# Olan's response to the publication of the report that incriminates him

Réponse d'Olan sur la parution du rapport qui l'accable

1 Singapore, December 12, 2016 Olam’s response to Mighty Earth and Brainforest report As a global listed agri-business, operating in multiple food supply chains, we are committed to our core purpose of Growing Responsibly. By adhering to this Core Purpose, we have earned the trust of our shareholders, customers, farmers, suppliers, creditors, employees and other partners. We know that we need to maintain that trust for the wellbeing of our business, the reputations of our partners and for the millions who depend on us for their livelihoods and food security. Companies working in agricultural production and trading are sometimes accused of hiding behind complexity. But participants and well-informed observers of the sector know that this complexity is very real. Olam does not claim to get everything 100% right. But we do stand 100% by what we commit to. And where we get it wrong, we own up and see how we can correct these mistakes and improve. In recent months we responded to questions from the US-based communications and lobbying company, Waxman Strategies, working as Mighty Earth (Mighty) with Brainforest, a Gabon-based NGO. In our response to them, we openly laid out the basis, principles and policies for our plantations in Gabon and trading operations in Asia, most of which were already in the public domain. Their Report (Palm Oil’s Black Box) acknowledges some of our responses, especially where the authors feel progress has been made. The Report has also recommended areas for improvement, some of which we will take on board, as stated later in this document. However, we are disappointed to see some important factual errors, and several key misinterpretations of Olam’s policies and implementation. Considerably more fundamental though, is the basic principle of how Mighty view a country like Gabon and its sovereign right to sustainably develop its agricultural sector, with the assistance of a responsible company, in a Public Private Partnership (PPP) arrangement. If planted responsibly, oil palm is the most efficient of the oil seed crops, requiring approximately 10 times less land than other vegetable oils such as soy and sunflower. When we first began our palm business in 2011, we made it a condition that our plantations had to be developed sustainably, both from an environmental and social perspective. This also applied to our relatively new trading operations – in some ways much more complex, because Olam is not in direct control of the third party supply chain, in the way we are of our own farming operations. Olam is not a big player in the traded palm oil business. Our Gabonese plantations are still gestating, and our total third party trading equates to less than 0.4% of the world’s traded palm. Obviously whatever size of player in the palm sector, they must act according to best practices. We source from selected suppliers who are required to abide by our Sustainable Palm Oil Policy and sign Olam’s Supplier Code or have one of their own consistent with ours. As regards to our general corporate transparency, we report across all our supply chains using the frameworks of GRI, CDP Climate Change, CDP Water, CDP Supply Chain and CDP Forests. Following ongoing engagement with colleagues and external stakeholders we have identified 7 material areas:



2 Livelihoods, Land, Water, Climate Change, Labour, Food Security and Food Safety. These material areas are also clearly aligned to our 10 goals, objectives and targets, which are detailed in full in our 2015 CR&S report. In turn, where applicable, these are aligned to the UN Sustainable Development Goals. We work with customers to provide products for all the major certification programmes. We report to our technical NGO partners, Development Finance Institutions (DFIs) and donor organisations – see our 2015 CR&S report for a full list. We see the

Mighty Report to be levelling 2 main areas of criticism towards Olam which we address below. We have also provided our response to their recommendations and a detailed Q&A section. 1. Olam is deforesting in Gabon and will not sign a no-deforestation commitment that adheres to HCSA methodology To answer this, we have to travel to Gabon. In Gabon 32.7% of people live at or below the poverty line (World Bank), it has 20% unemployment overall and 35% youth unemployment and the country imports 60% of all its food. It has relied on an oil and gas economy (60% of its budget revenue) that is not viable in the long-term. And 90% of its land area is forested. The Government therefore has a justifiable imperative to grow the agricultural economy beyond just subsistence farming. Its medium term goal is to establish 300,000 ha of agriculture, which will amount to about 1% of Gabon's total national land area. “Through our PPP the Republic of Gabon and Olam are working to create jobs for rural people, diversify the economy of Gabon and contribute to global food security. Through capacity building the GRAINE programme is working to improve yields by modernising agricultural methods to take advantage of improvements made throughout the tropics and to fix people on one piece of ground. In doing so we are able to formalise rural land tenure, raise incomes, invest in fencing to protect crops from elephants and reduce CO2 emissions from shifting cultivation 10-fold.” Minister Yves Fernand Manfoumbi, Gabon’s Minister of Agriculture We have been working in a PPP with the Government, in the form of 2 Joint Ventures, Olam Palm Gabon (OPG), and under SOTRADER a smallholder palm and food cash crop farming project called GRAINE. This will create what we believe to be a different and a more sustainable model for palm plantations:  Selecting broad areas in landscapes which are far from national parks and where the natural environment has already been significantly degraded.  Within specific sites, ensure that we identify the land that is of High Conservation Value (HCV) for biodiversity, community or cultural reasons.  Prioritise the ‘least value’ land for development and invest heavily in conserving the high value areas.  Discuss and engage the local communities to ensure that they agree with our analysis and with the project.  Validate our assessments through broad-based consultations with NGOs and experts.  Create positive social and economic impact in the local communities through employment, capacity building, and rural infrastructure development.  Ensure we are 100% RSPO certified from new planting through to mill completion with no burning for land clearance.



