



# SOCIAL

We rely on our people to grow our business responsibly. Our operations impact communities around the world. We strive to ensure that impact is positive for the long-term.



## CONTENTS:

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- 42 Livelihoods
- 48 Labour
- 56 Food security and nutrition
- 60 Food safety and quality

*This section explores our achievements and challenges in 4 of our material areas which focus particularly on social impacts: livelihoods, labour, food security and nutrition, and food safety and quality.*



*Livelihoods*  
42



*Labour*  
48



*Food security  
and nutrition*  
56



*Food safety  
and quality*  
60

*"We will continue to build and implement robust and effective frameworks, equip our teams with the right skills and work with the business leaders to ensure everyone recognises their accountability."*

**Dr Christopher Stewart**  
Head of Corporate Responsibility and Sustainability



## Q&A with Dr Christopher Stewart, Head of Corporate Responsibility and Sustainability

### How did Olam perform against its social goals in 2016?

Our vision is end-to-end sustainable supply chains by 2020, which is a huge challenge but we are making headway. Safety improves year-on-year; we are reaching more smallholder women; have made progress on a major programme to grant security of land tenure for cooperatives in Gabon; and have advanced nutrition and crop diversification initiatives.

### Which social issues are stakeholders most concerned with?

Many crops we sell are grown in emerging markets, which brings well-known risks. Customers, NGOs, financial institutions, donors and others want to know how we manage them, so engagement happens across products, geographies and functions.

Issues raised in 2016 include: the ongoing efforts to eradicate child labour in third-party supply chains, including cocoa and oil palm; and ending the forced mobilisation of workers in Uzbekistan for the cotton harvest.

However, many of these issues are closely connected to wider issues such as rural poverty, lack of community infrastructure or government policies so cannot be addressed in silos. Equally, solutions require a multi-stakeholder approach which is why we seek to collaborate with peers and other partners. We have over 30 partners for the Olam Livelihood Charter (OLC) programmes alone.

### What social challenges do you face in 2017?

We need smallholders to see farming as a viable livelihood so we can secure supplies. Therefore we need to help them improve incomes through better yields and quality. Setting up training sessions for smallholder farmers in Good Agricultural Practices is the easy part. Implementing them in the field is harder, requiring ongoing community engagement and cultural sensitivity.

A less talked-about issue is the challenge of managing a workforce on plantations in highly rural areas of developing countries. In Gabon and Tanzania, the majority of our workers have never held formal employment and many are functionally illiterate. This makes it challenging to instil both their rights and responsibilities: for example, it takes time to teach safety processes in places where no such culture exists. Creating a positive work ethic (including dealing with absenteeism), and instilling safe behaviours are as essential as capacity and skills building. Identifying and promoting local leaders is invaluable in encouraging fellow workers to uphold our standards. Disputes can occur, which is why we have made considerable efforts to establish worker representation groups.

### Will you be changing your strategy in 2017?

No, we have a clear strategy with 4 overall objectives:

- mitigate sustainability risks to the business, environment and society
- promote increased volumes of sustainably sourced and processed products
- use land and water resources efficiently and minimise GHG emissions; and
- promote better livelihoods, good labour practices and food security.

To achieve these, we will continue to build and implement robust and effective frameworks, equip our teams with the right skills and work with the business leaders to ensure everyone recognises their accountability. Monitoring, reporting and communicating are essential for us to measure and improve performance: we are already seeing the benefits of the new data collection system we implemented in 2015. And, finally, forging effective partnerships makes our business stronger, more competitive and more effective at scale.



More information can be found on sustainability progress in our GRI Report and Olam Livelihood Charter on [olamgroup.com](http://olamgroup.com).

Our material areas

# LIVELIHOODS

Olam depends on 4.33 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'.

## Highlights for the year



302,552

Smallholders embraced by the OLC



55,192

Women farmers



190,000

People reached under the Olam Healthy Living Campaign



19

Countries with OLC initiatives



US\$161.58m

Total financing to OLC smallholders



32,954

New farmers in 9 countries registered on Olam Farmer Information System to bring the total to more than 65,000 farmers across 13 countries

### Key 2016 focus areas

- Continue to support large and small-scale farmer suppliers, in particular through the OLC
- Promote gender equality and opportunity
- Encourage good health and wellbeing among communities and workers

### Key sector collaborations and commitments

- Sector initiatives include CocoaAction, WCF Cocoa Livelihoods Programme, Sustainable Rice Platform, and Partnership for Gender Equity (Coffee)
- Over 30 partnerships to improve livelihoods

### We are guided by

- Olam Livelihood Charter
- Olam Supplier Code
- Olam Environment Policy
- Olam Sustainable Palm Oil Policy
- Olam Code of Conduct
- UN Global Compact

### Relevant SDGs





While external factors such as weather can improve yields, productivity training is crucial. Jose Norbey Sanchez, one of the 562 Colombian coffee farmers who has received training since 2015, almost doubled his yield of green coffee per hectare in 2016.



Olam Cocoa trainer, Benson Kelesin from Baianga Village, Papua New Guinea, shows farmers from the Wadao group how to prune cocoa trees up to the height of 3 metres using an extended pool pruner. One of our project officers, Schola Jenkihau, is monitoring the field officer's training skills.

### Understanding life for rural communities in emerging markets

Olam buys from around 36,600 large-scale and 4.3 million small-scale farmers. While 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.

### Olam Livelihood Charter (OLC) – 6 years of impact

In 2010, we identified 8 economic, social and environmental principles to help smallholder communities become commercial rather than subsistence farmers. These were enshrined in the OLC which today supports around 302,552 smallholders. Due to a change in strategy, we are no longer directly buying from 66,000 smallholders in Zambia. However, many other programmes are either on track for OLC status or operate in communities

where not all support may be required. Our full 2016 OLC report can be found on [olamgroup.com/resources](http://olamgroup.com/resources).

### On the ground support strengthened by collaboration

Around 850 field officers work year round with smallholder communities. Partnerships are crucial for harnessing expertise and achieving scale. In 2016, we had over 30 customer, NGO, certification, trade, foundation and development organisation partners helping us to deliver 44 OLC initiatives (see [olamgroup.com](http://olamgroup.com) for a full list of partners, associations and memberships). We also work with many certifying bodies and, in 2016, 24% of OLC tonnage was certified.

