that measures to protect and restore forests take into account the long-term livelihoods of farmers who depend on cocoa. There are established communities living in areas of forest cleared many years previously but which are still legally classified as forests. There is therefore an urgent need to update the official reference maps (which have not been updated for several decades) to establish an accurate picture of the current situation. This will help us to draw a line in the sand against further deforestation, protect biodiversity and support the livelihoods of people. It will also enable us to identify priority areas for forest restoration.

Olam Cocoa also undertook an interview with the Guardian newspaper which had undertaken its own study in Cote d'Ivoire looking into the issues. We acknowledged that one instance was identified but that extensive sustainability efforts were in place to dissuade smallholders from deforestation as detailed above.

Coffee and the risk of deforestation in Peru – Chain Reaction Research

In Peru the supply chain is very fragmented, with 223,000 farming families producing coffee over about 380,000 ha. This makes it difficult for exporters to buy significant volumes directly, and relying on many intermediaries. Farmers struggle with yields due to lack of training, access to quality seedlings or degraded soil.

In August, a Chain Reaction Research report from the consortium of NGOs Aidenvironment, Climate Advisers and Profundo, stated that Olam faces reputational risk because “Coffee has been identified as a major driver of deforestation in the Peruvian Amazon.” However, “no direct link between Olam Peru and deforestation in the Peruvian coffee sector could be identified”. The report highlighted the preventive steps taken by Olam Peru which include:

- Direct procurement sustainability programmes (over 1,300 farmers) with reforestation and training in Good
- Agricultural Practices to improve yields, which in turn help to prevent farmers encroaching into fertile forest
- Assembled a core set of intermediary suppliers who commit to upholding the Olam Supplier Code
- Promotion of third-party verification and certification schemes in indirect procurement (70% is certified).

Olam agronomists and field staff train smallholders in Good Agricultural Practices to get the certificates. We also explained how a company needs to be in the supply chain in order to change it; focusing on remediation and education if smallholders are found to be carrying out poor practices rather than necessarily removing them immediately from the supply chain. Read more about our approach in the Natural Capital section of the [Annual Report](#) and in the [Olam Living Landscapes Policy](#) at olamgroup.com

Wood Products – OCDH and Renapac (page 61 [Annual Report](#))

In the Republic of Congo, subsidiary Congolaise Industrielle des Bois (CIB) successfully renewed FSC® certification for 1.3 million hectares (ha). The team is working towards certification of the most recent concession of 671,000 ha. CIB is the largest employer in the region (994 people), and the only major provider of healthcare across approximately 20,000 km² with 58,000 people, the vast majority living in poor villages or as semi-nomadic tribes. CIB operates a 42 bed hospital and another 36 beds across 4 rural clinics. Both chronic and infectious diseases are rife in this area and, in 2017, over 21,500 patients were treated who were not CIB employees.

In 2016, the CIB doctor, with an NGO healthcare project, travelled to a remote group of villages, previously only accessible by canoe, along a road just built by CIB at the villages' request. During this trip, the medical team treated many children for malaria and malnutrition. The CIB medical team returned a few weeks later and many more children and adults were treated by the medical team with some being evacuated to the CIB hospital. Tragically, there were still many deaths.

In August 2017, two Congolese NGOs (OCDH and RENAPAC) issued a report stating that the road building itself had caused an increase in malaria, which in turn caused high child mortality.

To investigate the allegations CIB requested advice from the NGO The Malaria Consortium. On their recommendation an independent tropical disease specialist was commissioned. The report findings show:

- While malaria is endemic in the region it was not the single or main cause of death
- The final cause was split mainly between dysentery, malaria, pneumonia and measles
- The road was assessed to have not made a relevant impact on the breeding of malarial mosquitoes due to the surrounding marsh (flooded forest) landscape which provided enormous permanent breeding ground potential for the mosquitos.

These villages are affected by immense poverty, malnutrition and many negative social factors, facilitating the spread of deadly diseases. The deep, systemic healthcare issues underpinning this tragedy cannot be solved by any one party acting alone and it will require a renewed focus on effective delivery of healthcare for the region. In this, CIB will continue to work with the Government, national and international NGOs, and experts to find a durable solution to help communities living in the forest.

Nigeria import duties (page 56 [Annual Report](#))

The country team responded in full following a request by the Senate Joint Committee on Customs, Excise, and Tariff and Marine Transport to many international and national companies regarding import payments. The team presented all documents and continues to engage with the Senate.

6. Reporting Practice

102.45: Report the entities included in the organisation’s consolidated financial statements or equivalent documents and whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report.

See the 2017 Financial Statements in the [Annual Report](#). Subsidiary companies listed from page 49.

102.46: Provide an explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.

For FY17 we evolved our Annual Reporting to address both financial and non financial capitals. Our CEO Sunny Verghese explains why on page 12 of the Strategy Report in the [Annual Report](#):

“Research by Ocean Tomo LLC (one of the world’s leading Intellectual Capital Valuation, Management and Advisory Services firm) done on the S&P 500 companies for the last 45 year period shows that the market value of these companies over time is explained less by the value of their tangible assets and is increasingly determined more by the value of their intangible assets.

The study shows that in 1975, 83% of the S&P 500 companies market value was explained by their tangible assets and only 17% by their intangible assets, whereas in 2015 only 16% of the S&P 500 market value was determined by its tangible assets and 84% was explained by their intangible assets.

To create value over the long-term, it has become increasingly clear that organisations need to actively manage a broader set of drivers beyond Financial and Economic Capital (equity, debt, tangible assets) that includes Manufactured Capital (the stock of the company’s factories, farms, equipment, etc.), Intellectual Capital (R&D, patents, copyrights, knowhow, organisational systems and processes, etc.), Intangible Capital (brand, reputation, know-how etc.), Human Capital (motivation and engagement of its employees, attrition rates, capability development, culture, spirit, capacity to innovate, etc.), Social Capital (relationship between the company and all its stakeholders including communities, government relations, customers and other supply chain partners) and Natural Capital (including the company’s carbon, water, waste footprint and the cost of these externalities).

However, these broader set of long-term drivers and different forms of Capital that drive long-term value are not universally assessed in current reporting frameworks, even though they drive a significant portion of today’s market value.

There is a significant and increasing disconnect between today's reporting formats and the drivers of long-term value for a few specific reasons: i) accounting profit and shareholder returns are disconnected because accounting profit is quick to recognise the short-term changes in revenues and costs, but does not account for the value likely to be derived from investments made for the long term.

For example, at Olam (as described in the earlier sections of this review) we have invested significantly in sustainability, digitalisation and capability building initiatives, all of which will decrease our accounting profits, however it does not reflect the potential value that will be created from these investments; ii) we often measure and report what is easy rather than what is right, for example, inadequate reporting on intangibles; iii) the failure of companies to address idiosyncratic Environmental, Social and Governance (ESG) tail risks, which if materialised, diminishes future cash flows and increases the cost of capital; and iv) the timelines mismatch by co-mingling operating cost with different forms of long-term, gestating capital investments, which confuses the understanding of how well an organisation is investing to maintain or enhance its long-term competitive advantage. This is why we at Olam have now begun to value these broad set of drivers and measure the various forms of capital that drive long-term value for the company.

This Annual Report is the first in our journey to develop a new model of reporting that provides insight into how we create value over the long-term. It aims to communicate how we identify, invest in, develop, preserve and deploy key strategic assets including the various forms of Capital described above in line with our company's purpose to create long-term value for all our stakeholders.

Olam's Capitals and how they relate to our Material Areas:

Within the 2017 Annual Report we present the Capitals and the value we aim to create through a diagram on page 21 to 22.

We provide a Non Financial Capitals Snapshot within each Product Segment report.

We then have a separate section on each of the Non Financial Capitals which include the Material Areas against which we have been reporting since 2013:

- Human Capital: pages 68 – 71 (includes Labour as a material area)
- Social Capital: pages 72 – 76 (includes Livelihoods, Food Security & Nutrition material areas)
- Natural Capital: pages 77 – 82 (includes Land, Water and Climate Change material areas)
- Intellectual Capital: pages 83 - 85
- Intangible Capital (brand): page 86
- Manufactured Capital: pages 87 – 88 (includes Food Safety as a material area)

When considering operational boundaries, it can be seen that all of the material areas impact our indirect sourcing supply chains (large and small-scale farmer suppliers), and equally all 7 are material to our direct operations (plantations, farms, processing facilities, offices etc.) Although we report against each material area individually, they should not be viewed in silos, rather they interconnect to a greater or lesser degree depending on the landscape. This is why, on the ground, we always aim to take a 'landscape approach', which addresses risks and opportunities holistically.

Our priority material issues for 2017 are detailed here:

Livelihoods (see also Social Capital in the [Annual Report](#))

- Improving the livelihoods potential of farmers (especially smallholders in Africa, Asia and S. America) and others in our supply chain through enhanced skills, economic resources, and infrastructure

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

Labour (see Human Capital in the [Annual Report](#))

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

Food Security and Nutrition (see Social Capital in the [Annual Report](#))

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

Food Safety and Quality (see Manufactured Capital in the [Annual Report](#))

- Improvement of crop quality, especially for smallholders
- Reduction of pesticides – globally within our direct operations and also smallholder farmers
- Traceability in third party supply chains
- Preventing microbiological contamination in both own and third party supply chains
- Preventing/ Identifying adulteration in third party supply chains

Land (see Natural Capital in the [Annual Report](#))

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

- Transparency across operations including third party

Water (see Natural Capital in the [Annual Report](#))

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

Climate change (see Natural Capital in the [Annual Report](#))

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

Corporate Responsibility & Strategy Refresh

As reported in the [Annual Report](#), in 2017 we refreshed our global CR&S framework to integrate our new purpose “Re-imagining Global Agriculture: Growing Responsibly” with our Material Areas, as well as to include stakeholder feedback. This work was finalised in 2018 and refines our Material Areas as shown in the diagram below. In turn, these are now mapped and aligned to the 9 Planetary Boundaries as defined by the [Stockholm Resilience Centre](#).

AtSource
AtSource products are available in 3 tiers, supporting unique customer sustainability journeys.

AtSource ∞
Infinity: Collaboration with customers to achieve transformational net-positive impact at community or landscape level

AtSource +
Plus: Traceable and sustainable supply chains with on the ground initiatives and granular reporting, 3rd party verified

AtSource
Entry level: Transparency and reassurance of Olam's efforts to offer responsible supply

A user-friendly digital platform provides rich, easy-to-access customer sustainability reporting.

• The platform delivers product journey maps, environmental footprints and key socio-economic metrics from Olam's supply chains.

• Customers can view tailored sustainability narratives and farmer stories specific to the impact in their product's supply chains.

In this exercise we added certain Material Areas that were missing from the Planetary Boundaries framework and removed certain other overlapping areas. Of particular note are the new Material Areas of Diversity and Inclusiveness; Healthy Soils and Reduced Waste.

During this process we also fed in the considerable inputs we received from customers as part of the research and testing for our new comprehensive sustainability package called AtSource. This will be formally launched in Q2 2018 but the development took place in 2017. Through AtSource we can seamlessly connect customers directly to the source of supply, across the entire journey from field to processing, country of origin to destination market. AtSource provides unparalleled information across 12 core sustainability topics, grouped into 3 pillars –

People, Planet and Farmer Livelihoods. AtSource offers 80 environmental and social indicators considered important to our customers in the research phases. More on AtSource will can be found on pages 6, 15, 83 and 84 of the 2017 [Annual Report](#). Most importantly, we have now fully aligned our Purpose, the Material Areas, Planetary Boundaries and the UN SDGs in a coherent manner in our new CR&S Framework. We believe that the SDGs and the Planetary Boundaries provide valuable frameworks to which many stakeholders have already contributed, recognise and understand, and provide a focus for continuing engagement. Indeed, as some of our stakeholders such as customers, are also using these frameworks it means that we are more aligned in our respective approaches which helps with both impact and efficiency of working together. We will report on these new Material Areas in our 2018 Annual Report.

Our CR&S Framework

Our purpose	Re-imagining Global Agriculture: Growing Responsibly									
Outcomes	Prosperous farmers and farming systems			Thriving communities			Re-generation of the living world			
Material Areas & SDGs	Economic Opportunity	Safe & Decent work	Education & Skills	Health & Nutrition	Diversity & Inclusion	Climate Action	Healthy Eco-systems	Healthy Soils	Water	Reduced Waste
Enablers	 	 		 	 	 	 			
Policies	Health & Safety		Quality & Food Safety		Labour		Living Landscapes			
Standards	Olam Livelihood Charter									
Farmers	Olam Plantations, Concessions & Farms Code									
Plantations	Supplier Code									
Suppliers	QEHS Standards									
Factories & worksites	QEHS Standards									

Mapping SDG targets material to Olam’s business

As part of the CR&S strategy refresh, and analysis of our current material areas, we have also reviewed the specific targets of the 17 UN Sustainable Development Goals. Of the 167 targets, we identified around 55 (allowing for some overlaps) that are material to our business to a greater or lesser degree. We have then assessed them against our ability to influence the target as well as stakeholder priority. We have also started to look at the targets in terms of identifying opportunities to innovate and lead. This process will feed into our continuing work on our refreshed CR&S framework for 2018 onwards.

Issue is important to Olam and we can influence target. Key priority for stakeholders :	Issue is important to Olam, we can influence delivery of target, but is second tier of priority for stakeholders	Issue is important to stakeholders but Olam has less influence to deliver the target	Issue is important but others have greater influence than Olam, stakeholders see issue as lower priority for Olam
1.2 Reduce poverty	3.3 End epidemics	1.2. Eradicate extreme poverty	1.3 Implement social protection
1.5 Resilience to shocks	3.6 Reduce traffic accidents	4.1 Ensure free education	2.c Functioning of food commodity markets
2.3 Farmer productivity	6.3 Improve water quality	6.b Community engagement on WASH	4.2 Access to early childhood development
2.4 Sustainable agriculture	8.2 Increase economic productivity	8.6 Reduce youth unemployment	9.4 Upgrade infrastructure
4.4 Increase enterprise skills	8.10 Financial Services for all	10.1 Income growth	10.7 Facilitate responsible migration
5.A Ensure women's economic participation	12.4 Management of chemical use	12.3 Reduce food loss	13.3 Capacity for climate response
6.1 Access to water	13.a Climate change mitigation		15.9 Eco-system values in govt. planning
6.2 Access to sanitation	14.1 Prevent land marine pollution from activities		15.a Finance for eco-system conservation
6.4 Water use efficiency and sustainable withdrawal	15.3 Combat desertification		15.b Finance sustainable forest management
7.3 Improve energy efficiency	15.5 Reduce loss of biodiversity		17.1 Strengthen tax capacity
8.1 Sustain per capita economic growth	15.7 Protect flora and fauna		17.3 Financial resources for development
8.7 Eradicate forced labour	17.7 Access to environmental technology		17.5 Investment promotion regimes
8.8 Promote labour rights and safety			17.9 Capacity building for national sustainable development
12.2 Sustainable natural resource use			17.14 Policies for sustainable development
12.6 Corporate sustainability reporting			17.15 Policies for poverty eradication
13.1 Strengthen resilience to natural disasters			17.18 Capacity building for data
15.1 Conserve/restore eco-systems			
15.2 Protection of forests			
16.2 End violence against children			
16.5 Reduce corruption			
17.11 Developing country exports			
17.16 Partner for Sustainable Development			
17.17 Promote effective partnerships			

102.47: Report a list of the material topics identified in the process for defining report content

See 102:46 above.

102.48: Restatements of information

See 2017 [Annual Report](#), Strategy Report page 94: Changes in accounting standards, policies and restatements

The Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. These include Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants and early adoption of FRS 109 Financial Instruments. As a result of these amendments, the Consolidated Balance Sheet of the Group as at 1 July 2014 and 31 December 2015 as well as the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the 12 and 18 months ended 31 December 2015 have been restated. These amendments and other changes in accounting standards and their impact are detailed in the Notes to Financial Statements.

102:49: Significant changes from previous reporting periods in the list of material topics and topic Boundaries

None.

