

Our material areas

LAND

The land required to supply the 14.4 million metric tonnes of product in 2016 is estimated at just under 10 million hectares. This is slightly larger than the size of Hungary¹. Ensuring the sustainable development and use of land-based ecosystems in both our direct and indirect supply chains is therefore a continuing imperative.

Highlights for the year



58%

Of priority product volumes procured by origins in FY16 are covered by the Olam Supplier Code²



4th

Most transparent company globally according to the Sustainable Palm Oil Transparency Tool (SPOTT)³



120,464

Smallholders trained in soil fertility



179,991

Smallholder hectares GPS mapped under the Olam Farmer Information System (cocoa)



130,157

Smallholders trained on forest conservation, including the impact of converting forest through burning, along with other Climate-Smart Agricultural practices



10,474

Individual farm management plans for cocoa smallholders generated under OFIS in 2016

Key 2016 focus areas

- Protect High Conservation Value ecosystems and High Carbon Stock Forests
- Ensure community rights and participative decision-taking
- Reduce indirect impacts on land from third-party farmers and suppliers

Key sector collaborations and commitments

- UN Guidelines on Responsible Land Tenure
- 4th year Forest Footprint Disclosure – B
- Member of the Natural Capital Coalition

Relevant SDGs



¹ 9.3 million hectares.

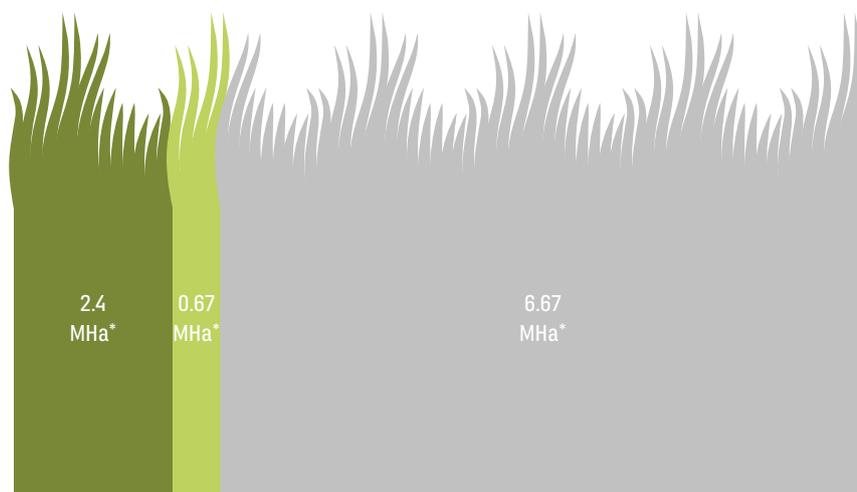
² Cashew, cocoa, coffee, cotton, hazelnut, palm and rubber.

³ Compiled by the Zoological Society of London (ZSL).



Estimated breakdown of land footprint

● Under Olam management ● Within the Olam Livelihood Charter ● Under third-parties



* Million hectares

Olam-managed land

- Natural forest concessions (Republic of Congo)
- Almond orchards (Australia and USA)
- Dairy (pasture and grain in Russia and Uruguay)
- Planted coffee plus High Conservation Value (HCV) set-asides (Laos, Brazil, Tanzania and Zambia)
- Planted palm plus HCV set-asides (Gabon)
- Planted rubber plus HCV set-asides (Gabon)
- Cocoa plantation (Indonesia)
- Rice farm (Nigeria)
- Black pepper plantation (Brazil)

Land stewardship

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.

Land under our direct control

Our selective integration into plantations, concessions and farms began in 2010. From the start, we recognised that they would only be successful if they adhered to strict environmental and social criteria. Most of our operations are in rural areas of developing nations. Each locale has its own challenges, and we have learned many lessons along the way. However, by working with expert partners and listening continually to our stakeholders, we are seeing our operations have positive impacts.

Coffee plantations in Tanzania and Zambia gain Rainforest Alliance and UTZ certification

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 1,025 ha of planted Arabica coffee and a wet mill processing facility. Protected areas, including buffer zones, represent over 15% of the land under Aviv management.

NCCL is situated at Kasama, in Zambia's Northern Province, and has planted over 1,825 ha. A further 1,400 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.

Pursuing international standards and certification for upstream developments

We are guided by:

- Olam Plantations, Concessions and Farms Code
- Olam Sustainable Palm Oil Policy (updated in 2016)
- Olam Global Forest Policy (new in 2017)
- Olam Environment Policy
- Olam Health and Safety Policy
- Olam Code of Conduct
- Certifications including FSC®, ISO, Rainforest Alliance, RSPO and UTZ
- International standards including Alliance for Water Stewardship (see page 76), IFC, Sustainable Natural Rubber Initiative (SNR-i) Standard
- International Labour Organization

Our material areas: Land



A social team engages regularly with semi-nomadic tribes living in the forest concessions.

Managing natural forests

In the Republic of Congo, Olam subsidiary Congolaise Industrielle des Bois (CIB) manages over 2 million hectares of natural forest of which about 1.3 million hectares are FSC® certified¹ – one of the world’s largest contiguous FSC® certified tropical hardwood concessions. Our most recent concession of around 671,000 hectares, also leased from the Republic of Congo, is set to achieve certification by 2018.