### Helping farmers in Papua New Guinea

Since 2014 in Madang, Olam Cocoa and Rainforest Alliance have been working with cocoa farmers to improve sustainability standards, which has improved yields, quality and traceability. Challenges in 2016 included low rainfall, ongoing problems with poor transport infrastructure, and educating farmers due to low literacy levels. The implementation of Good Agricultural Practices and ecosystem restoration has helped the programme's 1,784 farmers, who also received a premium for their certified volumes.

### Empowering women and improving coffee quality in Brazil

In many communities where Olam works, women have vastly unequal decision-making power, control over household spending, and access to education, finance, land and inputs. Yet if women participated equally in the global economy, annual global GDP would increase 26% in 10 years (McKinsey Global Institute 2015).

Coffee's biennial cycle can mean yields vary widely from year-to-year, impacting farmer income. New techniques can counter this, but not everyone is open to change. Our field officers in Carlópolis, Brazil, recognised that women's involvement in post-harvest processing significantly improved quality. Working with the International Women's Coffee Alliance and the Government's Department for Family and Social Development, training with women's groups was held in 15 locations. Three of the 77 women involved won an award from IAPAR, the Agriculture Institute of Paraná State, for the quality of their coffee.

 Read more in the Gender Hub on [olamgroup.com](http://olamgroup.com).

## Our material areas: Livelihoods

### Teaching cotton farmers to count

If farmers cannot count, it is difficult for them to manage their finances. In Côte d'Ivoire, Olam cotton subsidiary SECO runs literacy courses in remote farming communities to teach basic reading, writing and maths to those who did not have the opportunity to attend school. Between 2012 and 2016, the courses were attended by 624 women and 1,095 men.

This support is part of a much wider OLC programme, certified by Cotton Made in Africa, which in 2016 received a 'highly commended' recognition under the Unilever Global Development Award, supported by Business Fights Poverty. The judging panel reported the programme has *"the potential to impact an entire industry and admirably demonstrated an effective and sustainable business model"*. In February 2017, the programme was highlighted by the Business and Sustainable Development Commission<sup>1</sup> in a film hosted on the Economist Films website<sup>2</sup> within the Global Compass series.

Read similar case studies for other products at [olamgroup.com](http://olamgroup.com). The Water, Land and Climate Change sections of this report are also closely connected to farmer livelihoods.

*"The SECO programme has the potential to impact an entire industry and admirably demonstrated an effective and sustainable business model"*.

<sup>1</sup> [businesscommission.org](http://businesscommission.org)

<sup>2</sup> [films.economist.com](http://films.economist.com)



Rice farming families in Nigeria gaining access to finance.

### Bypassing middle men to unlock mutual value

While we have had direct farmer relationships for cashew in Africa, in Vietnam we have previously been sourcing through buying agents. Over 1,060 farmers are now being trained and certified under Lagrai Cashew Producer Cooperative. In addition to the Fairtrade premium and pre-financing from Olam, the farmers (and Olam) will benefit financially by eliminating the middlemen, whilst full traceability confers multiple benefits.

### Helping to link farmers to banks

In its efforts to improve food security and reduce rice imports, the Nigerian Government has established a number of financial schemes to help farmers invest and improve yields. These are supported by various banks, International Fund for Agricultural Development (IFAD), USAID and the Nigerian Ministry of Agriculture. As part of our smallholder outreach programmes we have been hosting meetings across the villages to help farmers access the finance on offer. Overall, we have trained over 3,500 smallholders in Good Agricultural practices.

 More information available at [olamgroup.com](http://olamgroup.com)

### Why we encourage smallholders to form cooperatives

Working with cooperatives simplifies our logistics. We avoid collecting crops from individual farmers in rural locations, and peer-pressure helps keep up good practices. Cooperatives help us understand where to focus investment, such as in warehousing for the crops. For the farmers, they have greater negotiating power and benefit from group training.

Cooperatives also play a crucial role in rolling out the Olam Supplier Code. For those farmers with low literacy, we provide pictorial posters for display on cooperative buildings, while cooperatives are also empowered to sign on behalf of the farmers, auditing to ensure compliance. The challenge now is reaching farmers who are not yet organised into farmer groups and have very low productivity, which some NGOs have rightly highlighted as a concern. This requires a multi-stakeholder approach.



Peanut harvesting in Georgia, USA.



Cashew picking, removing the nut from the fruit.



Smallholder farmer preparing cocoa beans for natural fermentation.

### Continuing to invest in processing

Setting up processing in emerging markets brings benefits to Olam and communities. Cashew processing offers significant levels of employment for women, often in regions where there is little alternative – we employ 15,000 people in 20 cashew processing units in Africa and Asia, around 80% of whom are women. In 2016, a new facility in Vizag, India, has generated direct and indirect (contract) employment for 750 women.

Investing in processing close to the farmers means they see a ready market for their crop and want to sell to Olam. It also reduces transport and environmental costs for our business. Examples include cashew processing in Côte d'Ivoire and Mozambique and our sugar and spices processing in India.

### Supporting economic inclusion in developed nations

Olam recognises that large-scale farmers can also face cash flow and crop challenges. So, for example, we support many tomato, garlic and onion growers with improved varieties that our teams have developed. We also strive to be a good counterparty.

Chuck McGlamory at the Doster Peanut Company, a buying point owned by Olam subsidiary McCleskey Mills in Georgia, USA, explains that, during the harvest season, as many as 30 peanut growers can be sending their volumes daily which need inspecting, quality testing and unloading: "We ensure that each grower is treated equally no matter what volume he supplies, otherwise we lose the right to become his buyer of choice."

## Measuring programme success

In September and October 2016, a survey was undertaken with 416 cocoa farmers in Côte d'Ivoire.

**98%**

of cocoa farmers report being satisfied or very satisfied with the training provided.

**70%**

are satisfied with the payment for cocoa and 21% are very satisfied.

**79%**

of cocoa farmers report an increase in the amount of money earned from cocoa since they started working with Olam.

**58%**

of cocoa farmers believe they are wealthier this year than the previous year.

**81%**

of cocoa farmers report an increase in the amount of cocoa produced since they started working with Olam.

**80%**

of farmers have been trained on health and safety at the farm.

**79%**

of farmers have been trained on good labour practices.