3 Olam’s first palm plantation went from being the first in Africa to receive the Roundtable on Sustainable Palm Oil (“RSPO”) New Planting Procedure verification to also becoming the first-ever new development in Africa to have its working plantation RSPO certified, including the mill. Getting high-yielding plantations up and running requires an appropriate initial land base. Given much of Gabon’s non-forested land is infertile savannah or swamps, there simply isn’t enough available non- forested land to start up such a development. It is therefore necessary to include some highly degraded forest lands. Therefore, Olam cannot sign up to the no deforestation commitments that adhere to the HCSA approach1 on the basis of available land in Gabon. We agree with Gabon’s sovereign right to convert a tiny percentage of its least valuable forested land for agriculture, so long as it is responsibly and transparently done. Our plans and progress for developing sustainable palm oil plantations have been shared transparently with stakeholders and put in the public domain from the start and we always welcome any initiative that will help us to improve further. “I have worked closely with the Olam and SOTRADER senior management from the development stage of both programmes because Olam’s oil palm activities have an important bearing on Gabon’s commitment in its Nationally Determined Contribution (NDC) to reduce carbon emissions by 50%. We have mapped out low carbon and low biodiversity areas suitable for oil palm development and we have constrained the projects within these zones, providing a case study to enable us to develop a methodology to apply across all sectors through our National Land Use Plan. By working exclusively in savannahs,

regenerating farmland and degraded logging areas we have minimised the ecological impacts of the developments. Furthermore, researchers from Gabon's Tropical Ecology Research Institute have mapped out community use of the areas to ensure there is no conflict with traditional land rights. It is a shame that Mighty and Brainforest did not take the time to sit down with us and understand the methodology used before launching this critique." Professor Lee White CBE, Head of Gabon's National Parks Agency and UNFCCC Forest and Agriculture coordinator for Gabon If we look at it in numbers:  58.8% (25,735 ha) of the planted palm area was originally highly logged and degraded secondary forests (detailed analysis using LiDAR mapping) = 0.1% of the total forested area of Gabon  41.5% (18,265 ha) of the planted area was originally in savannah  55,000 ha of HCV forest conserved by Olam (more than our total planting area of 44,000 ha) which we retain and protect against ongoing incursions by illegal loggers, commercial hunters, and other forms of encroachment  6,500 people employed from the local communities who are paid fair wages, with significant capacity building through new skills / training  US $750 million will be the total investment by Olam Palm Gabon  US$900 – 950 million is the estimated investment for project GRAINE 1 The HCSA methodology is designed for use in fragmented forest landscapes and mosaics in the humid tropics. Gabon, with over 23 million ha of mostly contiguous forests, is not in this situation. The carbon thresholds currently used would preclude any kind of responsible development on the scale required to meet the national development objectives.



4 "When I visited Gabon in 2015 with the leading team of scientists involved in the High Carbon Stock Study, I was hugely impressed by the overall approach adopted by Olam in developing its concession areas, by the level of engagement with local communities in implementing the RSPO's new Planting Procedures, and by the methodology it used to minimise emissions of greenhouse gases from forest conversion. I saw for myself how Olam is developing a new model for palm plantations in the 21st century. One that is climate positive, and ecologically and socially integrated. "Within Olam's plantations there are huge swathes of regenerating forest under Olam's protection, whilst around the plantations we saw villages where Olam had provided lighting, water, schools and much needed, fairly paid work. For critics who insist that Gabon cannot earmark even the least valuable 1% of its vast forest landscapes for farming, to alleviate deep levels of rural poverty and provide jobs and food security, I would say: your position would be met by anger and disbelief by the people and government of Gabon." Sir Jonathon Porritt, Co-Founder Director of Forum for the Future and Co- chair of the High Carbon Stock Study 2. Olam's third party sourcing of palm oil comes from companies that are environmentally destructive and causing fire and haze This refers to our palm trading business in Asia. In 2016 we sourced 250,000 metric tonnes from third parties, the majority of which came from Indonesia. This is 0.4% of global production (62 million metric tonnes MT). As stated in our October Interim Progress Report, these volumes have been sourced from 14 suppliers. 90% of the volume is from suppliers who are RSPO members who have a committed road map for 100% certification. All suppliers must uphold the principles of our Sustainable Palm Oil Policy and Supplier Code. As part of our commitment to sustainable sourcing we have discontinued many suppliers who did not conform to our Supplier Code (reducing our supplier list from 48 in 2014 to 14 today). The Report states that in 2015 we sourced 1.53 million MT but in fact 73% was paper traded volume.2 Furthermore, the Sustainable Palm Oil Transparency Tool (SPOTT) compiled by ZSL, an independent third party, ranks us as the 4th most-transparent company globally (above all the companies highlighted by Mighty for their transparency). Our Sustainable Palm Oil Policy was updated in October to make our commitment to no Peat and No Burning more explicit, especially for our third party supply chains. Similarly whilst we have always practiced No Exploitation in both our own plantations and our third party sourcing, we will

update our policy to say explicitly “No HCS, No HCV, No Peat and No Exploitation” in line with other leading companies in the sector. 2 The report bases its data on a figure of 1.53 million MT which includes paper traded volume. Companies do not take delivery nor ship this ‘hedged’ oil – it is used for risk mitigation in trading.



