

Our material areas

FOOD SAFETY AND QUALITY

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

Highlights for the year



1.36m MT

Product volumes sourced under the Olam Livelihood Charter (OLC)



US\$32.24m

Paid in premiums to OLC smallholders



57,884

Smallholders received training on reduction and optimisation of synthetic fertilisers



6.4m

Seedlings distributed to OLC farmers (e.g. cocoa, coffee, cashew) for improved quality



82%

Of relevant Tier 1 food processing facilities certified to BRC/ FSSC 22000



1st

Cashew processing facility in India to get BRC certification

Key 2016 focus areas

- Improving traceability in the supply chain
- Supporting smallholders to improve quality
- Enforcing HACCP¹ and pursuing certification for top tier processing facilities

We are guided by

- Olam Quality Policy and Food Safety System
- Good Manufacturing Practice (GMP)
- Hazard Analysis and Critical Control Points (HACCP)
- BRC/FSSC 22000
- International food safety regulations

Relevant SDGs



¹ HACCP – Hazard Analysis Critical Control Point, a preventative approach to physical, chemical and biological hazards.



Drying floors or mats for these chilli peppers in India prevent contamination from the soil, yet many smallholders do not have the funds to buy one.



Rusmolco: our dairy teams provide high quality feeds for the cows, and regularly check water for nutrient quality, heavy metals, or any other contaminants that might affect animal or human health.

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 Program, which requires importers of food products into the USA to undertake verification programmes to ensure preventative controls for supply chains outside the country. This is part of the Food Safety Modernization Act, which was implemented in the USA in 2016.

Ensuring product integrity through traceability

Traceability is of increasing importance to our customers who want to know about the products they are buying: where they are from, who grew them, and under what conditions. Many of our products such as cocoa, chilli,

coffee and black pepper are sourced from a vast, fragmented network of hundreds of thousands of smallholder farmers in remote parts of the developing world.

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

Through the OLC, we strengthen traceability by buying directly from the farmer groups. By helping them to improve their agricultural practices, we also help them to improve product integrity and quality. This includes using natural methods of pest control and organic fertiliser coupled with judicious pesticide use. Under the Olam Livelihood Charter, almost 95,000 small-scale farmers were trained specifically on Integrated Pest Management (IPM). This focuses on natural methods of pest control, such as planting maize as a border crop, using other crop and pheromone traps, and deploying hygienic drying techniques that minimise contamination of the harvest.

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

Applying internationally recognised processing standards across the world

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

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

Primary processing units are governed by our mandated QEHS policies, standards and codes of practice. In addition to self-audit, they are subject to regular audits by regional Environment, Health and Safety managers and customers.

Our material areas: Food safety and quality

Following international standards

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



The Nutrifoods biscuit factory in Ghana produces 3 popular biscuit brands for consumers – Royal King Cracker, Royal Milky Magic and Perk Milk Shortcake.

In 2016, the Packaged Foods Business (PFB) was working towards FSSC 22000 accreditation for 2 sites – the Nutrifoods Biscuit factory and the Tasty Tom tomato paste plant in Ghana.

In Nigeria, both the tomato paste and noodles facilities successfully completed the first surveillance audit.

The FSSC 22000 certification is a Global Food Safety Initiative (GFSI), which provides thought leadership and guidance on food safety management systems, helping to embed best practice and build customer confidence. GFSI benchmarks the various food safety standards against a basic set of criteria, which enables

universal recognition and credibility. Both Ghana facilities have now achieved FSSC 22000 certification with Nutrifoods being the first biscuit factory in West Africa to do so.

In India, Olam’s integrated semi-mechanised cashew processing facility at Vizianagaram was honoured with the National Award for Food Safety 2016 by the Confederation of Indian Industry. This was in recognition of its holistic approach in establishing, running and managing the Food Safety and Quality Systems. The plant is the first and only cashew plant in India to get BRC certification (A grade) from receipt of raw cashew nuts to production and packing.

Continuous training for the highest food safety standards

Olam is committed to ensuring employees receive ongoing training, particularly with regard to food safety. One example is Olam SVI’s annual Continuous Excellence (CE) Workshop organised by the Innovation and Quality (IQ) team. The one and a half day workshop was attended by 53 team members from operations and Quality and Assurance teams from SVI’s global plant locations, who shared best practice and learnings. A combined mock recall exercise was completed with 4 different scenarios taken on by cross-functional teams from Supply Chain (Planning and Customer Service), Legal, Finance, Engineering, Plant Operations, QA and IQ. The exercise rehearsed decision-making processes in timebound situations. The 2016 Olam SVI 6 Star Award for excellence in contributions towards food safety and quality was awarded to Olam SVI’s Gilroy plant in California (garlic) and the Key Food Ingredients (dehydrated vegetables) plant in China.



Fresh garlic harvested by our Gilroy plant, USA.



Keeping it natural

Increasingly, consumers are looking for clean, natural and healthy products. As well as sourcing individual ingredients, Olam SVI also makes own label recipes for customers such as salsas. In 2016, Olam SVI achieved non-GMO¹ and gluten-free certifications.

In October, as part of the celebrations commemorating the 70th anniversary of Olam Cocoa's Joanes brand in Brazil, and the opening of the new Cocoa Innovation Centre, we launched

AJ11PK, a new, black cocoa powder that has no added sodium (Sodium is traditionally added as an alkalising agent during processing for dark cocoa powders to achieve the desired colour).

Developed for the Brazilian and South American markets, this cocoa powder aligns with the Pan-American Health Organization (PAHO) policy to reduce dietary salt intake among South American consumers.



Opening of Olam Cocoa's Innovation Centre, Brazil.



AJ11PK black cocoa powder, innovative because sodium has not been added to achieve the colour.

Progress on goals

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

¹ Overall, Olam International does not encourage Genetically Modified crops entering our food supply chains.