### Olam Farmer Information System provides unparalleled transparency

A real game-changer in the next few years will be the Olam Farmer Information System (OFIS), which manages the 'first mile' of Olam's supply chain. Working with smallholder farmers and mobile technology, we survey and register their farms and local social infrastructure. OFIS is also able to collect and analyse transaction data from the farm onwards, as well as all farmer training records. This data means that users have unparalleled transparency into our smallholder supplier network and sustainability initiatives. It allows us not only to give more farmers tailored support but to monitor and learn which interventions – such as training via farmer schools versus demonstration plots – have the biggest impact on yield improvements and other outcomes. In just 2 years, OFIS has registered over 65,000 cocoa, coffee and rubber farmers in 13 countries around the world.

## Our material areas: Livelihoods



Olam wood subsidiary, Congolaise Industrielle des Bois, distributing mosquito nets.

### 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 2016, we continued to roll out the Olam Healthy Living Campaign. Teams in numerous countries held sensitisation sessions on how to prevent malaria, diarrhoea and other common diseases. World Malaria Day on 25 April was a focus of activity, and by the end of the year we had reached 104,000 people in Africa with sensitisation, screening and treatments:

- Republic of Congo Wood Products team, Congolaise Industrielle des Bois, distributed treated mosquito nets to personnel
- Côte d'Ivoire Cocoa and Tanzania Coffee distributed nets to cocoa cooperatives and their communities
- Ghana Cocoa donated malaria treatment drugs to local health services.

At our own large-scale palm and rubber plantations in Gabon, we have built modern, well-equipped clinics (staffed by a permanent medical team) providing free healthcare to over 6,500 employees.

### Ensuring access to safe water and sanitation

Olam is addressing water, sanitation and hygiene (WASH) access for employees in the workplace, particularly in plantations in highly rural emerging economies. Discussions with other agri-business and forestry companies within the World Business Council for Sustainable Development (WBCSD) uncovered the need for further sector-specific WASH guidance in agricultural settings.

To support the development of initial guidance and explore opportunities for best practice development, a member of the WBCSD's water team undertook a 1-week learning mission to Olam's palm oil plantations in Gabon in June 2016.

The plantations employ more than 6,500 people, primarily from rural villages which have no running water. A baseline assessment was conducted in collaboration with local staff, mapping WASH provisions already put in place, and identifying action points. During the mission, it was revealed that a large part of absenteeism was attributed to water-related and water-borne diseases.

The action points are being developed into a work plan for implementation during 2017, which will provide additional focus on sanitation provision, along with employee awareness-raising on hydration and heat stress.

### Encouraging employees to put their health first

Our focus on health is not just for rural communities. Increasingly, we see the impacts of poor nutrition and sedentary lifestyles across both developed and developing nations.

In the USA, our team embraced the 2016 World Health Day theme of Beat Diabetes, inviting a nutritionist to the office to speak about diabetes, launching a walking club, and hosting a 'Hidden Sugar Demo' unveiling the high sugar levels in the most commonly consumed foods.

Meanwhile, in Tanzania's Dar es Salaam head office, a nutritionist delivered a wellness talk on how to choose and keep a healthy lifestyle. Voluntary medical check-ups were provided and a blood donation station was set up courtesy of a local blood bank.

The Zika virus also emerged in South and Central America in 2016. We immediately issued guidance to employees and we are pleased to report that nobody was impacted. In addition to personal protection, employees were advised to empty, clean or cover containers that can hold water, such as buckets, flower pots or tyres, so that places where mosquitoes could breed were removed.



In 2016, Olam reached 106,700 people with HIV and AIDs awareness and prevention workshops, which included this workshop with cashew communities in Koboko village, Côte d'Ivoire.



## Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
<b>GOAL 1. Economic opportunity and inclusion (Material area: Livelihoods)</b>			
<b>1.1. Smallholder farmers are supported through the Olam Livelihood Charter (OLC) principles</b>	Bring 1 million hectares under the OLC with an estimated 500,000 farmers.	302,552 farmers over 671,784 ha (Due to a change in business strategy, we are no longer sourcing directly from 66,000 OLC cotton farmers in Zambia).	On target
<b>1.2. Suppliers comply with the Olam Supplier Code</b>	100% of priority products covered by the Supplier Code: cashew, cocoa, coffee, cotton, hazelnut, palm and 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
<b>1.3. Women are economically empowered within our supply chain</b>	Support 100,000 women to access economic opportunities, including female farmers, processors, distributors, and workers supported or employed by Olam.	55,192 women farmers under the OLC.  Côte d'Ivoire cotton: 688 "farmers' wives" – vegetable projects and business training  Côte d'Ivoire cocoa: 800 "farmers' wives" – fortified cassava projects and business training.  Around 11,600 women employed in the cashew supply chain in emerging markets.  Data collection process being reviewed regarding other women empowered, e.g. distributors.	On target
<b>1.4. Elimination of child labour</b>	No breaches in compliance reported or observed in audits.	1 breach of Olam child labour standards on plantations was identified by Internal Audit. Corrective action has been taken to ensure legal age restrictions are observed, and that age-appropriate roles are assigned.  At the time of writing the FLA had not issued its audit report for the 2016 hazelnut harvest. No breaches were identified by the FLA in the cocoa monitoring.	On target
<b>1.5. People have improved livelihoods potential through enhanced skills, economic resources and infrastructure</b>	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.	302,552 farmers have benefited from livelihood support through the OLC.  Appropriate metrics for assessing beneficiaries of Olam's projects (including dependents of OLC farmers, and non-OLC livelihood projects) will be explored in 2017.	Behind target
<b>GOAL 2. Good health and wellbeing (Material area: Livelihoods – some overlap with Labour)</b>			
<b>2.1. Ensuring provision of access to health, water and sanitation infrastructure, as a minimum, meets the Olam WASH Standard</b>	100% of Olam's direct operations are compliant with the Olam WASH Standard.	Leading the development of guidance on employee WASH access in agricultural and forestry operations with WBCSD. WASH field study conducted in Olam's palm plantations, Gabon by Olam and WBCSD.  Learnings to be implemented in FY17 and rolled out to all Olam plantations.	On target
<b>2.2. People have improved health and wellbeing</b>	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 190,000 people in Africa.	On target

Our material areas

# LABOUR

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.