102:50: Reporting period for the information provided

January to December 2017.

102.51: Date of most recent previous report (if any)

The 2016 Annual Report [was launched](#) on 10th April 2017.

The [2016 GRI Report](#) was published on the same date.

102.52: Reporting cycle

Annual

102.53: Contact for the report

Email: crs@olamnet.com

Nikki Barber, Group Head of Public Relations, nikki.barber@olamnet.com

102.53: Report the 'in accordance' option the organisation has chosen.

In accordance Core.

SPECIFIC DISCLOSURES

Management approach Economic Performance

For our 2017 Economic performance please refer to the [2107 Annual Report](#), especially the following in the Strategy Report:

- Financial and performance highlights
- CEO Review
- Group COO Review
- Capitals Section

Please also refer to the separate reports

- Financial Statements
- Governance

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

Relevant policies: [Olam Code of Conduct](#)

201.1: Direct economic value generated and distributed

See the 2017 [Annual Report](#) Strategy Report and Financial Statements. In terms of Social Investment, under the Olam Livelihood Charter - US\$3.83 million in smallholder community investment and infrastructure. Includes education and health provision, but also economic support such as solar dryers and warehousing for the farmers to improve the quality of the crop which Olam then buys.

201.2 Financial implications and other risks and opportunities for the organisation's activities due to climate change

Climate change has profound effects on agriculture and global food security in terms of its availability, accessibility and stability of supply. Farmers, especially smallholders, are on the front line of changing weather patterns with limited capacity to adapt to its impacts. Conversely agriculture is a major contributor to climate change. The Agriculture, Forestry and Other Land Use sector is responsible for 24% of global greenhouse gas emissions (GHG).

In the [2017 Annual Report](#), CEO Sunny Verghese highlights statistics from an FAO report on the potential impact of climate change on crop production and availability:

“In the past, our agricultural systems have coped with population surges and shifting dietary habits. However, given climate change impacts, water constraints and other Planetary Boundaries, this becomes a far more difficult challenge going forward. The Planetary Boundaries framework as developed by the Stockholm Resilience Centre and a group of earth system and environmental scientists, sets out precautionary boundaries for 9 critical processes of human driven environmental change. Together, the Planetary Boundaries quantify a safe operating space within which we can live well, thus providing us a dashboard for global sustainability.

Beyond these boundaries, we could potentially face the possibility of disruptive, catastrophic or large-scale changes in Earth system functioning, leading to significant risks to societies and economies worldwide. Of these 9 Planetary Boundaries, 4 boundaries (including climate change, loss of biodiversity, overload in the nitrogen and phosphorus biogeochemical cycles and land use change) have already been transgressed. We are seeing the impact of this on crop production, water availability etc.

The FAO explains: “Until about 2030, global warming is expected to lead to both gains and losses in the productivity of crops, livestock, fisheries and forestry, depending on places and conditions. Beyond 2030, the negative impacts of climate change on agricultural yields will become increasingly severe in all regions.” FAO cites a report by Rosenzweig et al 2013 which states: “The impact on yields by the year 2100 under high emission climate scenarios will range between -20 and -45 percent for maize, between -5 and -50 percent for wheat, between -20 and -30 percent for rice, and between -30 and -60 percent for soybean.” Resolving this would be a critical determinant to achieving the level of crop production required to feed the world in the future. Understanding and addressing the other planetary boundaries is equally critical. .

More and more countries have already implemented an Emissions Trading Scheme (ETS) and/or imposed a Carbon Tax. World Bank's report on 'State and Trends of Carbon Pricing 2016' indicates that already 40 countries at the national level and an additional 24 regions at the sub-national level have adopted ETS or Carbon Taxes. While today, mother nature's back office is not set up to issue us the invoices for the services that we derive from nature to produce the goods that we deliver to our customers, it is only to be expected that governments will increasingly assess whether natural resources are being used efficiently and economically, and what price companies are paying to society for the use of natural capital and eco-system services that benefit all of us.”

Moving to Climate-Smart Agricultural (CSA) practices can therefore play a significant role in addressing global challenges by way of three main pillars:

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

For smallholders however, *“the nature of the sector means that there are potentially many barriers to implementation of available mitigation options, including accessibility to financing, poverty, institutional, ecological, technological development, diffusion and transfer barriers.”* ([UNFCCC Toolkit](#)). Through our focus on Livelihoods, Water, Food Security and Land issues, Olam is working to tackle all of these challenges. We undertake continuous climate change assessments, which are captured in the Enterprise Risk Scorecard. We also recognise that there are opportunities in tackling climate change. These include:

- Energy and therefore cost efficiencies e.g. the use of solar panels or waste
- Customer interest in wanting to support sustainable supply chains

- Cost reduction from use of synthetic fertilisers
- Market incentives such as REDD+ and realising value from standing forests

On financing and incentives

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

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

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

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

GRI 202 Market Presence (FY17 Annual Report (AR): Human Capital; material area: Labour)

202.2: Proportion of senior management hired from the local community at significant locations of operation

New management hires for 2017 from the local community = 149 (Egypt, Ghana, Mozambique, Nigeria, Senegal, Togo, Zambia, India, Malaysia, Vietnam, Singapore, Germany, UK, Netherlands, Switzerland, Brazil)

Local = national rather than expatriate.

Management = Band E and above

Percentage of senior management hired from the local community varies, particularly in terms of whether the operation is in an emerging market. Olam is committed to upskilling in these countries running many management programmes and supporting colleges and scholarships. Below is a snapshot showing the range:

- Nutrifoods Ghana = 23%
- Olam Mocambique, Limitada = 11%
- OK Foods Nigeria = 14%
- Outspan Malaysia = 100%
- Olam Deutschland GMBH = 67%
- Olam Food Ingredients US: 87%

GRI 203 Indirect Economic Impacts (FY17AR Human and Social Capital; Material areas: Livelihoods, Food Security and Nutrition, Labour)

Management Approach Indirect Economic Impacts

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

We depend on 4.7 million farmers, as well as wider agricultural communities, for our volumes. We need them (especially the younger generation) to view farming and rural processing as viable sources of income. We focus on catalysing economic opportunity, inclusion, and good health. We call this 'unlocking mutual value'.

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

Other relevant publicly available policies and codes:

- [Olam Supplier Code](#)
- [Olam Living Landscapes Policy](#)
- [Olam Code of Conduct](#)
- [Olam Sustainable Palm Oil Policy](#)
- [Olam Palm Grievance Procedure](#)

203.1: Development and impact of infrastructure investments and services supported

Olam does not collate the value of infrastructure investments and services provided at a global levels across multiple supply chains. However, we do collate to an extent for the Olam Livelihood Charter which in 2017 provided support for just under 363,000 smallholders. Infrastructure investments include warehousing, roads, solar dryers and social investments such as bore holes, schools and clinics.

203-2: Significant indirect economic impacts, including the extent of impacts

Given our dependence on 4.7 million farmers, the vast majority being smallholders in emerging markets, the definition of Social Capital by the OECD as "networks together with shared norms, values and understandings that facilitate co-operation within or among groups" is particularly resonant. Much of our focus therefore is on lifting smallholders out of poverty. To secure the crops for customers tomorrow, we must help rural communities to

thrive today. In turn, this delivers economic value for the countries where we operate. Large-scale farmers also face many challenges. Often 3rd or 4th generation family farms, they have grown through hard work, perseverance and sacrifice. While Olam's extensive farmgate experience means we are well-placed to support farmers from America to Zimbabwe, we must work in partnership to achieve the scale of transformational change required in the agricultural sector. Currently, there is no single methodology to put a financial value on all elements identified under Social Capital creation. So, as a 'stepping stone', we are measuring the investments we make in social infrastructure and impacts on livelihoods.

Understanding life for rural communities in emerging markets

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

7th year of the Olam Livelihood Charter (OLC)

The OLC is Olam's award-winning programme providing holistic economic, social and environmental support to smallholder farmers, and reassurance to customers. Since 2011, we have gradually increased the number of farmers embraced in Africa, Asia and South America to just under 363,000. Over 1,000 sustainability experts work with communities all year round, fulfilling the Charter's 8 Principles: provision of finance; improved yield; good labour practices; market access; quality; traceability; social investment and reduced environmental impact

Olam Livelihood Charter (OLC) Principles

1. Finance

With our partners, we offer farmer groups short, medium and long-term finance (e.g. for crop production, purchasing and asset investments)

2. Improved yield

We invest in training and support farmers by the supply of inputs. (e.g. 6.29 million seedlings distributed in 2017)

3. Labour practices

We train farmers on health and safety, gender inclusion, the elimination of child labour, and farming as a business. (e.g. just under 233,000 smallholders trained in good labour practices in 2017)

4. Market access

We offer farmers a fair and competitive price. (e.g. through certification premiums, and by helping farmers gain access to world market prices such as initiatives like Olam Direct – see page 30 of the 2017 [Annual Report Strategy Report](#))

5. Quality

We encourage farmers to produce good quality by enhancing value to farmers and our customers. (e.g. 1,010 sustainability staff involved in farmer training and other activities in 2017)

6. Traceability

We ensure products can be tracked to source and certified where required. (e.g. almost 983,000 metric tonnes were traceable under the OLC in 2017 = 96%)

7. Social investment

We support rural health, education and infrastructure (in 2017 this included warehouses, boreholes, refurbishing classrooms etc).

8. Environmental impact

We are improving our overall environmental footprint across the supply chain. (e.g. 219,700 benefitted from sustainable environmental activity support in 2017)

On the ground support strengthened by collaboration

Partnerships are crucial for harnessing expertise and achieving scale. In 2017, we had over 40 customer, NGO, certification, trade, foundation and development organisation partners helping us to deliver 49 OLC initiatives in 21 countries. We also work with many certifying bodies such as Rainforest Alliance and, in 2017, 32% of OLC tonnage was certified.

Providing employment in rural communities

Olam's plantations, concessions and farms, as well as our processing operations provide considerable employment opportunity in emerging markets. In 2017 we employed 31,600 seasonal, contract or temporary workers. (This is lower than in 2016 - 34,700 workers – due to reclassification of workers to full time.). In Gabon palm oil alone we have given employment to around 7,700 Gabonese workers, many of whom have never had a job before. While

current management roles are filled primarily by expat Malaysian and Indonesian palm industry experts, a nationalisation Policy led by the Olam Palm Gabon Training and Development team will ensure that Gabonese nationals fill many of the roles by 2025.

Supporting the development of food crops by smallholders

The Olam Prize for Innovation in Food Security (US\$50k) received more than 90 entries in 2017. The winner was Dr Filippo Bassi of ICARDA (the International Centre for Research in the Dry Areas) and his international team whose discovery could transform the lives of over 1 million smallholder farmers in the Senegal Basin by helping them to grow durum wheat in extreme heat. Find out more here: [The man re-imagining agriculture in the Senegal Basin](#).

The GRAINE smallholder programme in Gabon, which supports national food security through industrial agricultural skills transfer and investment under the SOTRADER JV, launched a broad public consultation on its learnings since its inception 2 years ago. A number of recommendations were made to recalibrate the programme and embrace non-GRAINE cooperatives.

Stimulating cash crop production for our animal feed facilities in Nigeria

With a combined investment of US\$150 million, the poultry feed mill and day-old-chick facilities in Kaduna State, together with the integrated poultry and fish feed mill at Ilorin, were inaugurated by Nigerian President Buhari. To further stimulate and support the market, the team is improving the availability of expert support to farmers.

Internships are being offered to 100 veterinary, aquaculture and agronomy graduates who will receive hands-on learning opportunities over a 2-year period. Local sourcing of raw materials such as soybeans, corn and cassava for the animal feed is estimated to positively impact more than 300,000 smallholder crop farmers. Production requires maize as an input and there was some confusion when it was reported that Olam had imported GM maize for human consumption. The maize was imported for animal feed due to a poor local harvest.

Increasing access to low cost fortified foods to people in Africa

Olam is taking measures to improve nutrition among consumers in Africa. As well as mandatory fortification of products such as flour and edible oils, this included 98 million servings of Milky Magic biscuits and 821.5 million servings of Tasty Tom tomato paste in Ghana and 16.8 million servings of FreshYo yogurt in Nigeria. Overall in Africa, Olam produced 68 billion servings of fortified foods.

Scholarships for non-Olam employees in Africa

In 2017 we continued to support 10 post graduate students from Africa at Harvard Business School, Lee Kuan Yew School of Public Policy, INSEAD and London School of Economics and Political Science. We support students in business management, international development and public policy, with the aim of catalysing change in Africa.

See this Q&A with [Evince Ofori, scholar at INSEAD](#).

Relevant CR&S material area goals and progress

2016 – 2020 objectives	2020 target	2017 achievement	Outlook for 2020 target
Goal: Economic opportunity and inclusion (Material area: Livelihoods) Continued			
People have improved livelihood potential through enhanced skills, economic resources and infrastructure	750,000 beneficiaries, including an estimated 500,000 smallholders, plus other beneficiaries of capacity-building, cooperative support, school support, access to finance, producer goods, and economic infrastructure initiatives.	363,000 farmers have benefited from livelihood support through the OLC. 11,800 villagers in palm and rubber Social Contracts, and or benefitting from employment. 2,600 farmers under GRAINE programme in Gabon active in crop production. Aviv in Tanzania provided employment and social investment to 4 villages of 2,064 households = approx. 8,250 people based on around 4 people per household. NCCL in Zambia provided employment and social infrastructure including a school and clinic, positively impacting over 30 villages – benefiting approx. 16,620 people (based on 4 people per household).	On target (once wider impact methodology agreed)
Goal: Good health and wellbeing (Material area: Livelihoods – some overlap with Labour)			
People have improved health and wellbeing	Olam Healthy Living Campaign positively impacting on 250,000 people, including community beneficiaries of health, water and sanitation infrastructure, health education campaigns, HIV testing, health check-ups, access to insurance initiatives, and similar services.	Reached 250,000 people in Africa: 63,202 direct beneficiaries (e.g. HIV/AIDS sensitisation, diagnosis and testing = 20,900 people; malaria sensitisation and screening = 24,300) Indirect beneficiaries due to construction / renovation of borehole and latrine facilities in communities in Africa.	On target
Goal: Food security and nutrition (Material area: Food Security)			
Workers are educated on, and can access, nutritious foods	Conduct nutrition education or access initiatives for the workplace for 100% of target businesses, to be determined in the Standard.	Many businesses undertaking initiatives locally on health and well-being. Assessing further for consideration and implementation in FY18.	On target
Increased availability of micronutrient fortified foods	Produce 40 billion servings of micronutrient fortified foods.	68 billion servings of fortified foods in Africa, including yogurt drinks, oil, flour, tomato paste, milk, biscuits etc.	Exceeded target

Additional information:

- Social Capital, [2017 Annual Report](#), Strategy report pp 72-76,
- Helping communities to thrive by reviving cotton growing in Cote d'Ivoire, 2017 Annual Report, Strategy report p33

GRI 204 Procurement Practices (FY17 AR Social Capital; material area: Livelihoods)

Management Approach Procurement

Olam is committed to fair practices with suppliers. The [Olam Code of Conduct](#) and the [Olam Livelihood Charter](#) (see above) guides our approach with both small and large-scale farmers. We strive to be a good counter-party as it is crucial for our supply chains that farmers wish to work with Olam rather than sell to a competitor. We are also keen to support local communities set up supporting businesses.

We also expect our suppliers to ensure that fair practices are observed in their supply chains. The [Olam Supplier Code](#) was launched in 2014 and at the end of 2017 it covered 70% of priority product volumes (cocoa, coffee, cashew, cotton, hazelnut, palm and rubber).

We do not disclose total payments to suppliers as competitive information. We do not collect data at the local level regarding other procurement such as equipment, office supplies etc as it is not consider material.

GRI 205 Anti-Corruption

Management Approach Anti Corruption

We condemn any form of bribery and corruption, even if it is considered to be local practice. Olam has to operate in some countries where the request for bribes in order to do business may occur. Payment of such bribes, no matter how small, will only ensure that this negative practice prevails. If such a request arises, our [Code of Conduct](#) states that the employee should inform their manager who should discuss it with the relevant authorities.