5 If any supplier is reported to be in breach of our Sustainable Palm Oil Policy, then we will investigate. If any non-compliance is seen or brought to notice which suggest a supplier is not following guidelines, corrective action is taken, which may also include eliminating suppliers from the list. In the main, our belief is that we have to be in the supply chain to help change it, otherwise the plantation owners or smallholders will simply sell to a less responsible buyer. However, remedial action is not an option for any supplier who uses burning for land clearance. We will absolutely not tolerate the burning of forests and it will result in supplier expulsion from our supply chain. The report states that our deadline for supplier compliance to our Sustainable Palm Oil Policy is 2020. This is a misunderstanding. Compliance to our policy, from all our 14 suppliers from Indonesia and Malaysia is expected even today. It is the verification process of our supplier’s supply chain, (both the mills and third party suppliers that they buy from), that takes the traceability roadmap to 2020. Eleven of our third party suppliers have also signed Olam’s Supplier Code while 3 have codes consistent with ours. We have, in fact, disassociated Olam from suppliers in the past who did not strictly align with our Supplier Code requirements. Each of our suppliers must commit to not negatively impact human rights or the environment. Due to the potential for misunderstanding highlighted in the report, we will review and amend our Palm policy to clarify this fact, with immediate effect. We are partnering with the World Resources Institute (WRI) to identify environmental risk associated with our suppliers’ mills, and their supply base, within a 50km radius. Given that a few of our suppliers have a sourcing network of over 800 mills, this is an immense task. Hence our year-on-year targets which are listed in the table (Progress of specific targets in road map) on page 4 of the Progress Report. We are enclosing the list of our 14 suppliers as at our October interim progress report in Annex 1. In the next section we give our response to the recommendations Mighty have put to Olam and some additional Q&A on points raised by the Report, including details of our land area, lease costs and community engagement. We will be reaching out to Mighty to discuss them further. “Olam International adheres to the highest standards of transparency and welcomes efforts to help us improve our sustainability policies and their implementation. Olam has engaged with great openness on its operations in Gabon, and has navigated a very responsible course between the need to provide economic growth, jobs and food security in a country which needs urgent economic diversification, and the non-negotiable requirement to protect Gabon’s priceless natural heritage. It is an achievement of which Olam should justifiably be proud. “We are also committed to achieving end-to-end sustainable supply chains, which is a complex and challenging task where palm oil is concerned. We must however not be complacent and I will encourage Olam’s management team to continue to improve our policies and their execution, and work with our suppliers and stakeholders to ensure the integrity of all our supply chains.” Jean-Paul Pinard, Chairman of our Corporate Responsibility & Sustainability (CR&S) Board Committee



6 Section 2: Our response to Mighty’s specific recommendations for Olam Adopt a comprehensive, cross-commodity, group level ‘No Deforestation, No Peat, and No Exploitation’ policy that includes Olam’s entire supply chain, including for third party suppliers, effective immediately. In addition to the information already provided in this Response on deforestation, we reiterate that we are absolutely committed to no use of fire in our plantation development.

Our upstream plantations have adhered to the RSPO standard since 2011, which rules out the use of fire in land preparation. Forest fires are almost unheard of in Gabon and have never been an issue for our upstream developments. Equally, we have a 'no peat' policy and there is no peat in any of our Gabon concessions. When we started trading from third party suppliers, we opened a dialogue with NGOs on how to adapt our policy to encompass upstream and downstream activities. Subsequently we made it clear in dialogues with our suppliers that they must adhere to RSPO standards of no burning, no peat. We do acknowledge that we should also have made this explicit in our publicly available documents sooner than the October 2016 update. The Olam Plantations, Concessions and Farms Code (OPCF) already specifies that we must avoid High Conservation Value and High Carbon Stock forests, and ask for the Free, Prior and Informed Consent of local people in our own operations. For the avoidance of any doubt we will review and include Peat specifically in the OPCF and we will explore appropriate commodity specific policies on a sector by sector basis, in particular reviewing the definitions for the Olam Supplier Code. Pledge not to clear any High Carbon Stock forest using the well-established High Carbon Stock Approach (HCSA) methodology. We were among the first oil palm companies to commit to conserving High Carbon Stock (HCS) forests in our Palm Policy in 2011 when we started our palm oil business, and our commitment predates the formation of the 2 main international groups devoted to defining HCS (called the HCS+ Study Group and HCS Approach Steering Group). We have invested significantly to supporting these 2 groups, by providing them both very openly with large amounts of data for our LiDAR surveys and field plots, as well as access to our plantations, supporting our commitment to help define HCS through a multi-stakeholder process. The HCS+ Study Group, commissioned not by Olam but by a separate group of companies and chaired and staffed by independent scientists and conservationists, conducted its own research, based on their own field observations in our plantations and re-analysing our data from scratch. They demonstrated that the balance of carbon emissions from our Gabonese Mouila plantations would be globally positive for the climate, fixing 4.8 million tonnes of CO2eq over a 25 year period (the equivalent of over a million passenger vehicles' annual emissions) mainly due to selection of low carbon stock area for palm plantation and managing a large extent of conservation area for carbon sequestration – their full report on Gabon was released in December 2015 and is available on our website.



7 We welcome the recent convergence of the HCS+ Study Group and HCS Approach under the single name of HCS Approach (October 2016), and we are awaiting a new version of the HCSA Toolkit due out in 2017. Whilst not finalised, we believe that this methodology will be extremely valuable for establishing a common understanding of how HCS should be applied in Indonesia and other countries that have suffered large-scale deforestation and degradation. The current HCSA toolkit fits the description required in our Palm Policy of an HCS method determined through a multi-stakeholder process in key origins. Therefore, we will be happy to apply this approach as we work with our suppliers in Indonesia to eliminate unsustainable sources. However, as the original toolkit notes: "it is important to note that the HCS methodology is designed for use in fragmented forest landscapes and mosaics in the humid tropics." Gabon, with over 23 million ha of mostly contiguous forests, is not in this situation, and the HCSA methodology as currently defined, is simply not well suited to the national context of Gabon. The carbon thresholds currently used would preclude any kind of responsible development on the scale required to meet the national development objectives. The HCSA Steering Group has set out a Working Group to study the appropriate approach in highly forested nations, which still appears some way from reaching a practical consensus. We therefore await a productive outcome to the ongoing discussions. Whilst we recognise that it is extremely important to minimise the carbon emissions from agriculture, we also believe that it is too simplistic to reduce