## Highlights for the year



69,772

Full-time, seasonal, contract and temporary workers



95

New managers trained in the CEO Core Process



203,696

OLC farmers trained in good labour practices

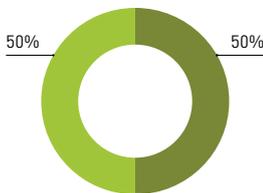
### Key 2016 focus areas

- Employee engagement and talent development
- Zero-harm workplace
- Human rights across our own and third-party supply chains

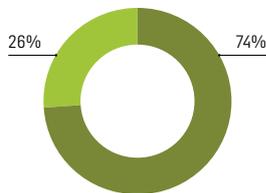
### Key sector collaborations and commitments

- CocoaAction – help eradicate child labour
- International Cocoa Initiative
- Fair Labor Association (FLA) partnership to eliminate exploitation in the cocoa and hazelnut supply chains

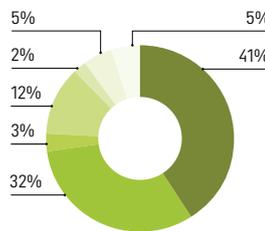
### Workforce



### Gender diversity of full-time employees



### Managerial talent by region



### We are guided by

- UN Declaration on Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- Olam Plantations, Concessions and Farms Code
- Olam Health and Safety Policy
- Olam Supplier Code
- Olam Livelihood Charter
- Olam Code of Conduct
- Fair Labor Association affiliate membership

### Relevant SDGs





## Employee engagement

### Q&A with Joydeep Bose, President and Global Head, Human Resources

#### How do you see the role of HR at Olam?

We focus on working shoulder-to-shoulder with business heads and the leadership team. HR has the responsibility to manage the talent-related risks of our business and foster the Olam values. At the same time, with guidance from our CEO and the leadership team, we are focusing on how we want to shape the organisation going forward – from a cultural perspective as well as ensuring we have a set of lasting shared values and vision for the company.

#### How important is culture?

It is not a soft, touchy-feely matter but rather a fundamental part of our business. We realised early on in our journey that our unique culture was what has driven and will continue to drive our business growth, allowing us to gain a competitive advantage in the marketplace.

This unique culture included, firstly, being very entrepreneurial; secondly, demonstrating a high level of stretch and ambition; and thirdly, ensuring every individual in the company takes strong ownership of their work. These factors have underpinned our success so far and we believe this very same culture will propel us forward.

#### Considering Olam is so diverse and large, how do you align the culture across the entire organisation?

It comes down to a unifying culture and vision – both of which are very clear. We want to be the most valuable and differentiated agri-business globally. This has been well received by the entire organisation. We also ensure that all employees in the company, whether they are from Colombia or Singapore, should have a similar experience working in the organisation.

One way is through our signature processes that cut across all parts of the organisation. These are high-impact initiatives that differentiate us from our competitors. Our Core Process brings together new managers, usually within their first 6 months, to have a 4-day training session with our CEO<sup>1</sup>. In these sessions, Sunny, and other leaders in the organisation, take them through the business and Olam's values and culture. We have close to a dozen signature processes to build a shared experience across various aspects of our business. In 2016, 95 employees attended Core Process sessions.

#### How do you develop leadership?

Leadership for Olam embodies the 3 major elements of our culture. When we assess an employee's leadership ability, we look at whether he or she is risk-taking, entrepreneurial, and has an ownership mindset in taking accountability for outcomes.

In our industry, you can get buffeted by external challenges outside your control. But it is important for our leaders to deliver, regardless of what is happening around them.

With that in mind, we create an environment for employees to display leadership values, to blossom and to succeed. When we hire employees, we look for 'fit' and aptitude for these values. Some people prefer working in a very top-down environment, but that's not Olam.

Empowering employees is a key engagement driver. Within a safety net, we typically give responsibilities earlier than at other organisations – such as defining financial and decision-making terms.

We also support our leaders throughout their career journey with a strong mentoring culture. Managers at all levels are trained to coach and have constant communication sessions with their reports.

In this way, they receive feedback and can reflect on what went well, and what did not, drawing on the strengths and experiences of others.

#### How do you maintain engagement among your employees?

We measure engagement rates every 2 years. Currently, it is at 77%, down from 83%. We believe it has dropped because our teams have had to navigate strong commodity headwinds, plus acquisitions can be unsettling.

One way in which we have been addressing this is through our revamped performance management framework Aspire, which no longer has ratings, so that staff conversations can happen without any anxiety.

Aspire is geared towards making the employee the chief beneficiary of the performance management process – not the organisation or his or her boss. Aspire aligns feedback on performance across the business, taking into account personal development and career progression.

The process responds to 3 key questions for employees. Firstly, am I doing a job that is meaningful? Secondly, how am I currently performing in my role and what can I do to improve? Thirdly, what does the future hold for me in the company? The process begins with discussions at the beginning of the year between the individual and the manager on the meaning of the individual's role. Throughout the rest of the year, we will have regular conversations on the progress against their targets.

This system has been in place for a year and a half, and we believe it will help our employees engage more with the company in the future.

<sup>1</sup> Sunny George Verghese

**Our material areas: Labour**

*“When we assess an employee’s leadership ability, we look at whether he or she is risk-taking, entrepreneurial, and has an ownership mindset in taking accountability for outcomes.”*