Bribery is defined as: gaining unfair advantage by promising, offering or giving a public official (or other person of relevance) something of value in return for a service, either directly or indirectly through a third party. This applies whether the employee is being asked for the bribe or whether such an offer is instigated by an employee to the potential recipient.

The [Code of Conduct](#) states:

“To avoid finding yourself in a situation where a third party could try to illicit a bribe you should:

- Ensure all the third parties that you deal with are aware of and acknowledge Olam’s zero tolerance to fraud and corruption (and are aware of applicable anti-bribery laws) before you enter into a new relationship with them.
- Carry out appropriate due diligence on third parties before you enter into a deal or relationship – be alert for any suppliers with poor practices.
- Be alert to close relationships between parties in the supply chain (e.g. agent/distributor) or with government officials.
- Seek a breakdown of all fees/costs upfront and question anything which appears unusual.
- Maintain complete and accurate books and records of account recording all business transactions and dealings entered into for or on behalf of or conducted in connection with the Company.”

The Code also details guidance on the acceptance of gifts and hospitality, as well as political donations.

205.2: Communication and training about anti-corruption policies and procedures

All employees must uphold the Olam Code of Conduct and it is part of all inductions for new employees. In 2017 we strengthened our Anti-Bribery and Corruption Policy and reinforced understanding with the roll out of training, reaching more than 3,000 employees in December 2017. The training is a bespoke online course for which employees have to score a certain level to then receive a certificate. Numerous scenarios are provided which Olam employees could encounter. Breakdowns on employee category other than those listed has not been collected centrally.

	Olam Employees (<i>excl, Exco, Legal and Board</i>)	Board Members	Olam International Executive Committee	Lawyers
# of staff	3144	9*	12	22
% of whole	33%	100%	100%	100%
Countries	28 Majority in USA, UK, Australia, India, Singapore, South Africa, Netherlands. Continued roll- out across all countries in 2018	Singapore	Singapore, USA, UK	11

GRI 301 Materials

Management Approach Environmental

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

301.1 Materials used by weight or volume

Olam is a producer and processor of agricultural products which include crops (grown from natural resources) such as cocoa, palm oil and wood products. Our total volumes in 2017 were 22.5 million metric tonnes (MT), compared to 14.42 million MT in 2016 and 12.5 million MT in 2015. We do not break out individual product volumes due to commercial sensitivity, but we do provide combined information in the Group COO's review, Strategy Section, 2017 [Annual Report](#).

- Edible Nuts, Spices and Vegetable Ingredients - page 46 - 48
- Confectionery and Beverage Ingredients – page 49 - 53
- Food Staples and Packaged Foods – page 54 - 57
- Industrial Raw Materials – page 58 - 61

To date, packaging materials have not been deemed as a priority materiality topic for Olam. However, during 2018 we will begin to collect packaging weights from our US Spices and Vegetable Ingredients business as a pilot to further assess materiality for some of our business units.

302 Energy (FY17 AR, Natural Capital; material area: Climate Change)

Management Approach Energy

Olam recognises that by reducing energy consumption, particularly the use of fossil fuels, we will reduce greenhouse gas emissions (GHG), vital in the effort to reduce climate change. We are committed to aligning our goals with internationally agreed science-based targets which includes operating within Planetary Boundaries and reducing our contribution to the 13% of Greenhouse Gas emissions contributed by farms globally.

We have specific goals and targets which run until 2020, which include increasing the use of renewables and maximising biowaste. In 2017 we improved our overall carbon footprint by 29% for Olam's own operations.

Olam has reported to the [Carbon Disclosure Project](https://www.cdp.net/ja/responses/21403) for 7 years. CDP Climate 2017 was awarded B-; CDP Forests A- and Water B. <https://www.cdp.net/ja/responses/21403>.

In 2017 we received [an award from CDP](#) for the 'Best performance across programs'. This award "recognises companies who have responded to CDP's climate change, water, and forests questionnaires in 2017 and achieved the best scores across the three programmes". Olam was a joint winner with Charoen Pokphand Foods PCL for Hong Kong and South East Asia region.

Supporting Science-Based Targets

Science-based targets (sometimes called context-based targets), are the way to interpret these global scenarios into a usable framework for companies including Olam. They require that companies set reduction targets which are in line with science, rather than just developing well-meaning but arbitrary targets as has been the trend in sustainability to date, including in Olam. This approach provides a common global framework for companies of all sectors to use. They represent the minimum benchmark that companies should aim to achieve.

Olam has greenhouse gas (GHG) intensity targets of 10% reduction by 2020 from a 2013 baseline for its direct operations (farms, plantations, processing and manufacturing). We now need to set future GHG targets which expand beyond 2020, are aligned with climate-science and the Sustainable Development Goals (SDG) and include both our direct and indirect operations (i.e. our supply chains).

In 2016 Olam committed to move from the arbitrary GHG targets to science-based GHG targets which contribute to the Paris Climate Agreement. This means the GHG targets will be considered "science-based" if they are in line with the level of decarbonisation required to keep global temperature increase below 2°C.

Olam is the first agricultural production company to have voluntarily signed up to the Science Based Targets Initiative (SBTi). The SBTi was set up by four NGOs; WWF, WRI, CDP and UNGC, to encourage companies to set GHG reduction targets based on climate science. Other signatories include Mars, Kellogg, Tesco, Walmart, Unilever and General Mills. As the only agricultural production company to be a signatory to SBTi, Olam is also in a unique position to be able to support its customers develop and implement their supply chain targets.

The SBTi requires GHG reduction targets for the mid-term (next 5-15 years) that conform to validated science-based methodologies and also recommend setting GHG targets for the long-term (to 2050) to align with the timescale for the Paris Climate Agreement. There are two main target-setting methods that can be used; one is based on reducing industry greenhouse gas intensity. However, targets do not yet exist for the whole of the agricultural sector. The other is making absolute targets based on the business emissions. This is the option typically selected by agri-food companies and is our proposal for Olam.

We see 4 benefits associated with the setting of science-based targets:

1. **Increased innovation:** Setting ambitious targets now will require Olam to engage in the innovation and transformation of technologies and operational practices of tomorrow.
2. **Strengthened stakeholder relationships:** Taking a leadership position on the environment will further increase our capital among key stakeholders, including investors, customers, employees, policy makers and environmental groups.
3. **Drive long-term value:** Supports Olam to develop improved risk management and incorporate into decision making to reduce cost of capital. Drives further operational efficiency in a future where natural resources, including fossil fuels are forecast to become increasingly more expensive.
4. **Reduced regulatory uncertainty:** Taking ambitious action now will help Olam to be better able to influence and stay ahead of future policies and regulations to limit negative environmental impact.

Olam will submit its proposals for mid and long-term GHG emission reduction targets to the SBTi by end Q2 2018. This will serve to set the direction for future strategies for energy use and climate change mitigation.

As part of this process, during 2017 we undertook a review and set ourselves stretch targets to reduce GHGs by 50% by 2030 both in our own operations and in our supply chain. This requires a reduction of 3.85% per year. By 2050, we aspire to be carbon positive in operations, requiring a 5% emissions reduction per year from 2031 – 2050. We are developing stretch targets for our supply chain. We are also exploring how to set similar operational targets for water by reviewing global regions at risk of water stress and agriculture-linked pollution.

302.1: Energy consumption

The majority of fuel used is through our processing operations:

FY17 Scope 1		FY17 Scope 2	
Type of Fuel used	Quantity (GJ)	Type of Fuel used	Quantity (GJ)
Coal [GJ]	2,569,982.37	Grid Electricity (Non-green) [GJ]	1,517,180.53
Oil [GJ]	93,622.93	Steam [GJ]	543,177.82
Natural Gas [GJ]	4,634,854.33	Heating [GJ]	10,145.12
Petrol [GJ]	50,696.78	Cooling [GJ]	181.26
LPG (Liquefied Petroleum Gas) [GJ]	301,632.40	Geothermal [GJ]	430,566.14
Diesel [GJ]	1,535,801.44	Solar [GJ]	17.64
Propane [GJ]	54,617.50		
Biomass Wood [GJ]	76,392.24		
Biomass Spent Coffee Grounds [GJ]	418,546.00		
Biomass Cashew Shell [GJ]	248,549.20		
Biomass Rice Husks [GJ]	128,911.62		
Bagasse [GJ]	818,203.34		

Carbon footprint for Olam-managed plantations, concessions and farms

	FY17	FY16	FY15	FY14
Scope 1 – all direct GHG emissions (million tonnes of CO ₂ e)	0.89	0.67	1.76	1.52
Scope 2 – indirect GHG emissions from consumption of purchased electricity, heat or steam (million tonnes of CO ₂ e)	0.05	0.06	0.08	0.06
Scope 1+2 (million tonnes of CO ₂ e)	0.93	0.73	1.84	1.58
For every tonne of product produced, this many tonnes of CO ₂ e were generated	1.14	0.94	3.54	4.15

Carbon footprint for Olam processing

	FY17	FY16	FY15	FY14
Scope 1 – all direct GHG emissions (million tonnes of CO ₂ e)	0.66	0.67	0.33	0.38
Scope 2 – indirect GHG emissions from consumption of purchased electricity, heat or steam (million tonnes of CO ₂ e)	0.17	0.19	0.12	0.18
Scope 1+2 (million tonnes of CO ₂ e)	0.83	0.86	0.45	0.56
For every tonne of product produced, this many tonnes of CO ₂ e were generated	0.21	0.27	0.21	0.26

Methodology for Scope 1 and 2 GHG emissions is from The GHG Protocol Corporate Accounting and Reporting Standard.

Relevant CR&S material area goals and progress

2016 – 2020 objectives	2020 target	2017 achievement	Outlook for 2020 target
Goal: Reduced greenhouse gas emissions (Material area: Climate change)			
Increased energy efficiency	During FY17, developing science-based targets for total Olam GHG emissions from which the 2020 metric will be determined.	Science-based targets submitted. FY17 to be used as new baseline.	On target
Avoided GHG emissions	All Olam farms, plantations and Tier 1 facilities to have implemented their 2020 GHG reduction plans: 1. Operational efficiency 2. Avoid High Carbon Stocks for land development 3. Climate-Smart Agricultural practices.	GHG emissions for all Tier 1 sites are monitored on a monthly basis. Revised reduction plans to be developed in FY17 in line with science-based targets. Coffee implemented performance scorecard. All other BUs developing scorecard as part of CR&S strategies.	On target
Increased share of renewable energy	25% of energy derived from renewable and biomass sources at Olam's Tier 1 facilities (from 2015 baseline – 15%).	Share of renewable and biomass sources stand at 16%. Plan for achieving 25% share of renewable and biomass energy sources will be prepared in 2018.	On target
Goal: Reduced greenhouse gas emissions (Material area: Climate change)			
Reduced agricultural vulnerability to climate risks for OLC farmers and Olam-managed plantations, concessions and farms	Implement the Olam 2020 Climate-Smart Agriculture (CSA) Programme. Resilience impact to be launched in FY17 as part of WBCSD CSA programme.	Climate-Smart Agriculture measures incorporated into OLC principles of Environment, Social Investment and Improved Yield. CSA measures incorporated into Olam Plantations, Concessions and Farms Code.	On target
Goal: Sustainable development and use of land-based ecosystems (Material area: Land)			
Protection of ecosystems, high carbon stock forests, and high conservation value forests	100% of Olam-managed plantations, concessions and farms to have implemented their Land Management Plan.	Due Diligence, Environmental and Social Impact Assessments (ESIA) completed for all plantations currently in operation. Living Landscapes Policy developed. Participation in Tropical Forest Alliance 2020 and Cocoa & Forests Initiative on deforestation-free production.	On target

1. World Resources Institute

We have provided as much information as we have available globally for this indicator.

Additional Information:

- Natural Capital, Strategy Report, [2017 Annual Report](#)

303 Water (FY17 AR Natural Capital; material area: Water)

Management approach Water

Freshwater Use context-based target setting

Globally agriculture is the largest user of water, consuming about 70% of accessible freshwater, whilst industry consumes about 23%. Competition for water use is rising, due to population increases, demand from agriculture and industry, declining aquifer levels and abstraction of non-renewable ground water. Furthermore climate change is expected to exacerbate water stress by 2050, through a combination of reduced river base flows, increased flooding and rising sea levels.

Planetary Boundary (see Stockholm Resilience Centre)

The planetary boundary for water is a maximum amount of consumption of blue water use globally is 4000 km³/year. Further basin-level targets should be developed in the form of blue water withdrawal as a percentage of mean monthly river flow.

Water Usage at Olam

In 2017 Olam's Tier 1 processing plants used 8,742,732m³ of water, 51% of which was from wells and boreholes, and 42% from municipal supplies. This excludes the water consumed by Olam's farms and plantations and in the supply chain, which will be considerably more.

Water Stewardship

To manage water risk Olam adopts the Alliance for Water Stewardship definition of water stewardship:

"The use of water that is socially equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process that involves site and catchment-based actions. Good water stewards understand their own water use, catchment context and shared risk in terms of water governance, water balance, water quality and important water-related areas; and then engage in meaningful individual and collective actions that benefit people and nature."

Water Stewardship Process

1) Desktop risk review

CR&S will review each site location for farms, plantations and processing plants on the WRI Aqueduct Water Risk Atlas. The indicators used for this risk atlas are: flood occurrence, media coverage, drought severity, access to water, groundwater stress and threatened amphibians. Score options are: low risk (0-1), low to medium risk (1-2), medium to high risk (2-3), high risk (3-4), extreme high risk (4-5) or no data.

After an initial scan 211 sites have been highlighted as medium to high risk or high risk.

2) Review by Business Unit

Any site that scores higher than a 2-3 on the overall risk score in current conditions (future scenarios show a greatly increased global risk, and it will not be feasible for Olam to prioritise all areas) will be reviewed by their BU to assess if they are high water users, and if water is a material issue. For example, a warehouse is unlikely to use much water, but a plant which sources crops locally will have a more significant overall impact. The BU should reflect on what the impact would be on the business if there was a drought locally.

3) In-depth site-level risk review

If they do not use a significant amount of water they will not be required to proceed with any further measures. However, if water is a material issue to the operation the site should complete the WWF Water Risk Filter. The WWF Water Risk Filter enables companies to quantify water-related risks for all industries in all countries at a global level and has 27 risk indicator categories. This risk analysis covers the company risk, including suppliers' water use,

and the associated water basin risk. It requires the local site to fill in a questionnaire with 30 questions about the water situation at the site.

4) Specific site-level risks

Once this is completed the site will be given individual results highlighting where the most significant water risks lie within their operations. Any areas scoring 3.5 or above should be investigated. There will be a list of recommendations which are given by the tool. A review should be taken with a range of stakeholders from the plant to agree on these. These should be reviewed to check what improvements are required, what can be done in the short-, mid- and long-term. Some recommendations will not be feasible or appropriate.

5) Management plan

A water management plan should be developed to set goals and targets to reduce water use, these should be aligned to the water challenges, risks and opportunities identified by the WWF Water Risk Filter. This may exist within a wider environmental framework, for example ISO 14001. These should also consider the direct and indirect costs of water.

An understanding of historical water impacts should be developed – has the region been at risk of droughts or flooding? The plan should cover on-site factors, such as; water use, water storage, pollution and water contamination risks, water recycling and drainage, and off-site risks, such as; supply chain impacts of water shortages or flooding, what is the local demand for water, does Olam's operations take a proportionate division of water. The site should see if there are opportunities to become more water self-sufficient and to reduce water use, such as through rainwater harvesting, recycling water and through new plant technology. Two senior managers should be made aware of the water risks particular to the site, its supply chain and operations.

For agricultural sites considerations should be made about the water needs of the crop being grown, should less water thirsty crops be grown instead. Strategies to ensure efficient watering habits are used should also be implemented, especially where there are state subsidies which may distort the real cost of water. Agricultural practices should seek to enhance green water. Employee engagement around WASH practices should also be integrated into the plan.