forest definitions to simple carbon thresholds. We believe that the ecological and social value of forests must be primarily understood through the lens of the HCV approach, which is a multi-dimensional process covering biodiversity, landscapes, ecosystems and ecosystem services, social, and cultural values. In a highly forested context, carbon assessments can complement the HCV assessments and inform decisions primarily driven by the ecological and social values identified. We will therefore continue to base our national HCS approach on a combination of LiDAR, biomass and carbon assessment, public consultations and expert opinion, whilst building up the stakeholder engagement required for the multi- stakeholder HCS solution that is required. We firmly believe that the ultimate safeguard for Gabon's natural riches and forests lies not just in the rigorous due diligence of companies like Olam, but also in the application of the National Land Use Plan, which has steadily been progressing for several years, and which, when finalised will provide a comprehensive blueprint for sustainable land use in Gabon. "Widely thought to be the next frontier for palm oil, Africa is at great risk of unsustainable palm oil development harming its native forests and incredible wildlife. The example set by Olam sends a strong message that palm oil companies can expand responsibly and shows how palm oil companies can expand without cutting down valuable forests or harming wildlife or people." Ludovic Miaro III, WWF's Africa Regional Palm Oil Programme Coordinator, in a blog posted on the WWF website, 10th November 2016 Make a firm commitment to traceability and transparency across all of Olam's supply chain including third party suppliers – effective immediately. In 2012 we set ourselves a goal of achieving end-to-end sustainable supply chains by 2020. But we need



8 to be clear that this is a gargantuan task, which those familiar with how agricultural products are produced in rural communities around the world will understand. To quantify, our farmer suppliers are made up of 20,000 large-scale farmers mainly in the USA, Australia, Ukraine and Argentina (e.g. tomatoes, onions, grain, peanuts, cotton and teak) and 4 million smallholders who are in Asia, Africa and Latin America (e.g. cocoa, coffee, cashew, cotton, spices, rice, rubber, oil palm and sugar). When sourcing from so many, and from such a diverse supply chain, issues such as traceability, food safety, child labour and deforestation can present both quality and reputational risks to us and to the brands of customers. To help overcome these issues in 2014 we launched the Olam Supplier Code. By the end of 2015 the Supplier Code had been signed by farmers supplying 30% of overall tonnage, committing them to abide by the environmental and social criteria. As stated in our 2015 CR&S report, we are committed to 100% cover of what could be considered 'higher risk' products i,e, cashew, cocoa, coffee, cotton, hazelnut, palm and rubber under the Code and we are working hard to achieve this as fast as we can. In addition, one of our flagship initiatives, the Olam Livelihood Charter (OLC), embraces around 345,000 smallholders across Asia, Africa and South America, meaning that in 2015, we procured 1.26 million tonnes of sustainable product of which 97% is traceable and 25% is certified. 23% of all smallholder tonnage in 2015, supplied to Olam was under the OLC. Our goal is to reach around 500,000 smallholders by 2020 covering 1 million hectares. In terms of palm, we have already made a commitment to traceability back to the mill for all of our palm oil supplies, with time bound targets. These were published in an update to our Sustainable Palm Oil Policy in 2015, and we gave an interim update report on our progress in October 2016. Demanding immediate traceability belies the complexity of the task: we have completed the traceability of 3 of our suppliers, back to 800 mills, and we are working with the World Resources Institute on a risk mapping of all of those mills. We are committed to transparency, and will publish our findings once we have completed the study. We also highlighted earlier that the Sustainable Palm Oil Transparency Tool (SPOTT) compiled by ZSL, an independent third party, ranks us as the 4th most-transparent company globally (above all the companies highlighted by Mighty for their

transparency). In addition, we report against GRI, CDP Climate Change, CDP Water, CDP Supply Chain and CDP Forests and we have certification programmes across many of our commodities. We also report to our technical NGO partners, Development Finance Institutions and donor organisations – see our 2015 CR&S report for a full list. Publish all concession maps for Olam's own operations and require all suppliers to publish concession maps covering their entire operations, prioritising high-risk areas. We have already published all of the concession maps of Olam's own operations as part of the NPP report, HCV summary and other publications and supplied RSPO with the shapefiles of those concessions. We were not aware that RSPO has subsequently removed all the shapefiles of all its members from its website. Had we been alerted to this, we would happily have provided the report's authors with our concession shapefiles. The resulting analysis of our concessions published in the report does not quite match our figures, as the GIS boundary data has been manually adjusted, creating



9 significant errors of interpretation. We are prepared to share these files with the authors to clear up this discrepancy. We encourage our suppliers to embrace the same standards of transparency as us, and we work with WRI on risk-mapping our supplier's mills, as stated above and detailed in our October 2016 Interim Progress Report. Adopt a comprehensive implementation plan that includes third party independent verification of compliance with time-bound milestones, and regularly report on progress. With reference to our upstream palm operations, we are 100% engaged in RSPO certification which requires a comprehensive social, environmental and economic implementation plan for all our plantations, verified by third party auditors through certification and verification audits. We are also regularly audited by potential investors and inspected by government bodies, and we provide annual updates to RSPO as well as to the Government of Gabon on the roll-out of our palm plantations. With reference to our suppliers, we have published a time-bound plan for 100% traceability to the mill of CPO and PKO by 2018, and 100% of palm oil derivatives by 2020. We have engaged WRI to conduct a risk assessment of the 800 mills identified to date. When this work is complete, we will also assess the need for field verification of mills identified as high risk. This work is expected to start in early 2017 once the WRI risk assessment is complete and welcome civil society input into a robust and credible verification system. Issue a clear non-compliance protocol for suppliers and establish a public and transparent grievance procedure in which civil society can lodge complaints of violations to Olam's policy. For our own palm operations, we have had a public grievance procedure in place for several years, which is explained in detail to local communities and NGOs and maintained locally by a dedicated staff of social communicators who spend their time in the villages and with workers to resolve grievances and other local issues. With regards to our suppliers, we require all our suppliers to sign the Olam Supplier Code, which demands that they:  Commit to corporate governance and integrity  Guarantee the quality of goods and services they supply  Uphold labour standards and human rights  Respect the natural environment  Conduct their business in a way that honours local communities  Ensure compliance