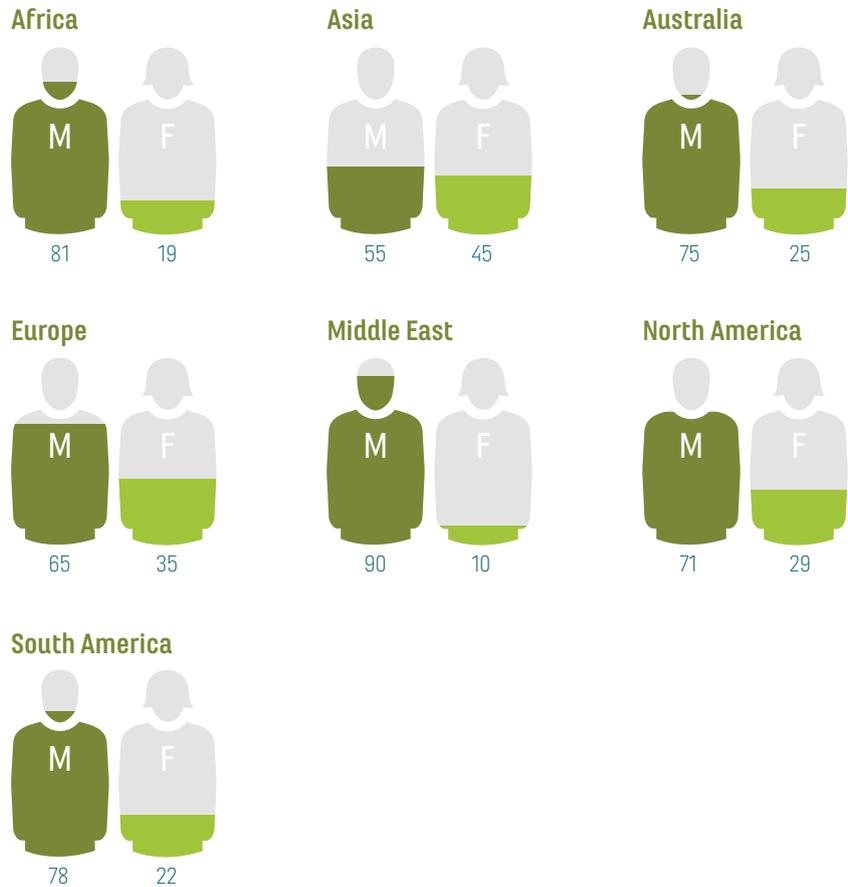
**Nurturing regional talent**

Wherever possible, we are committed to employing locally and building capacity, although it can be a challenge in emerging markets. We invest from the ground up and, over the years, we have built a robust early career hiring and training programme. In 2016, we hired more than 50 trainees across Africa in Sales, Manufacturing and Finance. We believe that this pool of talent will be our pipeline for the future. The Africa Finance Trainee (AFT) Programme is one such initiative and is designed to provide meaningful experiences through exposure to a variety of Olam operations. In 2016, we recruited 8 qualified accountants from Kenya and Cameroon.

**Catalysing change in Africa through scholarships**

Olam’s scholarship programme supports up to 10 African post-graduates each year to study at Harvard Business School, the London School of Economics and Political Science, INSEAD and the Lee Kuan Yew School of Public Policy. Our ambition is to see these graduates catalyse change through business, economic development and good governance in Africa.

**Global gender breakdown in our primary workforce (%)**



 Bankole Makanju is a Master of Business Administration Student at the Harvard Business School in Massachusetts. Read his article on [olamgroup.com](http://olamgroup.com), “How to maximise Africa’s demographic dividend”.



## Designing top class courses and an academy

The Almonds team in Australia worked with HR and one of the largest education providers in Australia – TAFE – to develop a tailored diploma course for the Irrigation Controllers and Operations Supervisors. Run over 1-2 years, it is based on specific job competencies and provides the field teams with a development pathway leading to a recognised qualification. It has been well received by the teams and in 2016 it led to Olam being recognised by the TAFE as its ‘Employer of the Year’.

October 2016 marked a milestone for the Manufacturing and Technical Services (MATS) function with the launch of its virtual Academy – a purpose-built learning platform. The comprehensive curriculum is intended to help increase knowledge and skills, and ultimately help employees improve their personal performance and prepare for the next career opportunity.



Almonds Australia TAFE Certificate IV graduates who have completed the diploma course for Irrigation Controllers and Operations Supervisors.

## Our shared values

Our 6 values and everyday behaviours build a distinctive culture, shaping how we work, and set the standard for what it means to be part of Olam



### Entrepreneurship

We dare to dream



### Stretch and Ambition

Our passion for doing more



### Mutual Respect and Teamwork

We treat each other the way we want to be treated



### Ownership

We take responsibility as if we were the founders of the business



### Integrity

We stay true to what we believe, say and do



### Partnerships

We strive to develop positive and long-term relationships with our partners



Rob Wheatley (right), Vice President, Almonds, receiving the Employer of the Year Award from the Sunraysia TAFE Institute in Australia.

## Ensuring a safe workplace

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’.

By the end of 2016, most employees had received training through our internal programme ‘A Safe Olam’ which is based on the elimination of unsafe conditions and unsafe behaviours. The remaining employees had localised focused training relating to specific risks and hazards. For new or returning seasonal workers, we have

developed a new Safety Induction Programme. Some emerging market countries do not have the same regulatory frameworks for safety so we must be constantly vigilant and reinforce the importance of safe behaviour including regular audits and review.

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. The Lost Time Injury Frequency rate was reduced to 0.43 in 2016 (from 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 69 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, while it was our lowest incident fatality rate in 5 years, we experienced 4 fatalities in 2016, which all took place in Africa. Three were due to non-observance of safe working practices, and the fourth was due to a road accident. All incidents are fully investigated and any action points addressed.

## Our material areas: Labour

### Respect for diversity

Although diversity has always been encouraged in Olam, we recognise that we did not have a formal policy or strategies for implementation. By 2020, all businesses with more than 100 employees must have a documented and reported diversity strategy. A draft policy with strategy guidance is currently being reviewed.

### Respect for workers' rights

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:

- 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 for the workforce
- The application of these requirements to contracted, seasonal and migrant workers where relevant.

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 2–4 weeks or a few months. Based on data from our key operating countries, at the end of 2016, about 30% of our primary workforce were covered by collective bargaining agreements. In early 2017, Olam Gabon signed a collective bargaining agreement with our palm and rubber plantation workers – over 9,500 people.

Following the introduction of mechanisation to increase output and efficiency at our Bouaké cashew processing facility in Côte d'Ivoire, our team met with union and government representatives regarding the redundancy of around 150 employees

from the 2,000-strong team. At the end of 2016, the union had made a formal representation to the Ministry of Labour over the redundancy process. However, the independent advisory body on labour affairs (Le Conseil National du Dialogue Social) cleared our process as fair and correct.

