



Olam Plantations, Concessions and Farms Code

July 2015



Coffee plantation, Laos

Selecting and managing land responsibly

Olam manages increasing areas of plantations, concessions and farms. With these upstream activities comes a range of potential environmental and social risks and opportunities that can directly impact the business if not managed correctly.

Introduction	3
Initiation phase	4
Planning phase	5
Implementation phase	6
Continual improvement loop	8
Applying this Code	8

Introduction

This Olam Plantations, Concessions and Farms (PCF) Code (This “Code”) therefore defines the process and standards for managing the environmental and social requirements of new and existing upstream developments under Olam management, and PCF acquisitions across the entire project life cycle (See Figure 1).

This Code is applicable for Olam-managed plantations, concessions and farms as well as joint ventures in operating upstream enterprises. For third party suppliers please refer to the Olam Supplier Code or specific product policy.

Code requirements

Olam’s investment process requires comprehensive legal, environmental and social scoping and assessment to ensure compliance with Olam’s policies and objectives, relevant national and international laws and charters, and the company’s public commitments to good practice.

This Code identifies the most important Corporate Responsibility and Sustainability (CR&S) issues for Olam’s upstream operations and defines the minimum operational

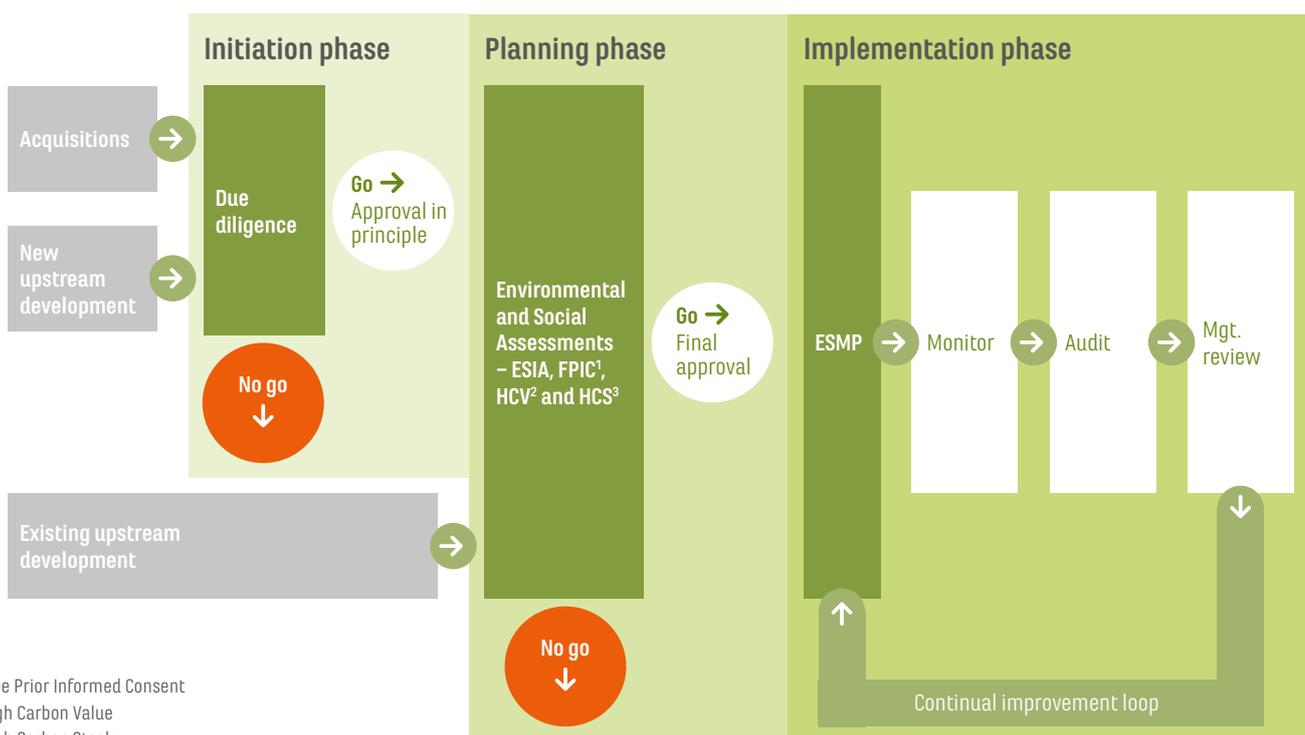
requirements for each. It is accompanied by the Due Diligence Checklist and guidance for Environmental and Social Impact Assessments (ESIAs).

Each business unit must address the relevant requirements of this Code through an Environment and Social Management Plan (ESMP) and comply with the overarching commitments of the Olam Sustainability Standard Framework (OSS-F).

We recognise there may also be additional CR&S commitments that are specific to a business unit and they may also have committed to compliance with external certification standard requirements (e.g. Rainforest Alliance and RSPO).

This Code provides the minimum acceptable standard for all Olam upstream operations.