10 Suppliers who refuse to sign the Olam Supplier Code (OSC), or which do not have an equivalent code, are discontinued. Therefore, since the roll-out of the OSC in 2015 we have gone from 48 to 14 suppliers overall. Based on the Mill Risk Mapping referred to above, we will also assess how to spot-check our suppliers to verify compliance. This work will commence in early 2017 and we will be happy to seek civil society input into appropriate verification models. We take on board the request to set up a transparent grievance procedure in which civil society can lodge complaints of violations to Olam's policy. To date we have handled complaints and grievances at a local stakeholder level. We will seek advice on how we go about developing a

best practice system for civil society grievances. Meet with indigenous and local communities negatively affected by its operations and agree with them on and implement a mitigation plan. We presume this is in regard to the reference in the Mighty report on page 10 which states that Brainforest 'found that frequently communities were inadequately informed about the GRAINE project prior to giving consent to it'. We will certainly look into this. Olam invited Brainforest to the consultation meetings which defined the content of the GRAINE programme. Brainforest was then invited to the National Forum on GRAINE, as well as to the technical and scientific follow-up committee, but regrettably Brainforest declined to engage. The Ministries of Water and Forestry, Environment and Agriculture, as well as NGOs FENSED, IDRC Africa, Healthy Environment Growth, IGAD, FAO-Gabon, WWF-Gabon and Malachy, among others, participated in the discussions to improve the programme, on both social and environmental issues. We would welcome receiving any report / evidence from Brainforest identifying that the GRAINE concessions are impacting forest livelihood activities and harming cultural and sacred sites so that we can engage with those specific communities. We reiterate that we work on a daily basis with communities affected by our operations. They are our neighbours, our workers, and our future. We consult with them from the outset and conduct participatory mapping, socio-economic surveys, and public consultations on our plans. We establish local structures through which villagers can make their voice heard, and negotiate their Free, Prior and Informed Consent for any land where they may have a traditional use claim. Our agreement is written into a Social Contract which is signed off by Olam, the local communities chosen representatives, and local authorities. A local Steering Committee meets every 3 months to discuss the progress of the Social Contract and any outstanding grievances collected by our social communicators, which could not be resolved bilaterally. The HCS Science Study in July 2015 examined the social aspects of Olam's operations: "It is clear (...) that Olam has adopted a highly responsible approach to the socio-economic aspects of its operations. From what can be observed from the process so far, the key elements of consent, careful policy-making based on detailed assessments, transparency and sufficient communication with communities, are all in place."



11 "The NGO community in Gabon appears to be broadly supportive of Olam's operations, based on discussions in a meeting organised by the company. Participants emphasised the marked contrast with past experiences with oil palm development in the country, in which Free FPIC was not followed and community concerns were relegated." "Olam's efforts to secure FPIC and its respect for community rights have thus been highly welcome, with the right of communities to refuse development despite the prior allocation of the land they occupy to the concession is particularly remarkable in a country used to strong central control. Another positive aspect has been the innovative 360 degree participatory mapping that the company has developed in conjunction with the Institute of Tropical Ecological Research (IRET). This has enabled the broader context and expected impacts of the company's operations to be taken more fully into account." For the 29 villages surrounding Olam's palm projects, our Social Contracts have included the following from 2012 to July 2016:  Education: 6 houses for teachers and 13 schools built or rehabilitated to date, provision of classroom kits, and furnishing;  Health: 5 new pharmacies and dispensaries built, existing dispensaries supplied with medical kits and medicines;  Public infrastructure: 6 public meeting rooms built or rehabilitated;  Public utilities: 29 boreholes drilled and equipped with manual pumps; over 758 solar street lights installed; 300km of public roads rehabilitated and graded;  Leisure: 4 football fields prepared and equipped, sports and other kit donated;  Support for local agriculture: 2 village cassava mills built and equipped, 28 farmer groups trained and equipped,  Support for other village development initiatives: local development committees set up to manage Social Funds totalling US$450,000 as of December 2015. We are also in constant engagement with the villages through

a jointly formed community Steering Committee to update on developments and discuss any concerns. A formal grievance mechanism has been introduced and communicated to all villages in case of any complaint. Restore an area of land equivalent to 10 times Olam's past deforestation in Gabon and elsewhere. As outlined earlier in this response, within the context of Gabon which is trying to develop an agricultural economy in land that is 88% forest cover, we do not accept that any aspect of our palm plantation development has been irresponsible. As part of our Commitment to Forest Conservation (see Palm policy), Olam is already protecting 55,000 hectares of High Conservation Value land in Gabon. We will