### Wages and incentives for workers

A considerable proportion of Olam's workforce are engaged in relatively low-skilled plantation work or manual to semi-manual processing. These are often located in regions that have had very little structured work experience, which can mean that, after payment, a few workers may not return until they have spent their wages. Couple this with high labour needs for products such as cashew (we employ around 15,000 people in processing across Asia and Africa) and we have to balance wages with the cost of

productivity and what the customer, and ultimately the consumer, is willing to pay. We operate in accordance with all payment laws but, rather than just relying on the minimum wage, we are exploring productivity-based incentives to make our operations more sustainable and better able to withstand competition. This in turn secures jobs in the region.

Indeed, this has been recognised by the Government in India, where the Labour Department has classified the cashew industry under productivity-linked wage to help motivate workers. This is definitely helping to improve productivity as seen in our 3 cashew processing facilities at Amalapuram, Janakirampuram and Gajapathinagaram. We are paying our workers above the Government stipulated wages over unit of output.

 More HR information can be found in our GRI Report on [olamgroup.com](http://olamgroup.com).



Members of the USA GROW initiative at their mentoring mid-point event.

### Globally Reaching Olam Women (GROW)

GROW's mission is 'women driving a globally inclusive work environment'. With 116 members (both women and men) in the USA, the employee resource group and mentoring programme spans all business units and functions. In 2016, the group expanded into Côte d'Ivoire and Uganda. Areas of focus include communication, time management, negotiation skills and calculated risk-taking.



## Addressing human rights issues in third-party supply chains

Olam's sourcing network of over 4.33 million farmers, of whom the vast majority are smallholders in emerging markets, means that eliminating poor labour practices in our supply chains is an ongoing focus. Poor practices include the potential for:

- Forced adult labour
- Child labour
- Poor management practices, such as not providing protective equipment or unfair working hours or pay.

## Tackling exploitation of adult workers in third-party supply chains

A number of investigations by NGOs into the palm industry have uncovered human rights abuses. In 2016, we reduced our suppliers from 48 to 14 based on our Supplier Code risk factors. Although our Supplier Code clearly stipulates that third-party suppliers should ensure human rights are protected, we are updating our policies in 2017 to include the explicit industry term 'no exploitation' and will roll out third-party verification of mills at risk.



See page 70 for more information on the palm supply chain.

## Update on 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. However, the international community continues to be concerned by reports of civil servants being forced to pick cotton due to a lack of mechanisation. Along with other international cotton merchants, Olam has chosen to maintain our sourcing (at low levels) and attempt to influence positive change in the supply chain. As well as lobbying collectively with our peers, we will be stepping up engagement with the ILO and the World Bank directly in 2017 to maintain momentum in changing labour practices.



For more information on these issues, please contact [crs@olamnet.com](mailto:crs@olamnet.com) or visit [olamgroup.com/sustainability](http://olamgroup.com/sustainability).



Unlike other major cotton growing origins, Uzbekistan does not have mechanised harvesting for its fields so the cotton must be hand-picked.

## Our material areas: Labour



Olam trainers demonstrate safe pesticide handling practices to smallholders.



Since the Aviv coffee plantation in Tanzania started employing villagers, pupils have increased from 50 to 80 at the Lipokela school as parents can afford to send them.

### How we tackle child labour

The UN Food and Agriculture Organization (FAO) 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 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 agricultural supply chains.

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
<b>Regular work</b>	16 years	16 years
<b>Hazardous work</b>	18 years	18 years
<b>Light work</b>	15 years	15 years (or 14 years subject to exceptions allowed by the ILO or national law)

This is clearly stated in the Olam Supplier Code, which is being rolled out across our supply chains, setting out minimum and non-negotiable standards to which all our suppliers must adhere. Signing our 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 audits 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 (203,696 in 2016)
- Helping farmers to increase yields through the provision of pre-finance, agri-inputs and training in Good Agricultural Practices, enabling them to hire adult labour
- Identifying child labour risk factors through the Olam Farmer Information System and collaborating with governments and partners to provide access to schooling and long-term availability of teachers
- Scaling-up initiatives by working with partners including customers, foundations, governments and NGOs.

### Tackling child labour in cocoa and hazelnut production with the Fair Labor Association (FLA)

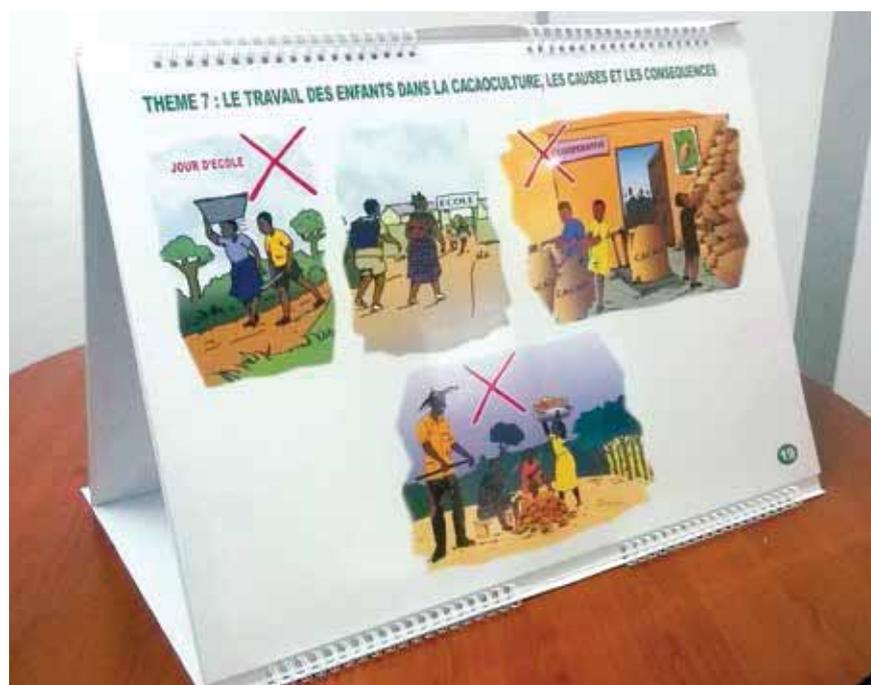
As an affiliate member of FLA, we have programmes to help eradicate child labour from cocoa and hazelnut supply chains in Côte d’Ivoire and Turkey. For 2016, FLA conducted audits at 3 cocoa cooperatives in Côte d’Ivoire with no instances of child labour identified. We believe this is due to the consistent messaging and support we give to farmers about child labour.

