
Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Olam International Limited (the 'Company') and its subsidiary companies (the 'Group') and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2016.

1. Opinion of the directors

In the opinion of the directors,

- (i) the financial statements set out on pages 10 to 86 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity of the Group and of the Company, and the cash flows of the Group for the financial year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:-

Lim Ah Doo (Appointed on 1 November 2016)

Sunny George Verghese

Jean-Paul Pinard

Sanjiv Misra

Nihal Vijaya Devadas Kaviratne CBE

Yap Chee Keong

Marie Elaine Teo

Yutaka Kyoya

Katsuhiro Ito

Rachel Eng Yaag Ngee (Appointed on 25 April 2016)

Shekhar Anantharaman

In accordance with the Company's Articles of Association comprising part of the Constitution of the Company, Messrs. Jean-Paul Pinard, Sanjiv Misra, Sunny George Verghese and Shekhar Anantharaman will retire under Article 103 and Mr. Lim Ah Doo will retire under Article 109. They being eligible, offer themselves for re-election.

3. Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year ended 31 December 2016 was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Statement continued

4. Directors' interests in shares and debentures

According to the register of the directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Name of directors	Held in the name of the director or nominee			Deemed interest		
	As at 1.1. 2016 or date of appointment, if later	As at 31.12.2016	As at 21.1.2017	As at 1.1.2016 or date of appointment, if later	As at 31.12.2016	As at 21.1.2017
The Company						
Olam International Limited						
(a) Ordinary shares						
Sunny George Verghese	111,646,477	111,646,477	111,646,477	–	–	–
Shekhar Anantharaman	12,619,672	12,619,672	12,619,672	–	–	–
(b) \$275,000,000 7.0% Perpetual Capital Securities ('Capital Securities') issued in denominations of \$250,000 and in higher integral multiples of \$1,000 in excess thereof						
Jean-Paul Pinard	\$250,000	\$250,000	\$250,000	–	–	–
(c) 428,934,252 Warrants issued at an exercise price of US\$1.14 for each new share¹						
Sunny George Verghese	19,421,192	20,178,230	20,178,230	–	–	–
Shekhar Anantharaman	2,684,452	2,789,093	2,789,093	–	–	–
Jean-Paul Pinard	751,647	780,949	780,949	–	–	–
(d) Euro Medium Term Note Programme						
Nihal Vijaya Devadas Kaviratne, CBE ²	US\$200,000	US\$200,000	US\$200,000	–	–	–
(e) Options to subscribe for ordinary shares						
Sunny George Verghese	15,000,000	15,000,000	15,000,000	–	–	–
Shekhar Anantharaman	5,000,000	5,000,000	5,000,000	–	–	–
Subsidiaries of the Company's holding company						
Temasek Group of companies						
(a) Mapletree Greater China Commercial Trust Management Ltd (Unit holdings in Mapletree Greater China Commercial Trust)						
Sunny George Verghese	–	510,000	510,000	–	–	–
(b) Mapletree Logistics Trust Management Ltd (Unit holdings in Mapletree Logistics Trust)						
Sunny George Verghese	–	505,000	505,000	–	–	–
Lim Ah Doo ³	185,000	185,000	185,000	–	–	–
(c) Mapletree Commercial Trust Management Ltd. (3.25% Bonds Maturity 3 February 2023)						
Yap Chee Keong	\$250,000	\$250,000	\$250,000	–	–	–
(d) Singapore Technologies Engineering Ltd						
Lim Ah Doo ³	31,300	31,300	31,300	–	–	–
(e) Starhub Ltd (Ordinary Shares)						
Nihal Vijaya Devadas Kaviratne, CBE ⁴	37,900	19,000	19,000	–	–	–
Sanjiv Misra ⁵	60,000	60,000	60,000	–	–	–
Rachel Eng Yaag Ngee	6,900	6,900	6,900	–	–	–

1. On 29 January 2013, the Company undertook a renounceable underwritten rights issue (the 'Rights Issue') of US\$750,000,000 6.75 per cent. Bonds due 2018 (the 'Bonds'), with 387,365,079 free detachable warrants (the 'Warrants'). The Warrants were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited ('SGX-ST'). Each Warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company (the 'New Share') at an original exercise price of US\$1.291 for each New Share. These Warrants are exercisable from 29 January 2016 to 28 January 2018. The Company has fully redeemed the Bonds. These Warrants are exercisable from 29 January 2016 to 29 January 2018. Under the terms and conditions of the Warrants, the exercise price of the Warrants and the number of Warrants may be adjusted as a result of certain events. At the end of the financial year, the exercise price of the Warrants was adjusted to US\$1.14 and a total of 428,934,252 Warrants were outstanding.