Figure 1. Upstream Development Process



Initiation phase

It is Olam policy to conduct comprehensive legal, social and environmental due diligence before any acquisition or new land development.

Due diligence

The Olam Due Diligence Checklist is completed by the CR&S Function (or their proxy) on behalf of the business. It is completed in the very early stages of evaluating land for new developments, especially greenfield sites, and in the early risk and impact assessment phase of an upstream acquisition or an upstream project before the release of project finance.

Conducting a comprehensive due diligence at this early stage allows the business to pre-emptively identify any potentially relevant environmental and social risks and opportunities that could impact the business.

This pre-emptive approach can significantly reduce project viability risks and overall project development costs, whilst enhancing the environmental and social licence to operate, future operational costs and the project delivery timescale.

The Due Diligence Checklist forms part of the project review to receive approval in principle.

Figure 2. Initiation phase



Planning phase

Once approval in principle has been obtained, it is then Olam policy to conduct comprehensive Environmental and Social Impact Assessments before any acquisition is completed or land development or operations commence.

Environmental and Social Impact Assessments

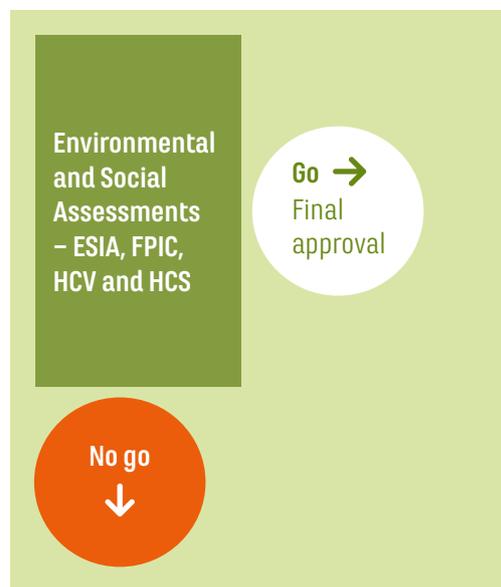
In order to provide a consistent approach across Olam, the Terms of Reference for the ESIA shall be carried out using the detailed guidance accompanying the Code.

ESIAs shall also include High Carbon Value (HCV) assessments and Free Prior Informed Consent (FPIC) procedures where applicable, and consider measures to avoid or mitigate Greenhouse Gas (GHG) emissions.

An ESIA aims to establish a project’s environmental and social baseline and propose mitigation measures through management and monitoring plans for the duration of the upstream operation.

The ESIA, HCV and FPIC shall form part of the project review to receive final approval.

Figure 3. Planning phase



Implementation phase

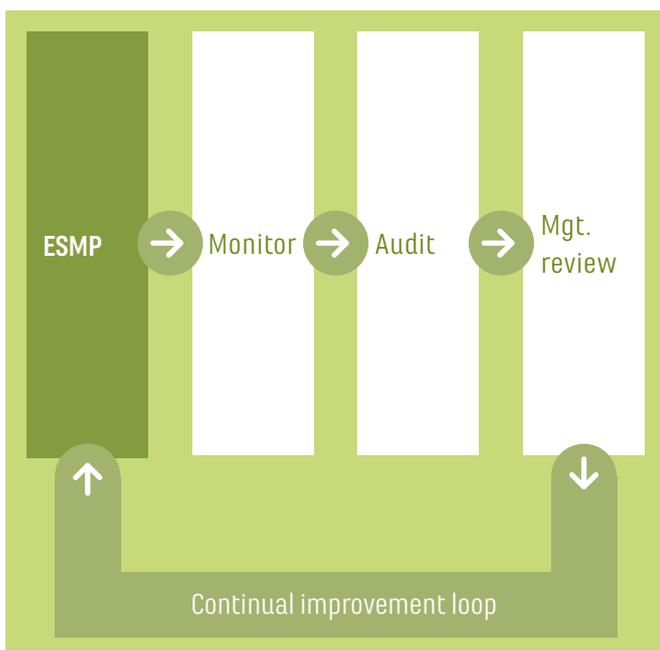
Following the successful outcome of the Initiation and/or Planning phase(s) each plantation, concession and farm must develop and implement their Environmental and Social Management Plan incorporating a continual improvement loop.

Environmental and Social Management Plan

The ESMP describes the systematic and documented measures to address the requirements of this Code and any specific issues identified by either the due diligence process and/or resulting from the assessment of environmental and social impacts in the ESIA, FPIC and HCV processes.

The ESMP shall address all ten requirements of this Code, unless a requirement can be proven as not being relevant to a specific upstream operation. The ESMP shall describe and drive the necessary improvement actions, assign appropriate roles and responsibilities, set clear timescales for delivery and communicate the performance progress required by this Code; it shall also be used to contribute to the Key Results Area (KRAs) for plantation, concession and farm managers.

Figure 4. Implementation phase



Summary of the ESMP key requirements

1. Assessment and management of environmental and social impacts

We conduct ESIA's to identify aspects of our business that could give rise to potential environmental and social impacts (both negative and/or positive). These assessments are then used to establish an ESMP for each operation encompassing the following nine areas.