Since one of the root causes of child labour is lack of money, Olam Cocoa has intensified support to women’s associations. We assist them in



developing income-generating activities such as fortified cassava nurseries (see page 57 for more information). This year, we will extend the activities to poultry and animal production, as well as literacy and savings and loan schemes.

Turkish hazelnut farmers have larger farms than traditional smallholders in Africa and Asia, but they still require Olam Livelihood Charter support, particularly in terms of environmental and social practices. Migrant labour moving through Turkey to support the harvests brings increased labour risks, from child labour to fair payment for adults. The FLA monitors the success of our awareness and remediation programmes. The FLA report from the 2016 harvest monitoring will be available later in 2017.



Olam field staff use picture aids to help smallholders understand child labour issues.

## Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
<b>GOAL 3. Zero-harm workplace (Material area: Labour)</b>			
<b>3.1. Eliminate serious incidents</b>	Reduce LTIFR to 0.3 in Olam processing operations (50% reduction from 2015 actual).	LTIFR was further reduced to 0.43 in our 69 Tier 1 processing plants, a 30% year on year reduction.	On target
	Reduce LTIFR in Olam-managed plantations, concessions and farms by 50% from baseline determined in 2016.	Primary focus in 2016 has been in the expanding palm and rubber plantations in Gabon, with new professional resources, extensive training, several audits and corrective actions. This has significantly improved the focus on safety behaviours with positive benefits. It is too early to quantify the improvement in lagging indicators.	On target
<b>3.2. Sustain health and safety behaviour change programme</b>	All locations routinely report unsafe acts and unsafe conditions, and near misses.	Olam Imperative 3 Reporting, Recording, Review and Compliance Checklist has now been rolled out to all key locations, so leading and lagging safety indicators will be routinely reported from Q1 2017. Leading indicators include unsafe acts and near misses.	On target
<b>GOAL 4. Respect for workers' rights (Material area: Labour)</b>			
<b>4.1. Olam complies with ILO principles</b>	No moderate or severe breaches of compliance reported or observed in audits.	We identified 4 cases in processing operations where ILO principles were breached. These related to non-compliance on statutory dues, working hours, minimum wages, and overtime.  One breach of Olam child labour standards on plantations was identified by Internal Audit. Corrective action has been taken to ensure legal age restrictions are observed, and that age-appropriate roles are assigned.	Behind target
<b>4.2. Diversity strategies are implemented</b>	100% of businesses with >100 employees to have a documented and reported diversity strategy.	Draft policy undergoing review.	Behind target

Our material areas

# FOOD SECURITY AND NUTRITION

Olam’s focus is on improving access to safe, affordable and nutritious food for our farmer suppliers and in the workplace, so that their dietary needs and preferences are met. This enables them to live an active and healthy life, which in turn supports productivity and livelihoods.

## Highlights for the year



226,030

Smallholders trained in Good Agricultural Practices (GAP)



26 billion

Servings of micro-nutrient fortified foods in Africa



92

Entries received for the 2016/2017 Olam Prize for Innovation in Food Security

### Key 2016 focus areas

- Continue to support smallholders with crop diversification for improved income and food security
- Increase nutrition training for communities through partnerships
- Increase fortification of food stuffs in Africa

### Key sector collaborations and commitments

- Hosted the Building Sustainable Futures Forum in Singapore
- Jointly launched the Global Agri-business Alliance which will focus in particular on SDG 2: ‘End hunger, achieve food security and improved nutrition, and promote sustainable agriculture’
- Member of Champions 12.3 on food waste

### We are guided by

- Olam Livelihood Charter
- Commitment to continuous engagement with communities around our developments to understand needs (FPIC<sup>1</sup> procedures)

<sup>1</sup> FPIC – Free, Prior and Informed Consent.

### Relevant SDGs





"The project is beneficial for the ladies because it provides financial support through the tuber sales. With this support we can assist our husbands to pay our children's schooling and better manage the household expenses." Awa Ouattara, Mebifon Women's Association, in a Côte d'Ivoire cocoa growing community.

*By 2030 we will need to feed 8.3 billion people, over 1 billion more than today. Left unresolved, our inability to solve food insecurity will constrain our ability to feed a growing world while leaving millions in poverty.*

### Olam's role in food security

Around 500 million smallholders produce 80% of all the food consumed in Asia and Sub-Saharan Africa. Yet, as a sector, agriculture has the highest incidence of families living below the poverty line. Given that many of our products (aside from rice, dairy and wheat) could be termed as niche ingredients, or raw materials such as rubber, our role in driving food security might not seem obvious. But our close working relationships with farmer suppliers, and our expertise across the value chain, enable us to equip farmers and their communities with the knowledge and tools for sustainable and profitable agriculture, including staple food crops.

### Promoting crop diversification to increase incomes and food access

Just as a balanced diet is nutritionally diverse, so a healthy livelihood shouldn't be overly reliant on one crop. Encouraging farmers to diversify crops helps to stagger income and spread risk. It is also good for the soil. Farmers can grow other crops for cash or for family needs. In Côte d'Ivoire, a cocoa programme, with various customer partners, is supporting women to grow cassava, a food staple. In 2016, we helped 11 women's groups establish nurseries from 5,000 vitamin A fortified high-yielding cassava plants. These nurseries can now each produce 50,000 cassava plants every year. We plan to support a further 9 groups in 2017.

### Small changes in Cameroon rice logistics make a big impact on food waste

Cameroon currently imports over 80% of its rice. In 2012, Olam's rice team put in place protocols to reduce losses across the segments of the supply chain under its control:

- Stronger bags
- Ensure re-bagging of torn bags as soon as possible
- Labour training for bag handlers
- Laying tarpaulin underneath bagging operation
- Maintaining pallet quality
- Surprise audits.

From 2012 to 2016, losses in logistics reduced from 1.25% to 0.8%. The amount of edible rice saved equates to around 2 bowls each for the 23 million people of Cameroon.

## Olam's priorities to increase global food security

- Increase productivity on smallholder farms
- Increase productivity on large-scale farms while catalysing food production in the region through outgrower programmes
- Better nutrition through education, crop diversification, and producing healthy packaged foods
- Reduce immediate post-harvest losses and food waste
- Invest in agri-infrastructure
- Improve water usage/irrigation efficiency
- Invest in research to improve farm productivity
- Reduce land degradation through zero till farming
- Support policy frameworks that seek inclusive and sustainable growth for all countries
- Lead private and public partnerships to enable initiatives to scale up and replicate.