6) Water use within the local landscape

The site should develop an understanding of the key water users in its area, including within its supply chain if locally based. These may be other agricultural-, industry- or domestic-users. Consideration should also be made around the future user requirements. The site may find it appropriate to engage a local municipality representative, or water company.

7) Review

Progress should be reviewed on an annual basis to ensure progress is aligned with targets. Examples of best practice developed by the site should be shared with MATS so that they can be implemented at other sites where appropriate.

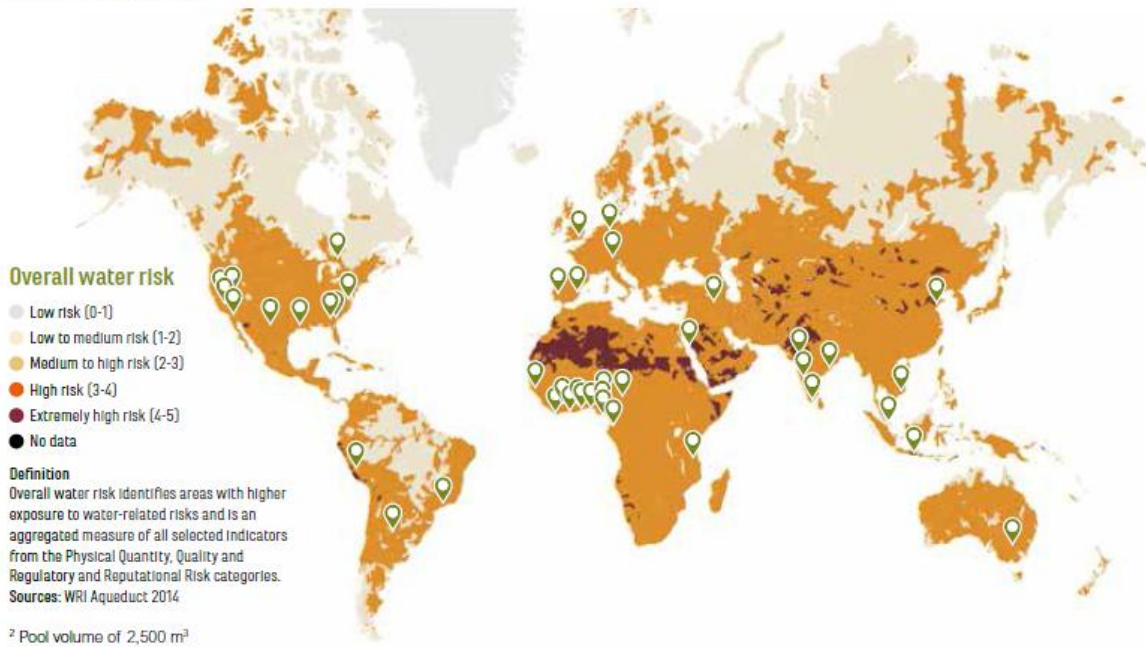
Conclusion

By 2030 a sustainable water management framework should be in place at all BU levels with progress being made on all at risk river basin areas.

Risk-screening map

Using the World Resources Institute Aqueduct risk mapping tool, in 2016 we screened OLC programmes, our upstream farming and plantations operations and our secondary processing facilities. This enables us to implement enhanced water management and water stewardship approaches. The map is still valid in 2017.

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



Helping smallholders reduce water while improving yields

Although many smallholder crops are naturally rain fed such as cocoa and cotton, others such as rice and sugar are renowned for water consumption, either because they are thirsty or because water is used liberally in production methods. Through the OLC and other initiatives, we train farmers to develop water management plans that mitigate risk and minimise adverse impacts on water supply. In 2017, we reached over 141,000 smallholders with water conservation education and support.

Additional information:

- Natural Capital, Strategy Section, [2017 Annual Report](#) pages 77 – 82
- [Environmental Sustainability Policy](#)
- [Olam Supplier Code](#)
- [Olam Plantations, Concessions and Farms Code](#)
- [Living Landscapes Policy](#)

303.1: Water withdrawal by source

Olam has reported to the [Carbon Disclosure Project](#) Water for 5 years. CDP Water 2017 (FY16) is available [here](#). We will submit FY17 this year.

Water consumption from supply chain is from the Water Footprint Network (Mekonnen, M.M. & Hoekstra, A.Y. (2011) The green, blue and grey water footprint of crops and derived crop products, Hydrology and Earth System Sciences, 15(5): 1577-1600). Total value chain water intensity is 3,587 m3 per MT product in 2017, a 17% improvement on 2016.

Surface and groundwater

	FY17	FY16	FY15
Total water	2.5 bn m ³	6.4 bn m ³	3.2 bn m ³
Processing	0.34%	0.1%	0.3%

Olam managed plantations, concessions, farms	8.23%	3.9%	7.9%
Supply chain	91.43%	96%	91.8%

Rainwater

	FY17	FY16	FY15
Total water	99 bn m ³	75.5 bn m ³	58.6 bn m ³
Processing	0%	0%	0%
Olam managed plantations, concessions, farms	1.34%	1%	1.7%
Supply chain	98.6%	99%	98.3%

We have not calculated globally the municipal water supplies or other public or private water utilities as most of water use is for crops which comes from surface and groundwater, or rainfall.

Relevant CR&S material area goals and progress Continued

2016 – 2020 objectives	2020 target	2017 achievement	Outlook for 2020 target
Goal: Sustainable development and use of land-based ecosystems (Material area: Land) Continued			
No community based conflict on Olam-managed plantations, concessions and farms	100% of Olam-managed plantations, concessions and farms to have implemented their FPIC process and their Social Action Plan.	Addressing historic claim at Laos coffee plantation. All grievances on plantations in Gabon in process or resolved – see Grievance log on olamgroup.com for detail. (As of February 2017 anonymous claims can also be submitted.)	On target
Reduce indirect land impacts from third-party farmers and suppliers	100% of third party supplier volume complies with the Supplier Code based on a prioritised product approach. Priority products: cashew, cocoa, coffee, cotton, hazelnut, palm, rubber.	All priority products are working with suppliers to implement the Supplier Code. 70% of priority product volumes procured by origins in FY17 are covered by the Code.	On target
Goal: Sustainable use of water resources (Material area: Water)			
Increased water use efficiency in Olam's direct operations	New science-based water targets for 2020 to be developed in 2017.	Science-based targets have been developed based on water risk assessments. Improvement plans to be created during FY18.	On target
	10% reduction in process water intensity in Olam Tier 1 factories from 2013 baseline which was 3.1 m ³ (tonne).	Water consumption intensities for Tier 1 facilities are monitored on a monthly basis. FY17 = 2.24 m ³ (tonne) - a 28% improvement on FY13.	Exceeded target
Increased water use efficiency in priority supply chains	100% of priority supply chains to have Water Resource Management plans.	Assessed water risk of OLC programmes, training over 141,390 smallholders on sustainable water management activities.	On target

304 Biodiversity (Natural Capital, FY17 AR; material areas: Land, Climate Change)

Management approach Biodiversity

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

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

Deforestation

Deforestation was the most common topic of stakeholder interest in 2017. We engaged in particular on definitions of deforestation and how the 'trade off' between alleviating abject poverty in agriculturally deficient areas while protecting vital natural capital can be managed. As a key part of our outreach, the Gabon team welcomed more than 50 NGOs and governmental, finance and multi-lateral agency stakeholders to our operations as part of The Forests Dialogue to discuss the challenges facing this highly forested nation. In parallel, we are working extensively to halt smallholder encroachment into forests. We have created large set asides (around 50% of the total concession area) of High Conservation Value areas in our palm and rubber plantations, and are protecting these areas at our cost and responsibility. Olam Cocoa was also a founding member of the [Cocoa & Forests Initiative](#) launched by The Prince of Wales' International Sustainability Unit, working in partnership with the World Cocoa Foundation and IDH the Sustainable Trade Initiative.

For detailed case studies see:

- Food Staples and Packaged Foods, Balancing social and natural capital needs in highly forested nations, [2017 Annual Report](#) page 57
- Confectionery and beverage ingredients, Coffee in Peru deforestation risk; Rainforest Alliance Olam Cocoa partnership in Ghana page 52, 2017 [Annual Report](#) page 57

New Living Landscapes Policy

In 2017, we consulted widely with experts and civil society on a forest policy to cover all commodities in Olam's portfolio. We concluded that a Policy based narrowly on unacceptable land use management practices will not be sufficient to meet the challenges of deforestation and ecosystem degradation. As part of our ambition to re-imagine global agriculture we have therefore adopted a [Living Landscapes Policy](#). We aim to deliver a triple positive impact in the places where we work to create and sustain living landscapes, where profitable farms and plantations, thriving rural communities, and healthy ecosystems coexist. For example, around our plantations in Gabon our net-positive contribution includes thousands of jobs, social infrastructure, High Conservation Value areas and anti-poaching enforcement, and net positive climate impact.

Aims:

Prosperous farmers and farming systems e.g. economically viable production that sustains a decent livelihood for farmers and agricultural workers, including safe and decent employment opportunities, access to training & finance, and fair pricing.

Thriving communities e.g. revitalising rural communities to live well, enjoying access to essential services such as health, education, and sanitation, and securing nutritious food for all.

Regenerating the living world e.g. maintaining or restoring healthy ecosystems that support viable populations of animals and plants (biodiversity), enhancing local ecosystem services (e.g. water regulation, soil fertility and erosion

control), and regulating the global climate (carbon storage and greenhouse gas emissions).

Going forward, each Olam business will take a risk-based approach to establish strategies and plans appropriate to our role in growing, sourcing, processing and trading each crop and commodity. Time-bound commitments are incorporated into the Policy (2018 and 2020). To ensure successful application of this Policy group-wide we will develop and implement a suitable process to monitor compliance with the Policy. Reporting on progress will begin in the FY18 Annual Report. See olamgroup.com for more detail.

Elimination of unacceptable practices in Land management

The following unacceptable land use practices are not permitted in our operations or third party supply chains, and if present, must be eliminated:

No illegal activities:

- Full compliance with applicable national and international laws, including human and labour rights
- Respect Legally Protected Areas or Internationally Recognised Areas

No conversion or degradation of critical habitats such as High Conservation Value (HCV) areas and other nationally recognised conservation priorities.

No conversion or degradation of peatlands of any depth.

No conversion or degradation of other natural habitats with high levels of organic carbon such as High Carbon Stock (HCS) forests.

No use of fire in land preparation including planting and replanting.

No development without the Free, Prior, and Informed Consent (FPIC) of indigenous peoples and/or local communities, recognising traditional and customary rights.

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

Through the [Olam Supplier Code](#), we expect suppliers to ensure that the natural environment is respected. Read about our approach to dealing with suppliers who are found to be using unacceptable practices in the Landscapes Policy.

Additional information:

- Natural Capital, Strategy Report, [2017 Annual Report](#) pp 77 – 82
- Case study: creating hedgerows for bees in California, 2017 Annual Report, page 35

304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Olam Palm Gabon (Awala, Mouila, Makouke) – plantations

We entered 2 joint ventures with the Republic of Gabon in 2010, to develop large scale sustainable palm plantations to RSPO standards, as well as rubber plantations. Given its suitable soil and climatic conditions, Gabon has the potential to be a cost-competitive palm oil producer.

Our approach is summarised here:

- Select broad areas in landscapes that are far from national parks and where the natural environment has already been degraded

- Within specific sites, ensure that we identify the land that is of High Conservation Value (HCV) for biodiversity, community or cultural reasons
- Prioritise the 'least value' land for development and invest heavily in conserving the high value areas. We actively manage these HCV areas, helping to prevent poaching and illegal hunting
- Engage the local communities to ensure that they agree with our analysis and with the project
- Validate our assessments through broad-based consultations with NGOs and experts.
- Create positive social and economic impact in the local communities through employment, capacity building, and rural infrastructure development.
- Ensure we are 100% RSPO certified from new planting through to mill completion with no burning for land clearance.

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

Cameras monitor apes and elephants in the forest around our palm plantations. At the start of development we had commissioned independent experts to conduct great ape surveys and consulted extensively with the Gabon National Parks Agency, and NGOs such as WWF and the Wildlife Conservation Society, to share best practice. We created a connected network of High Conservation Value areas totaling 72,000 hectares which we protect. These areas are directly connected to adjacent forests, allowing free movement of animals through the landscape.

In 2017, we worked with CSIRO to develop technology that would dissuade elephants from entering the plantations from the forests without harm. Read the blog here: <https://blog.csiro.au/elephant-scaring-technology-saves-crops/>

See the December 2017 [online palm dashboard](#) for data on concession size, certified areas and HCV areas.

We have also published ESIA and HCV summaries at olamgroup.com

For location maps see the third question in the FAQ on olamgroup.com [here](#).

We achieved RSPO certification for the Bilala mill and plantation in 2017 and this was announced in [January 2018](#).

In July 2016 OPG bought palm oil assets from SIAT Gabon (palm plantation, mill, refinery and associated infrastructure near Makouke, Gabon) and a team is now in place to bring the entire operation into RSPO certification by 2019. It falls under the Gabon Ramsar Convention.

Olam Rubber Gabon (Bitam) – plantation

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

In 2017 we agreed with Mighty Earth to suspend further land clearing of forest in Gabon for palm and rubber plantations for a year (a period that can be extended). During this time, Mighty Earth and Olam agreed to support a multi-stakeholder process to develop further specific criteria for responsible agricultural development in countries that have most of their land covered by forests. See this [link to the full agreement](#).

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

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

See olamgroup.com for all FSC summaries of management plans.

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

Coffee plantations – Tanzania and Zambia

Subsidiaries Aviv in Tanzania and the Northern Coffee Corporation Ltd (NCCL) in Zambia now meet the growing demand for single-estate, certified, traceable volumes. Aviv is a 2,000 ha plantation with over 1,000 ha of planted Arabica coffee and a wet mill processing facility. Protected areas, including buffer zones, cover 642 ha of land under Aviv management.

NCCL is situated at Kasama, in Zambia's Northern Province, and has planted over 1,800 ha. A further 1,448 ha of conservation areas are being protected. Volumes for both plantations will be supplemented with smallholder coffee programmes, which will be supported for future certification efforts.

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

Coffee plantation – Laos

Outspan Bolovens Limited (OBL) was incorporated in Laos in 2009 as a subsidiary of Olam International, to manage a greenfield coffee plantation project in the heart of the Boloven Plateau at an altitude of 1,250 metres. Olam's first greenfield coffee venture, the project forms part of our strategy to integrate backward into upstream plantations in Laos, and aims to produce high quality estate-specific certified specialty coffee for niche markets worldwide. The plantation area is just over 2,000 ha with 446 ha under conservation protection. It is certified as Rainforest Alliance.

Coffee plantation – Brazil

At our fully integrated Milano coffee plantation in Western Bahia, we produce premium Arabica coffee to high sustainability standards, and the plantation is CAS – 4C Code of Conduct compliant, as well as certified by Rainforest Alliance and UTZ. In addition, we procure large volumes of differentiated and certified coffees from growers, working closely with agri-input companies to help deliver a quality service to the farmers. The total area under Olam management is about 4,500 ha, of which 1,175 ha are under conservation management.

304.2: Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas

Given our tropical wood concessions in the Republic of Congo, and palm and rubber plantations in the Republic of Gabon, we are extremely mindful that we work alongside the habitats of incredibly diverse and rich wildlife. We work hard to ensure negative impacts do not occur, and indeed that positive impacts are generated such as protection against poaching and hunting.

Republic of Congo, Natural Forest Concessions

Since 1999 CIB has had a Memorandum of Understanding with the Ministry of Forestry and the Wildlife Conservation Society (WCS) to help prevent poaching. This was renewed in 2015. CIB also helps to prevent poaching by bringing in protein and other food sources to be sold to the local community.

Republic of Gabon, palm oil operations

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

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

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

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

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

Our ape management plan can be summarised as follows:

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

- (1) Identify suitable ape habitat and range areas, preserve large core areas of good quality forest, and connect them with broad habitat corridors
- (2) Ensure robust baseline and ongoing monitoring protocols
- (3) Schedule land preparation and planting operations to enable wildlife to move to HCV areas

- (4) Implement protocols that mitigate potential for disease transmission between apes and humans
- (5) Impose strict hunting controls and raise awareness among local communities
- (6) Support the development of subsistence programmes to promote alternatives to hunting.