12 continue to apply our principles as outlined in our Sustainable Palm Oil Policy, as well as work with wider stakeholders across commodity groups to look at initiatives which can include reforestation. Immediately announce a moratorium on all forest clearing, as it progresses on the steps above. Our new concessions under development or under consideration (the Ndende co-operatives and an extension to Lot 3, due diligence in progress) are all in savannah areas. However, we consider our due diligence processes to be exceptionally robust as demonstrated by our Commitment to Forest Conservation in our Palm Policy (no other company has as much forest land under protection as Olam), the positive contribution to Climate of our plantations (4.8 million tonnes of CO2eq captured in our plantations and regenerating HCV set-asides, as assessed by an independent scientific team), and the high level of support that we receive from our local communities, civil society, and our partners in Gabon. Our stakeholders in Gabon want us to continue, to improve and to succeed. An arbitrary moratorium on our operations would be unacceptable. Section 3: Q&A, plus clarifications stemming from the Mighty Report What area of land is being developed by Olam Palm Gabon for its own palm plantations and for GRAINE? We work the Government of Gabon on a landscape scale approach to select the most suitable land with high economic potential and low environmental and social impacts. Selected lands must then be assessed in detail at the site level for suitability from an agricultural, biodiversity and social perspective in order to meet the requirements of our Olam Sustainable Palm Oil Policy, including our Commitment to Forest Conservation. Overall, we expect to develop 58,000 ha of planted palm in OPG plantations (over 2 phases) and 70,000 ha of smallholder palm plantations under the GRAINE project. The total land area under Olam Palm Gabon today is 111,419 ha. Under Phase 1, we have planted 44,000 hectares to date. Areas found unsuitable for sustainable development are protected, including 55,000 ha as High Conservation Value (HCV) areas, riparian buffers and wetlands. The GRAINE project will plant 30,000 ha of palm in Phase 1 and protect 28,000 ha of land within the concession. Following the SIAT acquisition in July 2016, OPG now manages an additional 8,411 ha, including 5,809 ha of plantation that were established in the 1980s (not 7,600 as stated in the Mighty report on pages 9 and 12). How much has Olam paid for the leases? It should be noted that currently Olam Palm Gabon does not have any loans from local banks such as Ecobank, BGFI bank of Gabon etc. as stated on page 5 of the Mighty report. The lease costs are

13 approximately $10/hectare and not $1/hectare as stated on page 7 of the report. While these costs may appear low they take into account the large cost of developing new plantations in Gabon, which does not have any existing support infrastructure, trained labour or the services eco system in the country. The total investment cost for OPG will be $750 million (including the investment SIAT), while for project GRAINE, the investment is estimated to be $900 – 950 million which is one of the largest investments into the Gabonese economy. Do you agree that you have deforested in Gabon? We agree that we have converted some highly degraded and logged out forest in order for Gabon to have an agricultural economy, provide jobs and improve food security – but this is because it has very little non-forested land – 12%, much of which is infertile

savannah or swamp. We reiterate however, that consistent with our Sustainable Palm Oil Policy, we have a stated Commitment to Forest Conservation. We do not convert forest which is valuable for its biodiversity or for social and cultural reasons (known as High Conservation Value forest, HCV) or convert tall, dense forest with a high carbon content (High Carbon Stock, HCS). Nor do we ever develop on peatland (which would release much carbon), or use fire to clear land. We work in partnership with the surrounding communities to ensure that our operations provide mutual benefit for the long-term (adhering to an internationally recognised process known as Free, Prior and Informed Consent, FPIC). With this we are extremely selective about our sites, and all the decisions on plantation zoning have met the highest international standards of environmental and social due diligence, with the documented consensus of local stakeholders, including NGOs, according to the third party verified processes of the RSPO and independent peer review by the HCV Resource Network. Based on our detailed analysis using LiDAR mapping, 58.8% (25,735 ha) of the planted palm area was originally logged and degraded secondary forests and the remainder 41.5% (18,265 ha) of the planted area was originally in savannah. This forest conversion corresponds to 0.1% of the forested area of Gabon. At the same time Olam Palm Gabon is also conserving approximately 55,000 ha of HCV forest (more than our total current planting area of 44,000 ha) which we retain and protect against ongoing incursions by illegal loggers, commercial hunters, and other forms of encroachment. It is critical to note that Olam recognises that some logged forest has very high ecological value, either as a damaged but still rich and viable ecosystem, as a habitat for important species, or for the ecosystem services it supports: the fact that it has been logged is not a green light for conversion to palm. The forest areas considered suitable for conversion by Gabonese stakeholders and experts are ecologically recent regrowth that has typically colonised savannahs and highly disturbed areas. They can be contrasted with the extremely biodiverse old-growth forests, rich in endemic species that constitute HCV forest ecosystems in the Gabonese context. How many people do you employ and what labour standards do you guarantee? Given that 32.7% of the population is at or below the poverty line (World Bank) the Government is working on a strategy to develop agriculture in order to create rural employment and reduce the urbanisation rate.



14 As a result, Olam Palm has committed, in agreements with local communities, to hiring locally. As of October 2016, OPG employs over 6,000 unskilled or semi-skilled Gabonese workers in rural areas whose experience of agriculture is at the most basic subsistence level. Of these, we estimate that over 60% had never held a permanent job. We provide regular training for these staff and workers so that they can progress in developing their skills and responsibilities. All of our staff are paid at least the legal minimum wage (150,000 FCFA or approximately $300/month), and have opportunities to earn more through overtime and high productivity. This equates to $1.8 million in cash going into the local economy each month, which has created a huge and visible socio-economic development in the local communities. We don’t allow any form of child labour on our plantations, and we have a strong Health and Safety management system to protect workers starting out in an unfamiliar industry. In addition to following all ILO standards we were the first agri-business to become an associate member of the Fair Labor Association for our cocoa and hazelnut supply chains – one of the only agri-business to do so. We are committed to enforcing good labour practices across our supply chains. As stated in our 2015 CR&S Report we commit to:  Compliance to relevant labour national laws and international agreements (covering wages, working hours and conditions, freedom of association, collective bargaining, no discrimination, gender and age equality)  A grievance mechanism accessible to all workers without retribution  An accessible communication framework of policies to the workforce  The application of these requirements to contracted, seasonal and migrant workers where relevant.

