



Africa: An Overview of Environmental & Social Dimensions



An Overview of Olam

Extraordinary growth in the agricultural supply chain over two decades

- Olam is a leading **global player in agricultural and food ingredient supply chain.**
- We have achieved **leadership positions through diversification and selective integration.**
- Our uniquely shaped business portfolio has grown **consistently based on a repeatable and scalable adjacency formula.**
- Upstream focus-Seed to Shelf:** Capitalizing on the long-term S&D trends, we have made **21 investments in over 2.2 million hectares across 11 countries in 10 products.**

Plantations	<ul style="list-style-type: none">• Almond Orchards in Australia/US• Coffee Plantations in Laos, Ethiopia//Tanzania• Palm/Rubber plantations in Gabon & Ivory Coast
Farming (annual crops)	<ul style="list-style-type: none">• Cotton farming in Mozambique, Ivory Coast & Brazil• Peanut cultivation in Argentina• Rice cultivation in Nigeria and Mozambique
Forestry Concessions	<ul style="list-style-type: none">• FSC certified concessions in Republic of Congo• Concessions under certification process in Gabon• Concessions in Mozambique/Tanzania
Dairy Farming	<ul style="list-style-type: none">• In Uruguay based on techniques from NZ
Agri-inputs: fertilizers	<ul style="list-style-type: none">• Gas-based urea plant in Gabon

OUR STAKEHOLDERS

11,000 Customers
65 Countries
70 End Markets
20 Products
17,000 Employees
2,000,000 farmers
100 factories

Our African Footprint: diversified origins, products and value chain presence over 20 years

- In **1989**, Olam was established to **export non-oil products from Nigeria**.
- Leading position in 10 out of 20 products
- Over the years we have expanded into **20 other African origins and products**.

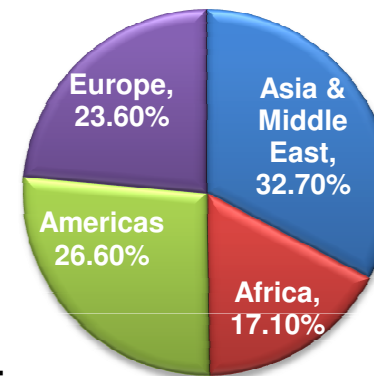
Cotton*
Cashew*
Cocoa*
Packaged Foods
Fertilizer
Wood products*

Palm
Rubber
Rice*
Sesame*
Coffee*
Sugar

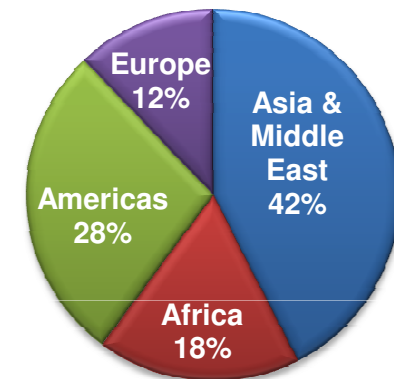
***1st or 2nd position**

- Asset base: **processing facilities/logistics (~US\$500 M)** and planned investments of **US\$1.8 billion**.

Africa is a significant part of Olam's operations



Sales Revenue by Continent (FY11)



Sourcing Volume by Continent (FY11)



CR&S at Olam: 110 Initiatives. 1.5 Million Farmers. 30 countries.

- In the formative years, our sustainability policy was based on 'ethic of compliance' and an 'ethic of contribution'.
- **Today**, our approach is an '**ethic of mutuality**' as sustainability is embedded in our business model.
- Anticipating the growth of our asset footprint, we have engaged experts to study the potential impact on **carbon, water, energy and waste**.

23 MEMBERSHIPS

16 PARTNERSHIPS

3 CERTIFICATIONS

We will contribute to the **UN Millennium Development Goals** through our **Livelihood Charter**.



The Livelihood Charter:
linking smallholders
to markets to
improve livelihoods.

- ✓ Crop & Loan US\$21.1 M; Quality Premium US\$3.5 M
- ✓ US\$2.4 M *already invested in training 65,000 farmers*
- ✓ 441,000 tree crop seedlings provided
- ✓ Primary & Vocational education for 40,000 people in emerging markets
- ✓ 70,000 provided with HIV/AIDS awareness and support



The Potential for Palm In Africa

Huge potential for agricultural development to support domestic and global demand growth

Value of Agriculture Production in Africa was US\$280 Billion in 2010

Growth of agricultural production could mean an increase to **USD880 billion revenues by 2030** for Africa.

Population growth in Sub-Saharan and North Africa **2.1% and 1.4%** respectively

The CAADP has appealed to African governments to allocate 10% of their national budget to agriculture in order to achieve 6% annual agriculture growth.