304.3: Habitats protected or restored

See 304.1 and 30.4.2 above for our own operations.

Halting deforestation in third party supply chains has become an imperative.

Palm

As at the end of 2017, close to 1,600 indirect mills had been analysed from 14 suppliers, up from about 1,100 mills at the end of July 2017. The work to assess the risk profile of indirect suppliers' mills – including past and future risks linked to deforestation – is being undertaken by the World Resources Institute and The Proforest Group. By the end of Q2, 2017, 86% of crude palm oil and palm kernel oil volumes were successfully traced using GPS co-ordinates, with 100% of derivatives traced. We also published a list of [third party mills](#) not covered by non-disclosure agreements.

Cocoa

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

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

With other industry players, Olam Cocoa responded in September to allegations made in an NGO cocoa sector report and Guardian article that cocoa grown in national parks in Côte d'Ivoire had entered various company supply chains. Mighty Earth were particularly concerned about the loss of biodiversity from forest encroachment. We acknowledged that one instance was identified but that extensive sustainability efforts were in place to dissuade smallholders from deforestation, in particular tackling the root causes of the encroachment – poor yields and poverty.

These include:

- 113,000 Ivoirian and Ghanaian cocoa farmers in Olam Livelihood Charter programmes to improve yield from current land.
- Almost 42,000 farms in the 2 countries mapped on the Olam Farmer Information System for 2017 alone.
- Over 16,200 individual farm management plans generated by end of December for tailored support.
- Almost 581,000 leguminous shade tree seedlings distributed in global programmes where required.

305 Emissions (FY17 AR Natural Capital; material area: Climate Change)

Management Approach Emissions

Decoupling carbon from business growth in direct operations

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

manufacturing operations; and our marine vessels. We do this through:

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

See also Management Approach 302: Energy.

305.1: Direct greenhouse gas (GHG) emissions (scope 1)

We saw a 20% improvement of CO₂e per MT / product from processing in FY17 (0.21 tonnes) vs FY16. However, we saw a 21% increase for Olam-managed concessions, plantations and farms (1.14 tonne CO₂e per MT).

For breakdown and year on year comparison, please see Disclosure 302 on Energy.

Olam has reported to the [Carbon Disclosure Project](#) for 7 years. CDP Climate 2017 (FY16) is available [here](#). CDP Climate 2017 is in progress.

305.2: Energy indirect greenhouse gas (GHG) emissions (scope 2)

See 305.1 above.

Olam has reported to the [Carbon Disclosure Project](#) for 7 years. CDP Climate 2017 (FY16) is available [here](#). CDP Climate 2017 is in progress.

305.3: Other indirect greenhouse gas (GHG) emissions (scope 3)

See 305.1 above.

Olam has reported to the [Carbon Disclosure Project](#) for 7 years. CDP Climate 2017 (FY16) is available [here](#). CDP Climate 2017 is in progress.

305.4: Greenhouse gas (GHG) emissions intensity

See 305.1 above.

Olam has reported to the [Carbon Disclosure Project](#) for 7 years. CDP Climate 2017 (FY16) is available [here](#). CDP Climate 2017 is in progress.

305.5: Reduction of greenhouse gas (GHG) emissions

See 305.1 above.

Olam has reported to the [Carbon Disclosure Project](#) for 7 years. CDP Climate 2017 (FY16) is available [here](#). CDP Climate 2017 is in progress.

306 Effluents and Waste (FY17 AR Natural Capital; material area: Water)

Management Approach Effluent and Waste

Overview

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

In our plantations, we use remote sensing, sophisticated modelling and ground surveys to map streams, rivers and seasonal wetlands, which we protect with a system of interconnected buffer zones. In our factories we

have wastewater quality standards for the water we discharge. It goes without saying that all Olam locations must comply with their legal license to operate. In 2016, we did not receive any environmental fines for water management.

306.5 Olam strategy using Planetary Boundary Approach for nitrogen and phosphorous pollution

Today more than half of crops globally are grown using synthetic fertiliser containing Nitrogen and Phosphorus (N&P) and 60 percent of nitrogen pollution is thought to come from crop production. They have supported the increase in global agricultural production since they were discovered in the early twentieth century. However, when too much fertiliser is applied, or applied at the wrong time this can lead to environmental pollution, groundwater contamination, eutrophication of freshwater ecosystems, the release of nitrogen oxides and ammonia gas. Poor management of N&P contributes to GHG emissions and water contamination, therefore improvements in this area will help Olam to achieve targets in GHGs and freshwater.

Nitrogen Planetary Boundary

The planetary boundary for N is 50–100 Tg N yr⁻¹, in a context where significant increases in crop production is required. Currently 100 teragram (Tg) N yr⁻¹ is used globally.

Nitrogen Use Efficiency

To effectively reduce excessive nitrogen inputs whilst maximising yields the Nitrogen Use Efficiency (NUE) should be measured. NUE values have to be interpreted in relation to productivity (N output) and N surplus (i.e. the difference between total N input and harvested N output).

$$\text{NUE} = \text{Weight of crop removal (kg/Ha)} / \text{Nitrogen application (Kg/Ha)}.$$

Low levels of nitrogen application and high yields risks a soil mining scenario with declining soil fertility. High levels of nitrogen application and low yields cause a risk of nitrogen losses.

Currently NUE levels globally vary considerably by region and by crop type. China and India demonstrate particularly high surplus levels of nitrogen. Sub-Saharan Africa currently has the best NUE score, although use of fertilisers is low and harvest is less than 50% of capability, therefore this demonstrates a soil mining scenario. This is likely to decrease with the increase of fertiliser use, although technology transfer and capability building should reduce this.

Phosphorus Planetary Boundary

The planetary boundary for Phosphorus has been set as a flow 11 Tg P year⁻¹ from fresh water systems into the ocean at a global level. At a regional-level P boundary a flow of 6.2 Tg P year⁻¹ from fertilisers (mined P) to erodible soils.

Based on global P budgets, from 1975 to 1995 the annual global increment of P in agricultural soils was about 10 Tg y⁻¹. Fertiliser application to croplands in the year 2000 totalled 14.2 Tg P year⁻¹, of which more than half was applied to cereal crops. Forage crops, especially grasses are associated with P deficits, receiving ~5% of global P fertiliser whilst accounting for more than 20% of global crop P removal. 29% of the global cropland area have overall P deficits and 71% of the cropland area have overall P surpluses.

Phosphorus Use Efficiency

Similarly to Nitrogen levels, Phosphorus Use Efficiency (PUE) can be used to measure effective use of phosphorus, supporting agricultural production to stay within the planetary boundaries. It is measured as total crop dry-matter production per unit of P applied. High PUE values indicate large crop production returns per unit of P applied.

N&P Stewardship Process

Priority Phase 1

Assessment of global river basins should occur, highlighting those areas of Olam's operations and sourcing regions that have particularly high or low levels of N&P.

Adaptions should be made in [Olam Farmer Information System](#) to be able to capture this data and calculate where there is an N&P surplus and depict.

Two trail focus areas:

Sub-Saharan Africa: Moves to increase fertiliser use in Sub-Saharan Africa should be done in line with NUE and PUE targets to ensure that excess fertiliser is not applied. This should be linked to farmer training programmes and farm and plantation targets. Appropriate techniques and technologies should be identified and the '4Rs' approach of applying the right source, at the right rate, at the right time, in the right place.

Rice Farming: Sustainable rice efforts in Thailand and Nigeria should also measure N/PUE levels, the team should work towards the target level of 0.60 Tg N yr⁻¹.

Priority Phase 2

Focus on wider areas with excessive or deficits of N&P, for example Egypt, China and India. Data validation of Olam sourcing farms and plantations in contrast to regional average data should be made. If these locations also demonstrate excessive or deficit levels of N&P a management plan should be put in place to align to the correct level. A training plan may also be required to support this.

Priority Phase 3

All countries and products should agree a NUE and PUE targets appropriate to the product they are growing (no global data per crop available currently) and the country operations are based in.

Prioritisation should be made for those with higher levels of excess/deficit and should be implemented on a rolling basis.

Conclusion

By 2030 a management plan should be in place in all BUs for N&P with progress being made on the most critical areas of deficit/excess.

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

306.1 Total water discharge by quality and destination

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

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

306.2: Total weight of waste by type and disposal method

Reporting of quantity of waste and disposal method started in late FY16 for all Tier 1 processing plants (67) and the coffee plantations and we are still verifying data.

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

None identified but see Management Approach for our efforts to reduce nitrogen and fertiliser run off which pertain to crop production across the world.

307 Compliance

Management Approach Compliance

For our overall approach to environmental management see the [Olam Living Landscapes Policy](#) and the Natural Capital Section of the [Annual Report](#) pages 77 – 82. We also seek to follow international standards including RSPO, IFC, FSC, Rainforest Alliance, Alliance for Water Stewardship etc which are subject to audits. Where international standards do not exist are involved at a sector level. For example:

Supporting development of a Sustainable Natural Rubber Standard to reduce deforestation

Similar to other smallholder crops, rubber is also facing questions on deforestation, community and labour rights. As yet, there is no industrywide platform for stakeholders addressing these issues and therefore there lacks a common understanding of “sustainable rubber”.

Olam has been working with major tyre manufacturers, producers and civil society like the Sustainable Agriculture Network (SAN), Global Witness, Birdlife International, Rainforest Alliance, Proforest and others on a white paper to develop a Sustainable Natural Rubber Standard. A risk-based rather than rule based certification approach is recommended. The NGO Nepcon explains: *“It allows the greatest level of effort to be placed on the areas with the highest risks. A conventional approach to certification, on the other hand, requires effort to be put into all the listed requirements, no matter whether they pose a significant risk to company in question or not. A risk-based approach would ultimately make certification viable for smallholders and small-scale farmers. It would enable certification to drive positive changes in areas where there is need for change, without exposing smallholders to the high costs of a conventional certification process.”*

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

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

None reported in 2017.

308 Supplier Environmental Assessment (FY17 AR Natural Capital)

Management Approach: Supplier Environmental Assessment

Olam has a supply base of 4.7 million farmers the vast majority being small-scale farmers in emerging markets. Such scale means that we face significant challenges in ensuring that each supplier is following good environmental practices, all of the time. However, we tackle this in the following ways:

Olam Livelihood Charter

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

Just under 363,000 smallholders in cocoa, rice, coffee, cashew, cotton, sugar and more were embraced in OLC programmes during 2017 where they received training on land and water stewardship, Climate-Smart Agricultural practices and how to improve yields from the current land, rather than encroaching into forest areas. We also supported them with improved crops through the provision of seedlings (over 6 million), and short, medium and long-term finance. We often pay premiums as an incentive for quality and good practices. Over 198,000 farmers benefitted from activities relating to sustainable land management practices.

Read the case study on support for smallholder coffee producers in Laos on page 53 of the 2017 [Annual Report](#).

The Olam Supplier Code

We actively pursue long-term relationships with suppliers based on responsible business practices and trust. In 2014 we began the roll-out of the Olam Supplier Code to priority products in key origins – cocoa, coffee, cashew, cotton, palm, rubber, and hazelnut. By the end of 2017, 70% of priority product volumes procured by Olam origin teams were covered by the Code.

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

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

Key challenges in rolling out the Code include:

Ensuring that smallholder farmers, many of whom have very low levels of literacy, understand what they are signing.

To overcome this, our teams on the ground:

- have turned the Code into pictorial posters which are clearly displayed at co-op buildings
- empower the cooperatives to sign the Code on behalf of the farmers. The cooperatives then train and audit the farmers to ensure that they comply.

In 2018 we updated the [Code](#) to reflect the evolution of our global policies, particularly around deforestation.

Olam Living Landscapes Policy

This was developed in 2017 and launched in April 2018. It outlines our approach to dealing with suppliers. Whilst we advise the reader to review the Policy in full, we have extracted relevant sections here.

“Where we source food, fibre and timber products from third parties, and therefore do not directly control operations, we work with our suppliers to ensure that they conform to our Policies, including the Living Landscapes Policy, through the application of the Olam Supplier Code, OSC, or through a product-specific Policy such as the Olam Sustainable Palm Oil Policy which sets specific targets, product specific tools and reporting requirements appropriate to that business and Supply Chain.

The requirement to eliminate unacceptable land use practices applies to all our suppliers from the date of publication of this Policy and our businesses may choose to adopt an earlier date according to the demands of their sector.

These sourcing policies incorporate the key elements of the Living Landscapes Policy. The OSC or product-specific policies, can be adapted to the specific circumstances of our widely varying crops and origins, but as stated above will never provide less protection than the Olam Living Landscapes Policy. Where we source from smallholders, the language and implementation tools we use will be adapted to take into account their technical capacity and training needs.

During 2018:

Building on work we have already done for third-party sourcing of specific high-risk products, we will develop an Olam-wide system for assessing country and product specific supply chain risks addressed by this Policy.

Where not already in place, all businesses will complete a compliance risk assessment for unacceptable practices by the end of 2018.

In businesses where there is a recognised high priority for action to end deforestation in supply chains (Palm Oil, Rubber, Cocoa and Coffee), where we have not already done so, we will develop strategies and targets related to this Policy. This work will build on our existing commitments to end deforestation in our Palm Oil supply chains globally, and in our main Cocoa origins.

Building on the current roll-out of the Olam Supplier Code, we will continue to improve our engagement with third-party suppliers through a global, Olam-wide mechanism for supplier engagement and monitoring to be adopted and rolled out by all businesses.

We will review our existing product-specific mechanisms for addressing non-compliance by third-party suppliers with the OSC or product Policies, and develop a global, Olam-wide mechanism for addressing non-compliance to be adopted and rolled out by all businesses.

Building on our existing Grievance Procedure in Palm Oil and our global Code of Conduct reporting mechanism, we will roll out a global Grievance Procedure related to third party sourcing, allowing all stakeholders to communicate grievances to Olam6, and report on progress in grievance resolution.

We will make the relevant systems and processes transparent to suppliers, customers and stakeholders.

By 2020:

- *Our improved supplier engagement and monitoring system will be fully operationalised across priority supply chains (Palm Oil, Rubber, Cocoa and Coffee).*
- *Our improved mechanism for addressing non-compliance in supply chains (see action 22) will be fully operationalised across priority supply chains.*
- *Other Business Units will implement this Policy on a priority basis commensurate with their potential impact on natural and social capital (both positive and negative) within their supply chains, and will publish strategies, targets and timelines on the base of their risk assessments.*
- *Where we do not do so already, we will report on non-compliance issues in our supply chains and disclose our approach to correcting the issue, or our eventual disengagement from non-compliant supplier.*

308.1 Percentage of new suppliers that were screened using environmental criteria

Given the scale of our supply base, made up primarily of smallholders, it is not commercially practical to break out data for 2017 specifically on new suppliers, particularly as many will be selling to intermediaries who then sell to Olam. Indeed our sourcing network increased from 4.3 million farmers to 4.7 million farmers based on volumes and average yields per product.

Instead we focus on all suppliers for priority products (see above), signing up to the Code. By the end of 2017, 70% of priority products (cocoa, cashew, coffee, cotton, hazelnut, palm and rubber) were procured under the Supplier Code. (See 301 management approach above.)

It is also worth highlighting here the Olam Farmer Information System which Revolutionary technology solution for collecting and applying farmgate level data. Until now, accessing detailed information about farms has been a struggle with our vast network of smallholders living in remote areas. Previously, our field staff have had to painstakingly collect information using pen and paper, a highly laborious process, significantly limiting use and scalability. The Olam Farmer Information System ("OFIS") solves this issue by providing a revolutionary tech innovation for collecting and analysing smallholder farm data. Using GPS mapping and on side surveys OFIS can

identify potential environmental hotspots with farmers. By end of 2017 it was implemented across 23 countries with 162,500 farmers registered and 93,300 farms mapped in detail. We are aiming for 500,000 Olam farmers by 2020.