2. Biodiversity and habitats

We will favour modified habitat over natural habitat wherever feasible and shall not carry out production in areas of critical habitat (including HCV areas). Our actions follow the mitigation hierarchy that favours impact avoidance over mitigation but then looks to minimise, restore and offset any impacts arising from operations in that order of priority.

3. Energy usage and GHG emissions

We follow the principles of cleaner production and set improvement targets and implement activities that avoid excessive carbon emissions (including clearance of lands with HCS), aim to increase carbon storage and energy efficiency, reduce dependence on non-renewable resources and increase the proportion of renewable energy wherever possible.

4. Natural resources

Water management - We shall improve our water and wastewater efficiency. Operations using surface and groundwater for irrigation and/or located in water vulnerable areas (e.g. too much, too little, quality issues etc.) shall also require an Integrated Water Resource Management (IWRM) Plan.

Implementation phase

Summary of the ESMP key requirements (continued)

Soil - We take measures to minimise the risk of erosion and soil degradation, and to maintain or enhance soil fertility.

Nutrients - We prevent, reduce or control contamination of groundwater and surface water from runoff and leaching of excess crop nutrients through fertiliser best management practices.

5. Waste and recycling

We actively encourage the reduction of waste from all aspects of the site operation. We follow the waste hierarchy in that wastes shall be recovered and reused whenever possible with residual wastes being treated, destroyed and disposed of in an environmentally sound manner.

6. Chemicals

We ensure the safe use and handling of all chemicals. We provide training and instructions for safe application and use of appropriate personal protective equipment. The use of pesticides shall be minimised and continually evaluated, and pesticides in WHO⁴ Classes 1a, 1b shall not be used.

7. Labour and working conditions

Employment - We comply with all applicable ILO⁵ standards, national legal requirements and industry standards. Use of child labour is strictly prohibited and compliance to the ILO Convention 138 on the minimum age of employment and ILO Convention 182 on the worst forms of child labour are a prerequisite. We create an inclusive work environment that avoids any form of discrimination. We offer fair and equal pay, training, promotion opportunities and benefits to all workers for the same type of work. All operations must also comply with Olam's Human Resources Policy.

Training - We undertake worker training to ensure full understanding and effective implementation of this Code and key operating procedures.

Occupational health and safety - We identify and minimise occupational risks to workers, and incorporate Olam's wider policy on health and safety. We address the identification of potential hazards and risks associated with each category of work; preventive and protective measures; training of workers; documentation and reporting of accidents; emergency prevention, preparedness and response arrangements.

8. Transport safety

We identify and address the risks associated with the transportation of all Olam employees and incorporate Olam's Standard for worker transportation.

9. Local communities and local economy

We address activities that could have an impact on wellbeing, health, employment, material interest, or local natural resources. Community rights and access will be addressed through FPIC, and where applicable, measures for smallholders or outgrower relations should be consistent with Olam policies and the Olam Livelihood Charter. With the participation of local communities we identify opportunities to contribute to community development, and include a grievance mechanism for the resolution of any community concerns.

10. Animal welfare

We shall optimise animal welfare conditions according to the 'Five Freedoms':

- i. Freedom from hunger, thirst and malnutrition
- ii. Freedom from fear and distress
- iii. Freedom from physical and thermal discomfort
- iv. Freedom from pain, injury and disease, and
- v. Freedom to express normal patterns of behaviour of farmed animals.

⁴ World Health Organisation

⁵ International Labour Organization

Continual improvement loop

Monitoring

Each upstream operation shall implement KPIs and routinely report against them for each of their relevant ESMP requirements.

Additionally, they shall report their status against the CR&S controls in Olam's quarterly Control Management System. The results shall be reviewed by the CR&S Function with any significant issues escalated to the relevant product business management and the CR&S Executive Committee (CR&S ExCo).

Auditing

On an annual basis the CR&S Function shall facilitate an internal audit of each upstream operation using the Internal Audit Checklist accompanying this Code.

The results of each audit shall be reviewed with the operational management and any learnings shall be shared with other upstream operations with remedial action plans developed and implemented to address any significant issues. Audit findings shall be communicated to the product business management and the CR&S ExCo.

Management review

For each upstream operation, the CR&S Function, the upstream operational management and product business management shall perform a formal annual review.

This review shall be used to assess the status and ongoing relevance of the ESMP; identify future resource in terms of financial, manpower and technical requirements; acknowledge and share positive progress made; and ensure the ongoing resilience of the upstream business.

Applying this Code

This Code should not be read in isolation. It must be read in conjunction with other relevant policies and codes that make up the Olam Sustainability Standard (OSS), which addresses all business activities across the complete supply chain.

For more information, please contact Chris Brett, Senior Vice President and Global Head Olam Corporate Responsibility and Sustainability (chris.brett@olamnet.com) or visit www.olamgroup.com/sustainability