2. This refers to the Notes issued under Series 006 of the US\$5,000,000,000 Euro Medium Term Note Programme ('EMTN') established by the Company on 6 July 2012 and subsequently updated on 14 July 2014 and 21 August 2015, comprising US\$300,000,000 in principal amount of 4.50 per cent fixed rate notes due 2020.

3. Lim Ah Doo was appointed as director of the Company on 1 November 2016.

4. Partial interest held through The Kaviratne Family Trust which was disposed in the course of the year.

5. Held in trust by Windsor Castle Holding Ltd for Sanjiv Misra and spouse.

5. Olam employee share option scheme and Olam share grant plan

The Company offers the following share plans to its employees:

- (a) Olam Employee Share Option Scheme, and
- (b) Olam Share Grant Plan.

These share plans are administered by the Human Resource & Compensation Committee ('HRCC'), which comprises the following directors:-

Lim Ah Doo	(Appointed on 1 November 2016)
Yutaka Kyoya	
Jean-Paul Pinard	
Sanjiv Misra	
Rachel Eng Yaag Ngee	(Appointed 25 April 2016)

Olam Employee Share Option Scheme

The Olam Employee Share Option Scheme ('the ESOS') was approved by the shareholders on 4 January 2005 at the Extraordinary General Meeting of the Company. The ESOS Rules were amended on 29 October 2008 at the Extraordinary General Meeting of the Company. Under the amended rules, the directors (including Non-Executive directors and Independent directors) and employees of the Group are eligible to participate in the ESOS, and all subsequent options issued to the Group's employees and Executive directors shall have a life of ten years instead of five. For options granted to the Company's Non-Executive directors and Independent directors, the option period shall be no longer than five years. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

Pursuant to the voluntary conditional cash offer by Breedens International Pte Ltd approval was sought and granted on 8 April 2014 such that all outstanding options which have not been exercised at the expiry of the accelerated exercise period shall not automatically lapse and become null and void but will expire in accordance with their original terms. The ESOS has expired on 3 January 2015. The terms of the ESOS continue to apply to outstanding options granted under the ESOS. The ESOS rules amended on 29 October 2008 may be read in the Appendix 1 of the Company's circular dated 13 October 2008.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS outstanding as at 31 December 2016 are as follows:-

Expiry date	Exercise price (\$)	Number of options
21 July 2019	2.28	33,010,000
17 February 2020	2.35	15,000,000
23 July 2020	2.64	3,425,000
17 December 2020	3.10	650,000
14 March 2021	2.70	1,295,000
30 December 2021	2.16	2,690,000
15 June 2022	1.76	16,672,000
Total		72,742,000

The details of options granted to the directors, are as follows:-

Name of Participant	Options granted during financial year under review	Exercise Price for options granted during the financial year under review	Aggregate options granted since the commencement of the scheme to the end of financial year under review	Aggregate options exercised since the commencement of the scheme to the end of financial year under review	Aggregate options outstanding as at the end of financial year under review
Sunny George Verghese	-	-	30,000,000	15,000,000	15,000,000
Shekhar Anantharaman	-	-	5,800,000	800,000	5,000,000

The 15,000,000 options granted to Sunny George Verghese in financial year 2010 were exercisable in three equal tranches of 5,000,000 each on or after the first, second and third anniversaries of the grant date (17 February 2010) at the exercise price of \$2.35 where the vesting conditions were met. The options will expire ten years after the date of grant.

The 1,750,000 options granted to Shekhar Anantharaman in financial year 2010 were exercisable in tranches of 25% and 75% at the end of the third and fourth anniversary from the date of grant (21 July 2009) at the exercise price of \$2.28 where the vesting conditions were met. The 3,250,000 options granted to Shekhar Anantharaman in financial year 2012 are exercisable in tranches of 25% and 75% at the end of the third and fourth anniversary respectively from the date of grant (15 June 2012) at the exercise price of \$1.76 if the vesting conditions are met. The options will expire ten years after the date of grant.

Directors' Statement continued

5. Olam employee share option scheme and Olam share grant plan continued

Olam Share Grant Plan

The Company had adopted the Olam Share Grant Plan ('OSGP') at the 2014 Annual General Meeting.

The OSGP helps retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and executive directors of the Group who have contributed to the growth of the Group. The OSGP gives participants an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:

- motivate participants to optimise their performance standards and efficiency, maintain a high level of contribution to the Group and strive to deliver long-term shareholder value;
- align the interests of employees with the interests of the Shareholders of the Company;
- retain key employees and executive directors of the Group whose contributions are key to the long-term growth and profitability of the Group;
- instill loyalty to, and a stronger identification by employees with the long-term prosperity of, the Company; and
- attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders of the Company.