308.2: Significant actual and potential negative environmental impacts in the supply chain and actions taken

As stated above, with a supply base of 4.7 million farmers it is not feasible to subject each one to a full Environmental Impact Assessment. We therefore rely on supplier contracts (especially with large-scale farmers), the [Olam Livelihood Charter](#) and the [Olam Supplier Code](#). Two supply chains however were of particular interest to stakeholders in 2017: Palm and Cocoa.

Palm

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

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

We are working with the World Resources Institute (WRI) and its Global Forest Watch Platform to help us identify high-risk mills, which we will verify according to the time-bound targets as stated in our 2020 road map in our Palm Policy. Any mills found to be sourcing from areas identified as being medium or high risk from poor production practices will be assessed, and potentially removed. In 2017 we prepared our traceability dashboard and mill supplier list for publication. See [this link](#).

We also responded to Greenpeace, Mighty Earth and Forest Heroes regarding suppliers which can be found in our online [Grievance Log](#) and at this [link](#).

Cocoa

In 2017, the NGO Mighty Earth issued a report looking at deforestation in Ghana and Cote d'Ivoire. A Guardian reporter also visited the region and alleged that one of Olam's co-ops had procured cocoa grown by farmers in national forest. We gave an interview to the Guardian, confirming that on investigation we had identified one issue through a spot purchase but re-iterating all of the other measures we put in place.

As a leading member of CocoaAction and the Cocoa & Forests Initiative, and as the largest originator of cocoa beans around the world, Olam Cocoa recognises that it can play a significant role in supporting conservation efforts to preserve protected areas and parks in Cote d'Ivoire and Ghana, while recognising that the responsibility for enforcing laws lies with the national government.

In terms of monitoring compliance, with the Olam Supplier Code and individual MOUs signed, Olam Cocoa conducts its own internal audits, and our cocoa supply chains are open to additional 3rd party audits and annual certification audits. 100% of our Côte d'Ivoire cocoa supply chain is audited each year and Olam Cocoa's stated goal is to achieve 100% traceable and sustainable volumes from our direct origination supply chains by 2020. All suppliers in our direct supply chain must sign the Olam Supplier Code. Additional supply chain oversight is provided by the Olam Farmer Information System which supports cocoa farmers with individual Farm Development Plans and gives greater visibility to social and environmental risks. In Côte d'Ivoire and Ghana, 70,628 cocoa farmers have been registered in this system with 47,651 individual cocoa farms GPS mapped.

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

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

In 2017, we updated our [Palm grievance procedure on the Olamgroup.com](#) website to accept anonymous complaints which details both own and third party operation issues filed.

As stated in the new Olam [Living Landscapes Policy](#) (page 9), during 2018 we will review all own plantation grievance procedures and we will roll out a global grievance procedure for third party sourcing.

401 Employment (FY17 AR Human and Social Capital; material area Labour)

Management Approach Employment

Olam has 40,500 full-time employees and 35,000 employees across 66 countries. We depend on the engagement, motivation and safety of our workforce to create responsible growth. Equally, we are working with suppliers to ensure that human rights are respected in their supply chains. Our commitment to human rights is guided by the United Nations Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and related international covenants. We commit to the following labour practices across our supply chains:

- Vision of a Zero Harm Culture: unrelenting drive to improve safety through 'An Even Safer Olam' campaign.
- Compliance to relevant labour national laws and international agreements (covering wages, working hours and conditions, freedom of association, collective bargaining, no discrimination, gender and age equality)
- A grievance mechanism and whistle blower mechanisms accessible to all workers without retribution
- An accessible communication framework of policies for the workforce
- Regular and open engagement with unions and worker committees
- Advancing health, wellness and nutrition for the workforce, especially in upstream operations in emerging markets.

Our management approach is currently guided by:

- [Olam Living Landscapes Policy](#)
- [Olam Plantations, Concessions and Farms Code](#)
- [Olam Health and Safety Policy](#)
- [Olam Supplier Code](#)
- [Olam Sustainable Palm Oil Policy](#)
- [Olam Livelihood Charter](#)
- [Olam Code of Conduct](#)
- Fair Labour Association affiliate membership

In 2018 we will be publishing a Fair Employment Policy.

Note on remuneration

In 2017 we paid S\$652,171('000) in salaries and employee benefits. We are conscious that in some operations, such as plantations where workers are engaged in picking coffee cherries or other such tasks, we are paying the national minimum wage. Whilst this has brought economic and skills benefits, the Aviv team in Tanzania is exploring whether the legal minimum wage could also be considered a 'living wage.' A study using the Anker methodology showed a gap, so the plantations are looking at ways to reduce it within the parameters of business viability. Indeed, in absolute terms, simply raising wages is often not the solution. Improving living conditions rather than just increasing a salary can be more cost-effective and achieve more focused impact.

At Aviv, for instance, we have helped workers enrol in the Community Health Fund. This covers basic medical expenses for the worker plus 5 family dependents for one year. Equally, we are giving workers guidance on how to grow more nutritious food in their smallholdings; as well as improving health and sanitation in the villages through various activities related to the Alliance for Water Stewardship (AWS) Standard.

401 Employment (FY17 AR Human Capital; material area Labour)

401.3: Return to work and retention rates after parental leave, by gender

Number of male employees who took parental leave (primary workforce) = 230

Number of male employees who returned to work following parental leave = 217

Number of female employees who took parental leave (primary workforce) = 174

Number of female employees who returned to work following parental leave = 155

Other data not collected globally.

402 Labour / Management Relations (Olam material area: Labour)

Management Approach Labour

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

Equally, we now have 143 primary and 67 secondary (midstream and downstream) processing facilities with a workforce including machine operators, lab technicians, supervisors, engineers and logistics operators.

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

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

Relevant HR, CR&S and MATS¹ material area goals and progress

2016 – 2020 objectives	2020 target	2017 achievement	Outlook for 2020 target
Goal: Good health and wellbeing (Material area: Livelihoods – some overlap with Labour)			
Ensuring provision of access to health, water and sanitation infrastructure, as a minimum, meets the Olam WASH Standard	100% of Olam's direct operations are compliant with the Olam WASH Standard.	Incorporated WASH into upstream Community of Practice for implementation. For processing plants in FY18 <ul style="list-style-type: none"> Formalise Olam WASH Standard Prepare implementation plan 	Behind target
Goal: Zero-harm workplace (Material area: Labour)			
Eliminate serious incidents	Reduce LTIFR to 0.3 in Olam processing operations (50% reduction from 2015 actual).	LTIFR (YTD) was reduced to 0.31 at the Tier 1 plants, which is a 26% reduction.	Ahead of target
	Reduce LTIFR in Olam-managed plantations, concessions and farms by 50% from baseline determined in 2016.	Primary focus in 2017 continued to be in Olam-managed plantations, concessions and farms. Recalculated baseline based on business change.	Behind target
Sustain health and safety behaviour change programme	All locations routinely report unsafe acts and unsafe conditions, and near misses.	Tier 1 plants in full compliance with Olam Imperative 3 Reporting, Recording, Review and Compliance Checklist. Some key Tier 2 and Tier 3 sites starting to report following implementation of Safety programme.	On target
Goal: Respect for workers' rights (Material area: Labour)			
Olam complies with ILO principles	No moderate or severe breaches of compliance reported or observed in audits.	Identified 5 breaches related to non-payment of over-time. Also identified issues around documentation quality, safety training and controls.	Behind target
Diversity strategies are implemented	100% of businesses with >100 employees to have a documented and reported diversity strategy.	Fair employment policy to launch in 2018	On target

1. Manufacturing & Technical Services

402.1: Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

As with any business, restructuring is sometimes necessary. Whenever this occurs we seek to ensure that employees and their representatives are given notice of any significant changes. This may vary between countries and also on the significance of the change, so it might be 2–8 weeks or sometimes a few months. However, the average is 4 weeks. Information on collective agreements will be addressed locally.

403 Occupational Health & Safety (FY17 AR Human Capital; material area: Labour)

Management Approach Health & Safety

Olam is committed to providing a healthy and safe workplace for our employees, contractors and visitors. Our vision of embedding a 'zero harm culture' is delivered through safety leadership and embodied in 'Our Shared Values'.

A continuing challenge in 2017 was embedding a safety culture in some emerging markets where there is less focus culturally on safe behaviour – for example, driving within the speed limit, wearing of seat belts. Tragically, 7 fatalities occurred in 2017 primarily through transportation-related incidents. Other causes included incorrect wearing of safety equipment and supervision issues. All incidents were assessed and corrective actions immediately undertaken.

403.2: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

Processing

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

The Lost Time Injury Frequency rate in **processing** was reduced to 0.31 in 2016 (from 0.43 in 2016, 0.60 in 2015 and 1.15 in 2014). This data now starts to include a wider view of the Olam world and includes some key primary upstream processing plants, warehouses and plantations in addition to the 67 core manufacturing plants which are known as Tier 1. (See the goals table for the specific targets for processing and Olam-managed plantations, concessions and farms.) Unfortunately, fatalities increased from 4 in 2016 to 7 in 2017.

	Lost Time Incident (LTI)	Lost Time Injury Frequency Rate (LTIFR)	First Aid Cases (FAC)	Medical Treatment Cases (MTC)	Restricted Work Cases (RWC)	Total Recordable Frequency Rate (TRFR)
Africa	27.00	0.2	97	21	17	0.5
Americas	24.00	1.1	114	49	17	4.2
Asia Pacific	10.00	0.2	90	5	1	0.3
Europe / Middle East	17.00	0.8	14	17	2	1.6
Total	78.00	0.31	315	92	37	0.85

Notes:

- We are not currently tracking globally by gender.
- All events are tracked regardless of employees or non-employees except non-employees data (contractors) is not included in Europe & Americas numbers.
- The Enablon Software Platform is being used to record and report accident statistics in Olam. QEHS Management System Standard “Incident Notification and Escalation” M-001 governs the communication process in the event of an incident.
- First Aid injuries are excluded in the calculation of injury rate (IR). The number of First Aid injuries are tracked instead.
- Fatalities are included in the calculation of injury rate (IR).
- Number of Lost days are required to input in Enablon when an event is being logged into the system.
- Days means scheduled work days

- Lost days begins the day after the accident

We are reviewing central data collection for plantations, concessions and farms. 2 fatalities in 2017 were due to transportation in upstream operations, and one was plantation related.

403.3: Workers with high incidence or high risk of diseases related to their occupation

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

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

Life expectancy in developing countries remains low, compounded by poor nutrition and lack of access to healthcare. This is not just unacceptable for the affected individuals and their families, but has a direct economic cost for the individual and the country. In 2017, we continued to roll out the Olam Healthy Living Campaign. Teams in numerous countries held sensitisation sessions with workers and communities on how to prevent malaria, diarrhea, HIV and other common diseases. By the end of the year we had reached 250,000 people in Africa with sensitisation, screening and treatments (this includes workers, farmer suppliers and communities.)

404 Training and Education (FY17 AR Human Capital; material area: Labour)

Management Approach Training

Fulfilling our vision to be the most differentiated and valuable agri-business by 2040 depends on our workforce of 72,000 people, many in emerging markets. Through our values and culture, we have attracted leaders with vision, inventiveness and entrepreneurialism, but we recognise that we need to invest further in Human Capital to establish the inspired and high performing workforce we need.

Learning and Development initiatives at Olam are largely led by Business and Organisation priorities. Hence the initiatives are usually custom-designed for building leadership capability and/or change interventions that strengthen our unique culture and values.

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

Effectively integrating new employees into the unique culture of Olam has always been a critical factor in ensuring high team performance. A systematic on-boarding process called Cultivate has helped in reducing attrition for new employees and elevating performance levels. This process facilitates the new employee to immediately build strong psychological bonds within the organisation. Another signature process that supports the integration of new managers is the Core Process Workshop, a 4 day highly interactive programme with the CEO. This workshop is one of the fundamental processes contributing to strategy, alignment and culture creation in Olam. This focuses on providing strategic clarity about the building blocks of Olam's business model.

In 2015, we initiated a bold approach to enabling our managers to develop, grow and deliver to their full potential. We redefined our Performance Management Process introducing a process that relied less on the past, and is more future-focused. We launched *Aspire – Delivering Potential* in January 2016 targeting our managerial cadre as a pilot before rolling out to the wider business. *Aspire* represents a future focus shifting the primary focus to timely conversations anchored around performance, development and careers rather than rating justification.

Aspire aims to impact 3 fundamental individual needs that help drive discretionary behaviour: (1) How do I enhance my role and its significance to the business? (2) How am I doing and how should I improve? (3) What is my future? At the start of 2016 we energised the goal setting process through Strategy Sharing Sessions delivered by Business and Function Heads targeting managers. These sessions are aimed at helping managers set high impact goals

aligned to the broader strategy and annual operating plans of the business enhancing the significance of individual roles.

Future leaders

Eleven MBA graduates were recruited from across the world for the Olam Future Leaders Programme and given the opportunity to be exposed to numerous aspects of Olam's business. By establishing networks and relationships they will be in a strong position to follow a career path for the next 3-5 years. Future Leader Sander Clevers gives an insight into training:

"Our second stint was in Vietnam at Olam's pepper plantation. We gained knowledge of the processes of planning and preparing the land, enriching the soil, and maintaining a good relationship with the local community. I was not only enriched in the knowledge required for my profession but also in other aspects of Vietnam as we soaked in the culture and cuisine.

"Back in Singapore we gained further knowledge about the aspects of corporate management. This module consists of finance lectures, risk management workshops, and even time at the trading desks. For me, the most exciting was gaining a first-hand experience of what it is like to be a coffee trader.

"The next step in my learning process will take me to the Netherlands, where I will be working at the Cocoa processing factory in Koog aan de Zaan, after which I will learn about the marketing and trade of our Edible Nuts commodities at the trading office in Rotterdam.

"This opportunity is the best that I could have hoped for to jumpstart my career. It has taken me places I would never have imagined or seen. The Future Leaders Programme fast tracks my learning curve and personal development. I would recommend this programme to anyone who is driven, adventurous and interested in pursuing a career in agri-commodity business."

Spotlight on training in Trading

In 2017 the Trading Community of Practice focused on building superior capability for proprietary traders. The in-house training module for junior traders was designed by chief traders with the Head of Learning and Development. Taking Olam specific case studies, the training sessions are interactive and based on discussion and sharing. One module involves a live simulation with traders taking positions on different scenarios, followed by review and analysis. Each trader is also assigned to a mentor over a 3-month period with assignments which must be successfully completed before passing to the next stage. For senior traders, there is renewed focus on behavioural aspects – attitude, risk taking, efficiencies, analysis etc. A 'light' programme is aimed at those who support traders in Finance and Risk functions.

404.1: Average hours of training per year per employee by gender, and by employee category

In 2017, we provided a total of 237,000 hours of training for employees in our primary workforce.

Average data does not provide a true picture of the training on the ground as some countries had a specific focus. Uruguay alone completed 11,466 hours of employee training in the Dairy operations.

404.3: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

Data includes main employee categories:

Managers (Band E & above) \ Performance and Career Review - Male	Managers (Band E & above) \ Performance and Career Development Review - Female	Other Managers (below Band E) \ Performance and Career Development Review - Male	Other Managers (below Band E) \ Performance and Career Development Review - Female	Staff \ Performance and Career Development Review - Male	Staff \ Performance and Career Development Review - Female	Permanent non seasonal workers \ Performance and Career Development Review - Male	Permanent non seasonal workers \ Performance and Career Development Review - Female
87%	100%	83%	85%	86%	77%	23%	10%

405 Diversity and Equal Opportunity (FY17 AR Human Capital; material area Labour)

Management Approach Diversity

Although diversity has always been encouraged in Olam, we recognise that we did not have a formal policy or strategies for implementation. In the FY17 Annual Report, diversity is highlighted by CEO Sunny Verghese in his Review: *“We are committed to and work hard to ensure that the 10 principles of the UN Global Compact are upheld. A new cross commodity Fair Employment Policy will be issued later this year to reinforce our efforts in this regard. We have more work to do to ensure greater levels of diversity amongst our employees, in particular increasing and better balancing the number of women in senior management positions in the company. While we can point to historical legacy reasons for up-country positions in tough emerging/ frontier markets mostly being held by men, we know we can and must do better to tap valuable skills by supporting and encouraging women to consider a broader range of roles within Olam and fulfil their potential.”*

An example of supporting women is GROW:

Olam employees launched a women’s resource group in 2013 with the name GROW (Globally Reaching Olam Women) which now extends from the USA to Africa. GROW gives the organisation the tools and resources needed to support women in the workplace and boost the number of women in leadership.