These practices including self-elected delegates and unions have been established in all of our operation areas in Gabon. We estimate that our plantations will eventually employ more than 8,000 people and catalyse the creation of as many as 18,000 indirect jobs such as smallholder groups and service sectors, benefiting close to 80,000 immediate family members. How do you identify and protect areas valued for biodiversity? A well-established interpretation of how to define and assess areas for High Conservation Value (HCVs) has existed for over a decade. We have applied that framework through independently conducted HCV assessments in all our holdings in Gabon. These assessments went through a rigorous process of documented stakeholder consultations with numerous conservation and social NGOs, independent experts, Gabonese institutions, and local people (including WWF-Gabon, WCS-Gabon, Brainforest, IUCN, the Gabonese National Parks Agency to name but a few). Olam was also the first company globally and the first in Africa to have its HCV assessments independently peer-reviewed through the HCV Resource Network's quality control system.



15 We have an extensive team on the ground to ensure that HCV boundaries are clearly demarcated during land preparation, and to verify the accuracy of the preliminary mapping on a block-by block basis. Our approach to conserving HCVs in practice has been extensively documented, not least in our chapter contribution and longer background paper to the Arcus Foundation's book, "State of the Apes: Industrial Agriculture and Ape Conservation" (Cambridge University Press, available in full online3 since 2015). We refer our stakeholders to those publications and to the complete list of HCV Assessment summaries available on our website, for an in-depth understanding of our approach. Our commitment to a robust HCV assessment process, our careful operations on the ground, and the ongoing wildlife monitoring and poaching prevention efforts (in partnership with the National Parks Authority and the Directorate of Fauna and Protected Areas) have ensured that we protect vast areas of forest within our own concessions, including all the most valuable ecosystems as well as the key habitat of conservation dependent species such as elephant, gorilla, chimpanzee and many others. We have never knowingly converted any identified HCV areas as implied in the Mighty report. (The Waxman team did not request our GIS data and their quantitative analysis of land areas appears flawed; their implication that we knowingly deforested HCV areas appears to be a misunderstanding of some poorly labelled maps). Our ground operations have substantially added to the originally planned HCV networks within our plantations though detailed field investigations, and significantly reduced or eliminated the pressure of illegal hunters who were previously using vehicles to transport bushmeat, including endangered species, out of the HCV areas. What is the GRAINE programme and how will you prevent smallholders deforesting? « Grace à Olam et son programme de mis en place d'activités génératrices de revenus, les femmes ont appris à travailler ensemble, à créer et faire fonctionner des coopératives, ce qui a eu un fort impact économique pour elles. » "Thanks to Olam and its income generating programme, women have learned to work together, to create and run co-operatives, which has had a strong economic impact for them." Marie-Claire Bousseyi, independent consultant for rural development « L'arrivée d'Olam dans la Ngounié a rendu service aux jeunes et aux femmes. Nous travaillons tous aujourd'hui, nous sommes tous à l'aise, et pour cela je dis merci à Olam. » "The arrival of Olam in the Ngounié served young people and women. We all work today, we are all at ease, and for that I say thank you to Olam. " Ulrich Nziengui, GRAINE farmer 3 http://www.stateoftheapes.com/volume-2-industrial-agriculture/



16 The Republic of Gabon invited us to form another Public Private Partnership called SOTRADER (51:49 RoG:Olam). The objective was to establish an agrarian programme for cash crops (in this

case palm) and food crops (e.g. cassava and plantain). The programme itself is called GRAINE4. The village-based food-staple cooperatives under GRAINE5 are subject to a very clear set of environmental and social criteria, developed collaboratively between SOTRADER and civil society actors, which will protect both the social heritage and the forests of Gabon. The parcels must be chosen by the villagers themselves within 2km of their village, within existing agricultural fallows, and maintain important tree species, protect slopes and water bodies. The parcels must also be verified by independent experts and approved by local authorities and the Environmental Directorate. SOTRADER held a number of workshops, the latest being in June 2016, to organise the monitoring of the cooperatives by civil society organisations. Given the doubt expressed by Mighty on the integrity of this process, we will shortly be uploading details of the Due Diligence on the GRAINE website. The majority of GRAINE smallholders in Gabon will be village-based cooperatives producing the essential food staples, cassava and plantain, as well as chillies and tomatoes. Cooperative parcels are given a land title, a first for rural communities in Gabon, providing farmers with secure land tenure. 78,000 ha will be developed which includes 8,000 ha for food crops and 70,000 for palm under schemed smallholders. To date, 15,724 rural men and women have signed up to the GRAINE and formed 776 cooperatives. The smallholders producing palm under GRAINE will be subject to Olam's existing Palm Policy, which already requires no deforestation of HCV areas or HCS areas, no planting on peat, and the Free Prior and Informed Consent of the participants and their communities. Any palm developed under GRAINE will respect the full RSPO due diligence process, such as the GRAINE palm project in Ndende (entirely within a savannah area) which has just completed the RSPO New Plantings Procedure including a peer-reviewed HCV Assessment, and obtained the Free Prior and Informed Consent of the local villages. We certainly therefore reject the statement that Olam could 'outsource' 'deforestation to local Gabonese farmers by incentivising them to cut forests and grow palm oil'. We also highlight that as an RSPO member SOTRADER will be certified. As such it cannot set the Fresh Fruit Bunch price as RSPO requires the buyer to have a fair pricing mechanism. Why can't paper traded palm oil volumes be included with physically procured volumes in terms of traceability? The Report states that in 2015 we sourced 1.53 million MT but in fact 73% was paper traded volume. However, our figures submitted to RSPO included both physical procurement and paper trading. For the purpose of third party sourcing and traceability, only physical volumes are considered. It is important to 4 GRAINE stands for Gabonaise des Realisations Agricoles et des Initiatives des Nationaux Engages or Gabonese Initiative for Achieving Agricultural Outcomes with Engaged Citizenry.