An employee's Award under the OSGP will be determined at the absolute discretion of the HRCC. In considering an Award to be granted to an employee, the HRCC may take into account, inter alia, the employee's performance during the relevant period, and his capability, entrepreneurship, scope of responsibility and skills set. The OSGP contemplates the award of fully-paid Shares, when and after pre-determined performance or service conditions are accomplished. Any performance targets set under the OSGP are intended to be based on longer-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Examples of performance targets include targets based on criteria such as total shareholders' return, return on invested capital, economic value added, or on the Company meeting certain specified corporate target(s). It is also currently intended that a Retention Period, during which the Shares awarded may not be transferred or otherwise disposed of (except to the extent set out in the Award Letter or with the prior approval of the HRCC), may be imposed in respect of Shares awarded to the employees under the OSGP.

Details of the Awards granted to the directors, are as follows:-

Type of Grant		Performance share awards ('PSA')	Restricted share awards ('RSA')
Date of Grant	7 April 2015	15 April 2016	15 April 2016
Number of Shares which are subject of the Awards granted(*)	11,817,500	10,397,000	5,423,000
Number of employees receiving Shares Awards	280	297	294
Market Value of Olam Shares on the Date of Grant	\$1.985	\$1.72	\$1.72
Number of Shares awarded Granted to directors and Controlling Shareholders (and their Associates) of the Company, if any.	Sunny George Verghese 400,000 Shekhar Anantharaman 250,000	Sunny George Verghese 410,000 Shekhar Anantharaman 350,000	Sunny George Verghese 410,000 Shekhar Anantharaman 232,000
Vesting Date of Shares awarded	April 2018	April 2019	Tranche 1 – 25%: 1 April 2017 Tranche 2 – 25%: 1 April 2018 Tranche 3 – 25%: 1 April 2019 Tranche 4 – 25%: 1 April 2020

The actual number of shares to be delivered pursuant to the PSA granted will range from 0% to 192.5% of the base award and is contingent on the achievement of pre-determined targets set out in the three year performance period and other terms and conditions being met.

Apart from that which is disclosed above, no directors or employees of the Group received 5% or more of the total number of options/shares available under the ESOS/OSGP.

The options/shares granted by the Company do not entitle the holder of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

There were no incentive options/shares granted from commencement of ESOS/OSGP to the financial year end under review.

There were no options/shares granted at a discount.

There were no options/shares granted to controlling shareholders of the Company and their associates.

6. Audit Committee

The Audit Committee (the 'AC') comprises three Independent directors and a Non-Executive director. The members of the AC are Yap Chee Keong (Chairman), Katsuhiro Ito, Nihal Vijaya Devadas Kaviratne CBE and Rachel Eng Yaag Ngee (appointed on 25 April 2016). The AC performed the functions specified in section 201B(5) of the Singapore Companies Act, Chapter 50, the Singapore Code of Corporate Governance and the Listing Manual of the SGX-ST.

The AC held five meetings during the year under review. The AC met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Company's internal accounting control systems.

The AC reviewed the following:

- audit plans of the internal and external auditors of the Company, and ensured the adequacy of the Company's system of accounting controls and the cooperation given by the Company's management to the external and internal auditors;
- quarterly and annual financial statements of the Group and the Company prior to their submission to the board of directors for adoption;
- the Company's material internal controls, including financial, operational, compliance controls and risk management via reviews carried out by the internal auditors;
- legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes, and any reports received from regulators;
- independence and objectivity of the external auditors;
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST); and
- the scope and results of the audit.

Further, the AC

- held meetings with the external auditors and the management in separate executive sessions to discuss any matters that these groups believed should be discussed privately with the AC;
- made recommendations to the board of directors in relation to the external auditor's reappointment and their compensation for the renewed period; and
- reported actions and minutes of the AC meetings to the board of directors with such recommendations as the AC considered appropriate.

The AC had full access and cooperation of the management and full discretion to invite any director or executive officer to attend its meetings.

The AC also reviewed the cost effectiveness of the audit conducted by the external auditors and the nature and extent of all non-audit services performed by the external auditors, and has confirmed that such services would not affect their independence.

The AC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting. In appointing the auditors of the Company and its subsidiaries, the Company has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST.

Further details regarding the functions of the AC are disclosed in the Corporate Governance Report in the Company's Annual Report to shareholders.

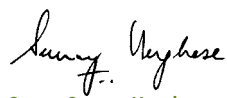
7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as independent auditor.

On behalf of the board of directors,



Lim Ah Doo
Director



Sunny George Verghese
Director

20 March 2017