¹ Licence numbers:
CIB Kabo – FSC-C128941;
CIB Pokola – FSC-C014998;
CIB Loundoungo – FSC-C104637.

Protecting biodiversity

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. It should be noted that we limit the use of WHO Class 1A and 1B chemicals to exceptional circumstances.



In Nigeria, our 10,000 ha rice farm and extensive network of smallholders grow rice for the domestic market. Our team has discovered the rare Northern Carmine Bee-Eater and has taken steps to preserve areas of bush, engaging with smallholders to ensure they do not disrupt the habitat.

Engaging with communities

Our aim is for all land developments to have a positive impact on local communities. Firstly, because it is the right thing to do and, secondly, because we hope local people will want to work with, or grow crops for, Olam. Social conflict is counterproductive and costly to resolve. We use the internationally recognised Free, Prior and Informed Consent process (FPIC) at the start of all new developments, and engage in a continuous process of engagement.

We also undertake Social Contracts or Long-term Village Development Plans.



See page 72, our ‘Focus on Gabon’ for examples of initiatives.

Responding to grievances

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. For example, the NGO Brainforest stated in a report released in December 2016 that some communities felt they had not been adequately informed about the GRAINE programme in Gabon. These complaints were not made to Olam despite much ongoing engagement and we have not been able to identify the individuals concerned. Read more about GRAINE in the food security section of this report.

Land under the control of suppliers

About 75% of land producing crops for customers is under the control of others.

It is not possible to monitor the land management processes of all these farmers, so we prioritise high-risk products (cashew, cocoa, coffee, palm, and rubber) and use the Olam Livelihood Charter and Olam Supplier Code to extend our reach of influence. Specific product policies, such as the Olam Sustainable Palm Oil Policy, state specific product criteria to be followed. In 2017, we will launch a cross-commodity Global Forest Policy, and strengthen and clarify the requirements of our Supplier Code for all third-party suppliers. Please see olamgroup.com for more information.

Verifying our third-party palm supply chain

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. As highlighted in our October Interim Progress Report, we had already reduced our supplier base from 48 in 2015 to 14 in 2016.

Given the technical aspects and complexity of the palm supply chain, we encourage stakeholders to go to olamgroup.com for our strategy and FAQs. We also welcome all contact for more information via crs@olam.net.



Committed to growing and sourcing sustainable rubber

Unlike the palm sector, the rubber industry does not have a certification scheme so, in addition to applying our own internal standards, we have been supporting the natural rubber industry in the development of an international sustainability standard.

In January 2015, the International Rubber Study Group (IRSG) launched the Sustainable Natural Rubber Initiative (SNR-i), which is a self-assessment standard covering 5 main criteria:

- Support improvement of productivity
- Enhance natural rubber quality
- Support forest sustainability
- Water management
- Respect human and labour rights.

In February 2016, we assessed our operations against the proposed SNR-i standards and completed the self-declaration. In addition, Olam presented a comprehensive sustainability framework that covers upstream operations and engagement

with farmers in the downstream supply chain to SNR-i stakeholders in mid-2016.

Responding to Mighty Earth

In December 2016, the NGO Mighty Earth issued a report with allegations of deforestation in our Gabon palm and rubber plantations, and third-party palm oil sourcing business. We published a full technical response, accepting many positive recommendations related to transparency in the third-party supply chain but refuting the claim that our Gabon developments had not taken a responsible approach.

We met with Mighty Earth in January 2017, and then published a joint statement with a series of actions on behalf of both parties to increase mutual understanding and achieve greater transparency.

This includes Mighty Earth suspending its current palm and rubber campaign for a year, and its complaint to FSC regarding Policy for Association (see our statement on olamgroup.com). It should be noted that, while we have agreed to pause development in

Gabon for our rubber plantation, this is to allow time for both parties 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. It does not imply that we agree with Mighty Earth's allegations on our Gabon operations, which we believe to have been developed to the highest environmental and social standards applicable in the national context. We firmly believe that we have demonstrated a different and more sustainable model for our plantations and will be hosting stakeholder visits in 2017. For more context, please see overleaf, as well as the response on olamgroup.com from Professor Lee White, Director of Gabon's National Parks and the UNFCCC Forests and Agriculture negotiator for Gabon.

Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
Goal 7: Sustainable development and use of land-based ecosystems (Material area: Land)			
7.1. 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. A Global Forest Policy is in consultation Q1 2017. Full response to Mighty Earth regarding allegations of deforestation available on olamgroup.com .	On target
7.2. 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.	Free Prior Informed Consent, Social Contracts and Grievance Procedure were established and achieved for all new Olam plantations in Gabon since 2011. Formal Grievance Procedures are in place for established coffee plantations in Tanzania, Zambia and Laos. A gap analysis will be conducted in 2017 to ensure suitable processes are in place to avoid, mitigate and manage any potential conflict across all upstream operations.	On target
7.3. 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. 58% of priority product volumes procured by origins in FY16 are covered by the Olam Supplier Code.	On target