To address issues relevant to working women today, GROW offers mentoring programmes and education symposiums on topics ranging from professional growth to work-life balance - issues with clear goals for professional development. A keynote speaker series brings in notable female leaders to share their experiences about what has worked for them. GROW is not limited to helping women within the organisation; the network also holds sport activities as well as social events to raise awareness for local women’s non-profit and charity organisations.

405.2: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation

Olam is committed to equal pay. Salaries are awarded on bands and merit. Data at the level required for this indicator is not deemed material at this stage.

407 Freedom of Association and Collective Bargaining FY17 AR Human Capital; material area Labour)

Management Approach FoA

In our own operations we abide by our Code of Conduct, HR policy and have collective bargaining agreements in place. We also have worker representation groups. In 2017, 33% of the primary workforce was covered by collective bargaining agreements versus 30% in 2016. Countries include Cameroon, Republic of Congo, Ghana, Cote d’Ivoire, Nigeria, Mozambique, Zambia, Indonesia, India, Vietnam, Australia, Germany, Netherlands, Spain, USA, Argentina, Brazil and Uruguay.

Our Business Units, Country Teams, Internal Audit Team and HR team record and address all grievances, not just related to collective bargaining. In 2017, in total 42 grievances about labour practices were filed and 51 resolved in the period (versus 60 filed in 2016 with 36 resolved in the period).

In our third party supply chains, our new [Living Landscapes Policy](#), [Olam Supplier Code](#) (updated April 2018) and [Olam Livelihood Charter](#) stipulate that Human Rights must be observed. The Olam Sustainable Palm Policy was updated to specifically reference No Exploitation.

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

In Gabon we have palm and rubber plantations which employ many people. Gabon as a country does not have collective bargaining structures in place. In early 2017, Olam Gabon signed a collective bargaining agreement with over 9,500 employees.

408 Child Labour (FY17 AR Social Capital; material area Livelihoods and Labour)

Management Approach Child Labour

While there have been incremental efforts to shift cultural norms so that globally the number of child labourers has declined by one third since 2000 from 246 million to 168 million children (ILO), child labour is still mostly found in agriculture.

“About 100 million boys and girls are engaged in child labour in farming, livestock, forestry, fishing or aquaculture, often working long hours and facing occupational hazards.” (FAO)

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

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

In addition to ensuring this is applied across all of our direct operations (plantations, farms and processing units), Olam works proactively with others, including our suppliers, governments, specialist NGOs, such as the International Cocoa Initiative, and industry peers, to progressively eliminate these abuses in the labour markets

Child Labour Statement – Supplier Compliance

Olam International does not engage in or condone the unlawful employment of children in the workplace or engage in or condone the use of forced labour. Olam respects and abides by the ILO conventions No 182 on the Worst Forms of Child Labour and No. 138 on the Minimum Age for Admission to Employment and Work.

Olam pledges to work proactively with others, including our suppliers and Governments, to progressively eliminate these abuses in the labour markets related to agricultural supply chains.

Olam follows, and expects its suppliers to follow the Minimum Age table as a direct reference to ILO Convention No 138 defining child labour by the categories shown. For some countries, the basic minimum age for regular work may be higher than shown in this table. These can be found on the ILO website (www.ilo.org) under “Ratifications of C138 – Minimum Age Convention, 1973”, (http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0:NO:P12100_ILO_CODE:C138).

related to agricultural supply chains, particularly in emerging markets such as Ghana, Côte d’Ivoire and Tanzania. Olam follows, and expects its suppliers to follow, the table below as a direct reference to ILO Convention No 138 defining child labour by the following categories:

Minimum Age for Admission to Employment or Work

	Developed Countries	Developing Countries
Light work	14 years	12 years
Regular work	16 years	14 years
Hazardous work	18 years	18 years

Signing the Olam Supplier Code represents a commitment to follow the fair employment practices in compliance with all applicable local government rules and regulations regarding Child Labour Laws.

This is clearly stated in the Olam Supplier Code which is currently being rolled out across priority products including cocoa, coffee, cashew, cotton, hazelnut, palm, and rubber. By end of 2017 it covered 70% of priority product procurement by origins. It sets out certain minimum and non-negotiable

standards to which all our suppliers must adhere. Signing the Olam Supplier Code represents a commitment to follow the fair employment practices in compliance with all applicable local government rules and regulations regarding Child Labour Laws, and an understanding that regular auditing will be carried out. In addition, Olam undertakes a raft of measures to mitigate the risk of child labour.

These include:

- Training farmers in good labour practices through the Olam Livelihood Charter (232,903 in 2017)
- Helping farmers to increase yields through the provision of pre-finance, agri-inputs and training in Good Agricultural Practices, thus enabling them to hire adult labour and afford school fees. It is important to note that in most of our countries of operation, primary school is free whilst secondary school is not. So even if there is a secondary school in the region, most of our farmers are struggling to meet tuition costs.
- Through the Olam Farmer Information System (OFIS), surveying the community to identify where schools are lacking, and in turn working in collaboration with the governments and partners for their establishment, as well as ensuring long-term provision of teaching staff by the government.
- Providing adult literacy courses for farmers, not only to improve farm management capability but to demonstrate the value of education for their children
- Scaling-up initiatives by working with partners including customers, donors, governments and NGOs.

Other challenges that should be considered include:

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

408.1: Operations and suppliers at significant risk for incidents of child labour

Smallholder supply chains in emerging market countries with limited schooling and much farmer poverty are at risk of child labour. Such supply chains for Olam include cocoa, cotton, cashew, and coffee in countries such as Cote d'Ivoire, Ghana, and Indonesia.

The hazelnut supply chain in Turkey is also of particular concern which is why Olam works with NGOs and has a monitoring programme with the Fair Labor Association (FLA). As background, 400,000 farmers in Turkey grow 70% of the world's hazelnuts. At harvest, farmers rely on a migrant workforce estimated as high as 1.5 million people.

This brings challenges, including issues around child labour and fair wages and working practices. This is why Olam works with as many farmers as possible, plus NGOs, local authorities and other organisations to promote fair practices. They also help hazelnut farmers to grow more and better quality so they can earn more and pay fair wages to labourers. Additional outreach includes awareness raising, training for local authorities as well as labour contractors and teachers. Training is also given to the migrant workers on issues such as gender equality, child labour and financial literacy.

In 2017, the FLA published the report on the 2016 harvest. The FLA noted that in spite of company attempts (Olam Progida plus 2 other companies in the monitoring programme) to reduce child labour, a total of 99 child workers were detected within the seasonal workforce as well as within the local and family workforce. Olam Progida has since doubled its sustainability team and developed further social projects with NGOs, local authorities and the International Labor Organization (ILO). Under the Olam Livelihood Charter the sustainability team trained 2,870 farmers specifically on labour issues.

Watch a video with Food Navigator and Olam Progida on the challenges of sustainability in hazelnut supply:
<https://www.foodnavigator.com/Article/2017/12/20/Olam-diversifies-hazelnut-sourcing-to-meet-rising-global-demand>

Read our overview in the [2017 Annual Report](#): Hazelnuts – page 49

You can also read the full report from the FLA here: <http://www.fairlabor.org/affiliate/olam>

Cocoa in Cote d'Ivoire

Also in the 2017 Annual Report (page 53) we include an extract from the FLA on the 2016 monitoring and while there are still areas to tackle, much progress had been made:

Continuous efforts in tackling child labour recognised by Fair Labor Association in 2016 cocoa audit, published November 2017

“Every year since 2013, the Fair Labor Association (FLA) has conducted Independent External Monitoring (IEM) of a sample of Olam’s cocoa supply chain in Côte d’Ivoire. According to information provided by Olam, the company had successfully traced 90 percent of its cocoa supply chain in Côte d’Ivoire by the end of 2016, representing about 82,500 producers grouped into 185 cooperatives. In 2016, the FLA focused its IEM visits on three cooperatives that had never been assessed before and that were located in various cocoa-producing areas...”

“For these 2016 assessments, the FLA’s key findings compared to 2015 show progress on five of the nine code areas monitored by the FLA, specifically harassment or abuse, forced labour, child labour, freedom of association, and hours of work. However, there is also continued need for sustainable improvement on code areas such as employment relationship; non-discrimination; health, safety, and environment; and compensation.”

“Comparing the 2015 and 2016 worker demographic profiles shows a decrease in the employment of child family workers in the assessed cocoa producing farms. In 2015, monitors encountered six family child workers representing about two percent of the total workforce. In 2016, assessors met no child workers at all in the visited area at the time of the visits. Assessors visited different communities in 2016 than they visited in 2015, but stated that the decrease nonetheless indicates progress in reducing child labor.” Source: FLA - Independent external monitoring of Olam’s cocoa supply chain in Côte d’Ivoire: 2016

Olam Cocoa is also an example of how we work with peers and customers to tackle child labour at a sector level, for example through the [CocoaAction](#) initiative (founding member) and the [International Cocoa Initiative](#) (board member). You can read more about the efforts made by Olam Cocoa [in sustainable sourcing here](#).

408 Forced or Compulsory Labour (FY17 AR Social Capital; material area: Labour)

Management Approach Forced Labour

As a leading agri-business operating from seed to shelf in 66 countries, supplying food and industrial raw materials to over 22,000 customers worldwide through a team of 72,000 fulltime, seasonal, contract and temporary employees, the Olam group of companies has zero tolerance for slavery or human trafficking in its organisation and industry. We are committed to maintaining our work, as a global leader in many food and industrial raw material businesses, in engaging with others including suppliers, interest groups and Governments, to eliminate abuses in the labour markets where we operate or have influence. In 2017 we signed a statement for the UK Modern Slavery Act and will provide an update to our progress later this year.

In 2017 our efforts included specific updates to the Olam Sustainable Palm Oil Policy and in early 2018 to the Olam Supplier Code. They now explicitly state: *Not using forced, involuntary or slave labour, including but not limited to bonded, indentured, involuntary prison labour, as well as trafficked human beings.*

Further, we are mobilising a transparent and open grievance mechanism for employees, community members and farmers to report issues of exploitation, child labour and slavery so as to inform, educate and train the people who contribute to our business.

408.1 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour

Palm sector

A number of investigations by NGOs into the palm industry in Asia have uncovered human rights abuses. Our online [Grievance log](#) gives our response and actions taken with regard to the following reports:

30 May; Salim Group – third party supplier. Allegations of illegality: breaches of labour law including child labour and paying below minimum wage.

3 July; FGV/Felda – third party supplier. Greenpeace report stated “extensive social and labour problems, including signs of modern day slavery”.

Uzbekistan cotton

Cotton is a key source of income for Uzbekistan. In recent years, the country has made progress in eradicating child labour from its cotton harvest, thanks to a programme supported by ILO and the World Bank. In December 2017 the ILO issued its [latest monitoring report](#) stating: “Monitors from the International Labour Organization (ILO) have found that the systematic use of child labour in Uzbekistan’s cotton harvest has come to an end over the past few years and that concrete measures to completely end the use of forced labour are being implemented.” We will continue to monitor and engage.

411 Rights of Indigenous Peoples (FY17 AR Social Capital; material area Land)

(Also combines response for 413 on communities)

Management Approach Rights of Indigenous People / Communities

Olam has always been committed to upholding the rights of indigenous and local people who live in the vicinity of our operations. This is particularly important given the extent of our footprint in emerging markets such as Gabon. The [Olam Plantations Concessions and Farms Code](#) has laid out our commitment for many years, as has the Olam Supplier Code, and these are now reinforced with the [Olam Living Landscapes Policy](#) which seeks to achieve a net positive benefit for farmers, communities and the planet. On page 15 of the policy it states:

Free, Prior, and Informed Consent (FPIC) of indigenous peoples and/ or local communities

We respect the customary and legal tenure and access rights of Indigenous Peoples or other local communities (IPLC) affected by our operations, and will work with such local communities to achieve a positive impact on their livelihoods and well-being:

- We will obtain the Free, Prior and Informed Consent (FPIC) from IPLC that may be affected by our plantations and farms, before developing any land that may be encumbered by such rights.
- We will follow evolving guidance on best practice in FPIC procedures and on Participatory Mapping, including planning for the future land and livelihood needs of communities.
- Our FPIC Process is the first step in an ongoing relationship based on Informed Consultation and Participation (ICP) with indigenous peoples and local communities. We view these local people as co-owners and partners of our Living Landscape conservation efforts.
- We will share and provide insights into the practical application of FPIC in our operations with our partners and parties dedicated to the continuous improvement of the FPIC process.
- We will offer and develop with IPLC appropriate opportunities to work with us or supply us where appropriate with goods and services, and contribute to community development, consistent with building social and human capital.

In our own operations such as the palm oil and coffee plantations, the national Corporate Responsibility & Sustainability teams engage regularly with communities. This includes addressing grievances but much of the work focuses on implementation of Social contracts which benefit the communities. As per our December Palm [dashboard](#) 32 villages benefit from 5 Social Contracts with Olam Palm Gabon which has included significant levels of infrastructure (between 2012 and 2017) such as:

- 4 dispensaries
- 9 schools/classrooms
- 11 schools renovated
- 38 hydraulic pumps built
- 795 solar street lights installed

In January 2017, we also agreed to the NGO Mighty Earth’s request to allow anonymous reporting of grievances for our palm operations in Gabon. Now, during 2018, under the new Living Landscapes Policy we will review our existing plantation Grievance Procedures, to ensure that any affected communities and stakeholders can effectively communicate grievances to Olam (for example, respecting the anonymity of complainants if desired).

Relevant CR&S material area goals and progress

2016 – 2020 objectives	2020 target	2017 achievement	Outlook for 2020 target
Goal: Economic opportunity and inclusion (Material area: Livelihoods) Continued			
People have improved livelihood potential through enhanced skills, economic resources and infrastructure	750,000 beneficiaries, including an estimated 500,000 smallholders, plus other beneficiaries of capacity-building, cooperative support, school support, access to finance, producer goods, and economic infrastructure initiatives.	363,000 farmers have benefited from livelihood support through the OLC. 11,800 villagers in palm and rubber Social Contracts, and or benefitting from employment. 2,600 farmers under GRAINE programme in Gabon active in crop production. Aviv in Tanzania provided employment and social investment to 4 villages of 2,064 households = approx. 8,250 people based on around 4 people per household. NCCL in Zambia provided employment and social infrastructure including a school and clinic, positively impacting over 30 villages – benefiting approx. 16,620 people (based on 4 people per household).	On target (once wider impact methodology agreed)

411.1: Total number of incidents of violations involving rights of indigenous peoples and actions taken

Olam Palm Gabon operates a concession area of 144,000 hectares, of which 56,000 ha were planted by end of December 2017. We have 5 Social Contracts with 32 villages. However, we recognise that engagement is a continuing process and we work extensively with local NGOs and village representatives.

Bemboudie Village

May; land conflict: 242 ha of community set aside identified through FPIC process claimed by Bemboudie Village was mistakenly classified as development area under the Bounbounga Village who share some families and territories with Bemboudie. Consultation with the Bemboudie community was conducted in Ndolou, Mandji near to Mouila palm plantation in Gabon. Mutual agreement was reached and resolutions including compensation, establishment of social fund for community projects, development of cassava and banana farms etc. were agreed through the facilitation of Olam's social engagement team and independent third parties.