## Our material areas: Food security and nutrition

### Educating farmers about nutrition

Smallholder communities need support beyond yield improvements, and that includes nutrition education. Vegetables and protein-rich foods grow in most regions but smallholders often don't understand the benefits of a balanced diet. Pilot modules started in Côte d'Ivoire were expanded in 2016.

### Promoting nutrition in the workplace

Many adults eat at least 1 meal a day at work, which makes it a logical place for health intervention.

In 2016, as per our Goals, we continued to develop and review an internal Standard to apply to the Global Nutrition for Growth Compact.

### Fortifying foods in Africa

One of the most cost-effective strategies to improve nutrition, fortification is sometimes mandatory, such as for our wheat processing in Nigeria and Ghana; however, often the choice lies with the manufacturer.

In 2016, our Packaged Foods and Grains businesses produced over 26 billion servings of fortified foods. These included:

- 419.6 million servings of fortified Milky Magic and All Milk biscuits
- 25.6 billion servings of fortified wheat flour in Ghana, Nigeria, Senegal and Cameroon
- 42.86 million servings of fortified tomato paste.

Oil palm is native to the West and Central African regions. Palm oil is an essential part of many traditional African cuisines. In early 2016, our refinery in Mozambique started fortifying palm oil with vitamin A. 74% of children under 5 in Mozambique are vitamin A deficient, with negative impacts on growth, immunity and development. Recognising palm oil as a strong delivery for vitamin A, in November 2016 the Government of Mozambique made fortification mandatory.

## Land tenure and food security in Gabon

GRAINE<sup>1</sup> is a pioneering JV initiated by the Government of Gabon. Its twin goals are reducing reliance on imported food – 60% is imported – and supporting rural livelihoods (33% live at or below the poverty line). The Government identifies, allocates and transfers parcels of environmentally and socially suitable land to cooperatives (with title certificates). Olam manages the project, providing technical expertise and supporting cooperatives with training and improved planting stock, inputs and logistics to manage profitable plantations for palm oil and food crops such as cassava, banana, tomatoes and pepper. By the end of 2016, almost 16,000 people in over 775 cooperatives had signed up to the scheme. In terms of starting to grow produce, around 2,400 members (of whom 61% are women) had planted bananas and cassava.

Jean Lirois Anizok is from the Earth Promise Cooperative which has 18 women and 25 men. They have 30 ha which by the end of 2016 had been planted with 8.17 ha of bananas and 13 ha of cassava.

“GRAINE is a good programme for rural people because it brings work and income for the people. We have seen changes in our lives: the money means we can send our children to school and feed our families. It should extend to all other villages and embrace more crops for planting, especially sweet potato, yam, corn, peanuts and so on.”



Jean Lirois Anizok, from the Earth Promise Cooperative.



Watch the film about the GRAINE project at [olamgroup.com](http://olamgroup.com).



See the Land section on the due diligence process to avoid deforestation by smallholders.

<sup>1</sup> GRAINE, which means 'seed' in French, stands for 'Gabonaise des Réalisations Agricoles et des Initiatives des Nationaux Engagés' (Gabonese Initiative for Achieving Agricultural Outcomes with Engaged Citizenry).

<sup>2</sup> 70,000 ha to be developed for palm plantations and 8,000 ha for food crops.



### The second Olam Prize for Innovation in Food Security launched

Sponsored with our international scientific partner, Agropolis Fondation, the US\$50,000 prize rewards an outstanding research project for its potential impact on the availability, affordability, accessibility or adequacy of food. Over 90 applications have been received and the winner will be announced in 2017 on [olamgroup.com](http://olamgroup.com).

The winner of the 2014/15 Prize SRI International Network and Resources Center (SRI-Rice) used the funds to develop an international network of System of Rice Intensification (SRI) researchers in 45 countries.

The platform facilitates collaboration across borders on the SRI methodology that enhances rice productivity, water conservation, livelihoods, soil health, and crop resilience to climate stress.

### Creating the future we want – learning from experts and collaborating with peers

In September 2016, Olam convened more than 300 delegates in Singapore to attend the Building Sustainable Futures Forum (BSFF). Our intent was to gather our peers across the agri-value chain to identify areas for collaboration in alleviating global hunger and nutrition as part of the SDGs. We recognise that solving food security without depleting natural resources or impacting climate change can only be achieved by harnessing our collective strengths.

A key highlight of the BSFF was the launch of the Global Agri-business Alliance (GAA), also initiated by Olam. Its aim is to collectively address sustainability, social, labour and environmental issues where the agri-sector has a shared responsibility. The first meeting of the GAA in December 2016 initiated a series of working groups which will tackle the systemic issues identified by the sector.



Marking the beginning of the Global Agri-business Alliance.



Watch the panel videos of the BSFF at [olamgroup.com](http://olamgroup.com). For more on the GAA visit [globalagribusinessalliance.com](http://globalagribusinessalliance.com).

## Progress on goals

2016 – 2020 objectives	2020 target	2016 achievement	Outlook for 2020 target
<b>GOAL 5. Food security and nutrition (Material area: Food Security)</b>			
<b>5.1. Workers are educated on, and can access, nutritious foods</b>	Conduct nutrition education or access initiatives for the workplace for 100% of target businesses, to be determined in the Standard.	<p>Olam Workplace Nutrition Guidelines drafted and under final review.</p> <p>Olam Healthy Living programme implemented in 19 businesses across Africa. This initiative targets improved health and nutrition for workers and communities.</p>	Behind target
<b>5.2. Increased availability of micronutrient fortified foods</b>	Produce 40 billion servings of micronutrient fortified foods.	Over 26 billion servings of fortified biscuits, flour and tomato paste (Africa).	On target

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



1<sup>st</sup>

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 HACCP<sup>1</sup> 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



<sup>1</sup> 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.

### 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.

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.



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-GMO<sup>1</sup> and gluten-free certifications.

In October, as part of the celebrations commemorating the 70<sup>th</sup> 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
<b>GOAL 6. Safe and reliable foods for our customers</b>			
<b>6.1. Food processing facilities meet international quality and food safety standards</b>	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

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