17 understand that paper traded volumes are bought and sold on an FOB basis (something like OTC equivalent of futures) which means by definition they cannot be included as physical traded volume. Paper trading is a liquidity tool for market participants looking for a hedge during off-market (future) hours as well as refiners looking to hedge their palm derivatives or looking to lock in their refining margins. There are usually multiple parties involved as a string in paper trade and often such trades end up in circles (string coming back to same participant) or wash-outs among participants. If any participant decides to take delivery then such volume automatically gets converted into physical volume. This distinction was highlighted to Waxman Strategies in our correspondence. As stated in the Oct 2016 Interim Progress Report, we physically procured 250,000 metric tonnes in 2016 against a global production of 62 million tonnes (0.4%). These volumes have been sourced from a total of 14 suppliers and 90% of these volumes have come from suppliers who are RSPO member companies, all of whom have plans to achieve 100% certification. All suppliers must ensure that their suppliers uphold the principles of the Sustainable Palm Oil Policy, the Olam Supplier Code their own Codes which have been approved by Olam. How much certified palm oil do you sell? For 2016, our customer demand for

certified oil is 8,845 MT which is 3.5% of our total volume (not 0.4% as stated in the report, this percentage was probably calculated based on total paper and physical volume). It's worthwhile to mention here that approximately 12 million tonnes (18%) of world global palm oil production is RSPO certified, but only half of this, so less than 10%, is sold as certified oil (RSPO website). The work of many NGO groups, including Mighty, to increase this demand from consumers and manufacturers of packaged goods is welcomely received by those players operating closer to source. Why will it take you until 2020 to fully verify your supply chain? Palm oil in Indonesia is produced by about 50% large-scale plantations and 40% managed by 2 million smallholders, and the remaining area owned by State. Smallholders sell their Fresh Fruit Bunches (FFB) to a mill and there are also a large number of independent growers and mills which are located far from ports. There are about 4.5 million people directly employed by this sector and another 15 million households derive benefits indirectly by having an interface at various points along the chain. Creating the infrastructure where all of these participants can be linked directly to exports through a fully segregated supply chain is a lengthy and complex process. We also understand that if mills are required to discriminate against smallholders' FFB (due to their limited capacity to demonstrate compliance to sustainability criteria), adverse social impacts can be expected. Instead, the best approach is to engage at grass root levels by providing knowledge, helping to increase productivity and giving guidance about best practices. This encourages smallholders to become sustainable, which in turn will ensure the future of the palm industry - at present threatened due to poor traditional practices. Key leaders in industry have embarked on this journey with an objective of making their third party supply chains fully traceable and Olam is proud to be one of them. Olam has been engaging with suppliers by sharing best practices with them in terms of Olam Supplier Code and also engaging with WRI for the mapping exercise of sourcing network to mills and estates to



18 verify for ourselves whether suppliers are actually following the Supplier Code signed by them. This is a large task – we have already found that 3 of our 14 suppliers have 800 mills between them. Therefore given the scale and complexity for remote areas, the large number of mills to be mapped and then risk assessed, plus the time suppliers required by suppliers to adapt, various industry players have set time bound targets depending on complexities of their supply-chains. E.g. Plantation owners are able to achieve traceability of their own FFB movement to their own mills fairly easily, while purchases of FFBs from smallholders will need much longer time due to the need to bring about the change in their behaviour and mind set. Since we embarked on our time bound commitment roadmap outlined in the Olam Sustainable Palm Policy, we have already discontinued many suppliers who did not show alignment with our principles. Our progress against our year-on-year targets are listed in the table (Progress of specific targets in road map) on page 4 of the Interim Progress Report released in October. What needs to be made clear, however, is that the mapping and targets up to 2020 define a verification process – not a compliance process as suggested by the report. It is unfair to suggest that we are allowing our suppliers' supply chain participants to deforest up to 2020. It is down to our 14 suppliers to ensure that their suppliers today uphold the principles of the Sustainable Palm Oil Policy, the Olam Supplier Code or their own Codes which have been approved by Olam. What comment do you have about the complaint made about the FSC® Policy of Association? Olam has engaged proactively with FSC® over our global upstream operations but especially in our forestry concessions in the Republic of Congo where our subsidiary Congolaise Industrielle des Bois (CIB) manages over 2 million ha of natural forest of which about 1.3 million hectares are FSC® certified6. Our most recent concession of around 671,000 hectares is set to achieve certification by 2018. The team works hard to maintain the certification standards and we are proud of the positive transformation the business has brought to the community. Olam's senior

management had a formal review of its FSC® Policy of Association in July 2013, in the presence of the Director General and Global Network Director of FSC®, covering our upstream operations in palm, rubber, almonds, coffee, cocoa and rice. We presented to FSC® the comprehensive safeguards policy in place across our upstream plantations, ensuring that land development for agriculture is carried out responsibly, and does not impact high conservation value forests or unfairly deprive local people of their traditional land use rights. We acknowledge that a complaint has been lodged by Mighty and we will continue to engage with FSC® and all other relevant stakeholders to detail our approach. 6 License numbers: CIB Kabo – FSC-C128941; CIB Pokola – FSC-C014998; CIB Loundoungo – FSC-C104637.



19 ANNEX 1: List of Olam’s third party palm oil suppliers7 1. Wilmar International 2. Golden Agri-Resources 3. First Resources Limited 4. Inter-Continental Oils & Fats Pte Ltd 5. AAA Oils & Fats Pte. Ltd. 6. Virgoz Oils and Fats Pte. Ltd. 7. Sarawak Oil Palms Berhad Group Of Companies 8. Mewah Group 9. PT. Eka Dura Indonesia 10. Keck Seng (Malaysia) Berhad 11. Felda Global Ventures 12. Sime Darby Unimills B.V. 13. Intercontinental Specialty Fats Sdn Bhd 14. IOI Loders Croklaan Edible Oils 7 Updated October 2016