Olam Palm Gabon – visit of Mighty Earth, Brainforest, WWF-Gabon, The Forest Trust, FENSED, and Muyissi Environnement

In July, Olam hosted a number of NGOs following the report by Mighty Earth in December 2016, and the [subsequent joint agreement](#) in 2017. This site visit included visits to a number of villages as explained in this [Joint Olam Mighty Earth Statement](#):

The NGO delegation also held village meetings in 3 villages chosen and organised by Brainforest, which are among a total of 87 villages which have Free Prior and Informed Consent procedures and Social Contracts with Olam. The villagers expressed themselves without reservation on both positive and negative social impacts of the plantation developments: on the one hand they largely welcomed the employment opportunities and investment in social infrastructure provided by Olam, whilst expressing their strong need for better access to essential services including schooling, healthcare, clean water provision, electrification, building materials and opportunities for promotion within the Olam structure.

A recurring theme was the concern on the impact of plantations on natural streams and lakes, which are a key source of water – villages in this region suffer from annual water shortages in the dry season as seasonal streams and artesian wells dry up. The NGO delegation urged Olam to act on these concerns and provide better solutions for water provision, more transparency in its water quality monitoring process, and rehabilitation in the case of accidental damage to natural water bodies. However, they were satisfied to observe that Olam's social team has strong connections to the villages and has previously addressed and documented both the grievances expressed and the solutions proposed. Olam agreed immediately to investigate renewed concerns expressed in the village of Ferra relative to the Rembo river, a key dry-season drinking water source, which villagers feared might be impacted by a nursery upstream from their village.

Olam also responded questions from a Swedish magazine following a visit by the journalist to Gabon. One of the questions pertained as follows: "Villages near Olam's operations which opposed the operations describe that they have been neglected and not been part of the dialogue with the company that other, less opposing villages have had with the company. What's your position on this description?"

Olam provided all the villages bordering proposed plantations with an opportunity to participate in the plantation projects through the Free Prior and Informed Consent (FPIC) procedure. We documented any community use areas (principally hunting and gathering areas) inside the proposed plantation boundaries, and considered any village with overlapping territories to be potentially 'impacted' by the developments. Villages which supported the project formally did so through a documented Social Contract, negotiated through FPIC: in exchange for their permission to proceed with planting, we agreed to participate in specified village development projects (typically including priority on employment, school building and school equipment, teacher housing, dispensaries and medical materials, solar lighting, bore wells, support for subsistence agriculture, and leisure/meeting facilities).

Villages which did not want to be involved with the plantations, after multiple discussions, were asked to show us the boundaries of their traditional use areas, which were then removed from any development. These villages are not signatories of a Social Contract – however, they do benefit in many cases from employment opportunities and improved access, as Olam has upgraded and maintained many local roads and bridges (including some national roads where the Government lacks the funding or equipment to maintain public infrastructure). Whilst we do visit all these villages on a regular basis and do employ many of the villagers in non-partnering villages, we don't have the resources, or mandate, to develop infrastructure in all the villages of the area, and must prioritise those who wanted to partner with us.

We also responded to questions on delays regarding a water tank's construction; access across the plantations, and buffer zone area between the plantations and the villages. With regard to this latter point under the Free, Prior and

Informed Consent (FPIC) process, traditional village use areas are precisely defined by the villagers themselves with a 360° participatory mapping using GPS; the maps are shared with villagers, corrected in a session involving all parties, and validated by the villagers themselves. Limits between plantations and village territories are then built on a consensus, and validated via several fully documented meetings, with all local stakeholders/families, provincial administrations and the General Directorate of Environment from central administration.

Congolaise Industrielle des Bois (CIB) Republic of Congo

In the Republic of Congo, subsidiary Congolaise Industrielle des Bois (CIB) successfully renewed FSC® certification for 1.3 million hectares (ha). The team is working towards certification of the most recent concession of 671,000 ha. The hospital run by CIB in Republic of Congo treats both employees and communities living in the forest concessions. CIB is the largest employer in the region (994 people), and the only major provider of healthcare across approximately 20,000 km² with 58,000 people, the vast majority living in poor villages or as semi-nomadic tribes. CIB operates a 42 bed hospital and another 36 beds across 4 rural clinics. Both chronic and infectious diseases are rife in this area and, in 2017, over 21,500 patients were treated who were not CIB employees.

In 2016, the CIB doctor, with an NGO healthcare project, travelled to a remote group of villages, previously only accessible by canoe, along a road just built by CIB at the villages' request. During this trip, the medical team treated many children for malaria and malnutrition. The CIB medical team returned a few weeks later and many more children and adults were treated by the medical team with some being evacuated to the CIB hospital. Tragically, there were still many deaths.

In August 2017, two Congolese NGOs (OCDH and RENAPAC) issued a report stating that the road building itself had caused an increase in malaria, which in turn caused high child mortality. To investigate the allegations CIB requested advice from the NGO The Malaria Consortium. On their recommendation an independent tropical disease specialist was commissioned. The report findings show:

- While malaria is endemic in the region it was not the single or main cause of death
- The final cause was split mainly between dysentery, malaria, pneumonia and measles
- The road was assessed to have not made a relevant impact on the breeding of malarial mosquitoes due to the surrounding marsh (flooded forest) landscape which provided enormous permanent breeding ground potential for the mosquitos.

These villages are affected by immense poverty, malnutrition and many negative social factors, facilitating the spread of deadly diseases. The deep, systemic healthcare issues underpinning this tragedy cannot be solved by any one party acting alone and it will require a renewed focus on effective delivery of healthcare for the region. In this, CIB will continue to work with the Government, national and international NGOs, and experts to find a durable solution to help communities living in the forest.

412 Human Rights (FY17 AR Human Capital; material area Labour)

Management Approach Human Rights

We are committed to human rights as guided by the UN Declaration of Human Rights, the UN Global Compact, and the International Labour Organisation. This includes compliance with relevant laws and international agreements covering wages, working hours and conditions, freedom of association, collective bargaining, and discrimination. This will be reinforced with a company-wide Fair Employment Policy to be launched in 2018.

See also: 401 and 402 on Employment and our [Code of Conduct](#).

Relevant HR, CR&S and MATS¹ material area goals and progress

2016 – 2020 objectives	2020 target	2017 achievement	Outlook for 2020 target
Goal: Good health and wellbeing (Material area: Livelihoods – some overlap with Labour)			
Ensuring provision of access to health, water and sanitation infrastructure, as a minimum, meets the Olam WASH Standard	100% of Olam's direct operations are compliant with the Olam WASH Standard.	Incorporated WASH into upstream Community of Practice for implementation. For processing plants in FY18 <ul style="list-style-type: none"> Formalise Olam WASH Standard Prepare Implementation plan 	Behind target
Goal: Zero-harm workplace (Material area: Labour)			
Eliminate serious incidents	Reduce LTIFR to 0.3 in Olam processing operations (50% reduction from 2015 actual).	LTIFR (YTD) was reduced to 0.31 at the Tier 1 plants, which is a 26% reduction.	Ahead of target
	Reduce LTIFR in Olam-managed plantations, concessions and farms by 50% from baseline determined in 2016.	Primary focus in 2017 continued to be in Olam-managed plantations, concessions and farms. Recalculated baseline based on business change.	Behind target
Sustain health and safety behaviour change programme	All locations routinely report unsafe acts and unsafe conditions, and near misses.	Tier 1 plants in full compliance with Olam Imperative 3 Reporting, Recording, Review and Compliance Checklist. Some key Tier 2 and Tier 3 sites starting to report following implementation of Safety programme.	On target
Goal: Respect for workers' rights (Material area: Labour)			
Olam complies with ILO principles	No moderate or severe breaches of compliance reported or observed in audits.	Identified 5 breaches related to non-payment of over-time. Also identified issues around documentation quality, safety training and controls.	Behind target
Diversity strategies are implemented	100% of businesses with >100 employees to have a documented and reported diversity strategy.	Fair employment policy to launch in 2018	On target

1. Manufacturing & Technical Services

412.1: Number and percentage of operations that have been subject to human rights reviews or impact assessments

Internal Audit carries out reviews of operations globally. See our Labour Goals table at the start of this section. We identified 5 cases where ILO principles were breached.

413 Local Communities (FY17 AR Social Capital; material area: Land, Livelihoods, Food Security and Nutrition)

Management Approach Local Communities

See also 411 – Rights of Indigenous People

Olam is committed to selecting and managing land responsibly. Although land development is necessary to feed growing populations, expansion can negatively impact local communities and the environment unless essential precautions are taken. One of the greatest risks to the success of our upstream activities is if we fail to gain the acceptance of the communities. Not just at the start of the programme but every day going forward. We therefore adhere to the Free Prior and Informed Consent Process (FPIC) for all new developments, and aim to maintain that

dialogue as a matter of course.

We always aim to bring positive impacts, not just in terms of labour but by catalysing improved agricultural production and food security in the region. So for example in Nigeria, we have a 10,000 hectare rice farm and mill producing rice for the domestic market. We are also supporting almost 7,000 smallholder rice farmers in the region under the Olam Livelihood Charter to improve yields and quality, providing a guaranteed market for their crop.

We also work to connect smallholder communities to better services. In Africa, smallholders do not tend to have bank accounts, so payment has typically been in cash which makes saving and transaction traceability harder. Our rubber processing subsidiary SAIC (Société Agro-Industrielle de la Comoe) in Côte d'Ivoire is helping smallholders access bank loans. Banks were hesitant as most crop payments were made by processors in cash, and transactions could not be tracked. With SAIC helping to maintain accounts in microfinance cooperatives, banks are now able to estimate the required transaction, enabling farmers to secure loans. Over the course of 2016 and 2017, more than 2,000 rubber growers working with SAIC gained their first bank accounts, encouraging farmer loyalty.

In Côte d'Ivoire and Ghana, Olam is working with the Consultative Group to Assist the Poor (CGAP) housed at the World Bank to help improve the take-up of Digital Financial Services. Even when smallholders have a mobile phone, cash transactions are still preferred due to a lack of mobile money agents nearby and merchants that accept e-money. CGAP is now working with Olam to identify new agent and merchant models with rural partners:

“Olam knows well the wide array of actors in these countries’ agricultural value chains, as finding sustainable ways to work with them is at the core of its operations. With Olam, CGAP will be mapping these enterprises’ and end-users’ profiles in several agricultural value chains. We will use this information to facilitate dialogue with partners in the finance and telecom sectors to propose new business model concepts that could deliver greater service value to smallholder families and rural businesses.

“Our partnership in Africa was the result of conversations that started at a conference in Vietnam. Following a proposal in July, it took a little while to get going as the CR&S team had to get the buy in from the business unit teams on the ground but Olam is forward looking and open to experimentation. We’re pleased with the progress so far.” **Emilio Hernandez**, Senior Financial Sector Specialist CGAP

413.1 Percentage of operations with implemented local community engagement, impact assessments, and development programmes

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

Palm and Rubber plantations, Gabon

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

We have such contracts with 46 villages – note all but one were villages around the plantations, not on land within the concession areas. These social contracts cover multiple activities.

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

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

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

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

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

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

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

Coffee plantation in Laos (Outspan Bolovens)

To provide long-term improvement of economic development to the communities around the estates Outspan started an outgrower project providing agronomic, economic, social and environmental training, access to finance and to high value markets. Outspan and its partners will invest US\$1,000,000 from 2016 to 2020 in a programme called *Enhancing the Sustainability of Coffee-based Agriculture* in communities on the Bolovens Plateau in Southern Laos. This case study featured in the FY17 Annual Report on page 53:

Social: Unlocking value for Laos coffee farmers

An Olam Livelihood Charter programme with an international customer and IDH-The Sustainable Trade Initiative supports more than 1,700 coffee farmers near the certified Olam plantation.

Top challenges facing the farmers:

- Lack of agronomic/economic capacity to improve coffee production given degrading acidic soils and increasing pressure from pest and disease.
- Land tenure system does not support intensification of production.
- Lack of access to finance for farmers, lack of financial literacy, high default risk on loans.

Top challenges facing the field officers:

- No existing or weak and ineffective organisation at farmer level, hence needing to help organise farmer groups (facilitates training, coffee collection etc).
- Slow take-up of improved practices by farmers (e.g. through low capacity, risk averse).
- Difficult to access villages in rainy season.

Examples of training:

- Pest and disease management using appropriate mix of cultivated, biological and chemical methods.
- Soil management, especially: composting of coffee pulp and other material available on farm and in the household; combined compost production and pig raising; chemical fertiliser calculation and application.

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

Our forestry operations cannot proceed in isolation. Trees and groves sacred to semi-nomadic groups and indigenous peoples living in the forests are protected by our staff, while the “Biso na Biso” (“Between Us”) community radio station supports our outreach in keeping the local communities informed about our activities, as well as providing social and health information. Read this article published in August 2017 which brings to life the benefits: <http://olamgroup.com/blog/preserving-culture-building-bridges-in-the-congo-basin/>

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

414 Supplier Assessment for Impacts on Society

Management Approach Supplier Assessment Society

See 308 – Supplier Environmental Impact Assessment as same process applies

414.1: Percentage of new suppliers that were screened using criteria for impacts on society

Given the scale of our supply base, made up primarily of smallholders, it has not been commercially practical to break out data for 2017 specifically on new suppliers. Instead we focus on all suppliers for priority products (see above), signing up to the [Supplier Code](#). By the end of 2017, 70% of priority products (cocoa, cashew, coffee, cotton, hazelnut, palm and rubber) were procured by origins under the Supplier Code.

Under the [Olam Livelihood Charter](#), 232,903 smallholders were trained on good labour practices in 2017.

414.3: Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms

See 408

416 CUSTOMER HEALTH & SAFETY (FY17 AR Manufactured Capital; material area Food Safety and Quality)

Management Approach Customer Health & Safety

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

Integrated supply chains enhance food safety

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

Ensuring product integrity through traceability

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

Tracing products back to individual farmers is challenging – often the quantities they produce are too small to be marked and processed as a separate batch in a factory and there are middlemen involved in buying and selling. Through the [Olam Livelihood Charter](#), we strengthen traceability by buying directly from the farmer groups. By helping them to improve their agricultural practices, we also help them to improve product integrity and quality. This includes using natural methods of pest control and organic fertiliser coupled with judicious pesticide use. Under the Olam Livelihood Charter. This focuses on natural methods of pest control, such as planting maize as a border crop, using other crop and pheromone traps, and deploying hygienic drying techniques that minimise contamination of the harvest. In 2017, just under 1 million metric tonnes of product under the OLC were traceable (96% of total tonnage).

Working at a sector level to improve standards

Olam is proactive in helping to drive sector standards for food quality, for example being a Board member of the International Nut and Dried Fruit Council and the California League of Processors. In 2017, Olam Spices & Vegetable Ingredients participated as a member of the Sustainable Spices Initiative Steering Committee which is developing standards and monitoring protocols for the world's spices and herbs supply chain. Member companies, including SVI, commit to source spices in accordance with the standards by 2020.

Applying internationally recognised processing standards across the world

A large part of our processing footprint is in emerging markets, which do not necessarily have the same regulatory frameworks for Quality, Environment, Health and Safety as developed nations – for example, a lack of Occupational, Safety and Health norms, or a regulatory authority with strict standards. Perception of risk and legal compliance can sometimes be relatively low as consequences may be limited due to weak enforcement. Olam therefore instils international standards and behaviours across our global operations. By the end of 2017, 72% of relevant food processing facilities are now FSSC 2200 or BRC certified. (Based on 2016 classification of sites, the percentage of certified plants increased from 82% to 84%. However, following reclassification, the number of relevant sites has now increased from 57 to 67, making the percentage of certified plants 72%. The remaining sites should achieve certification over the next 2 years.)

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

Case study from the 2017 Annual Report (page 49):

Upgrading and expanding peanut capacity for improved food safety

Olam Peanuts in the USA has undertaken phased investments to upgrade the standards of acquired shelling plants (McCleskey Mills and Brooks Peanut Company), strengthening Environmental, Health and Safety, and Sustainability factors. This included infrastructure upgrades at both the Smithville and Rochelle facilities in Georgia, and at the Olam-owned buying points. Improvements were also made in farmer stock handling, drying, and hauling, contributing significantly to increased processing of peanuts.

416.1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

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

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

None identified.