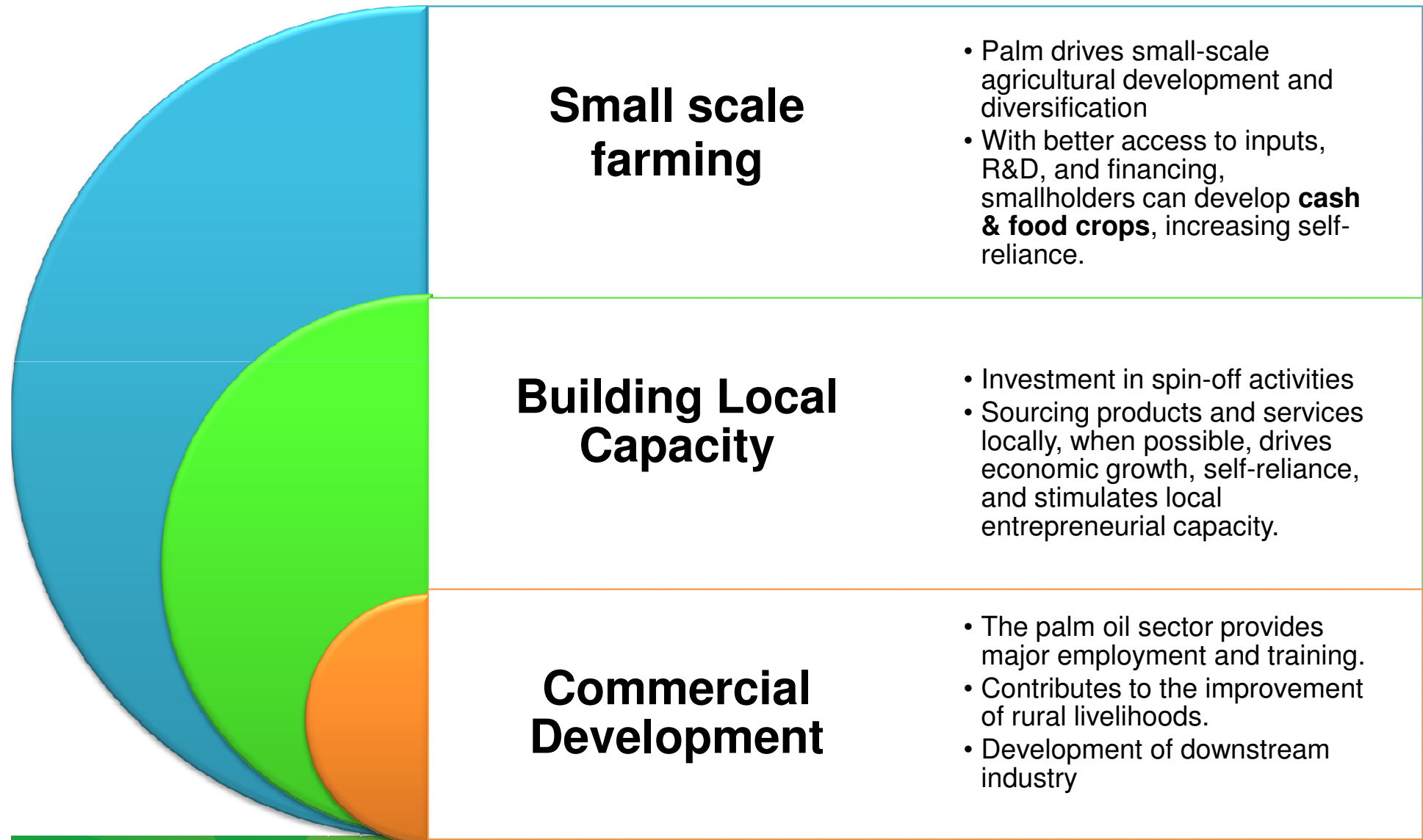
~570 million people added to the population in Africa by 2030.

Proportion of people with discretionary income will increase from 43% in 2010 to 52% in 2020.

Although 60% of potentially arable land in the world is in Africa, the sector remains underdeveloped today due to:

- **inadequate** agricultural systems
- **Insufficient investment by governments**
- dearth in access to **high quality planting material and training**

Investment in Commercial plantation development triggers diversification & improvement of local livelihoods



Palm cultivation will reduce import dependence on edible oils and provide sustainable source for exports



LIBERIA

Existing Plantations: 9,000 ha
Planting Target: 138,349 ha



IVC

Existing Plantations: 60,200
Planting Target: 33,000



GHANA

Existing Plantations:
Planting Target: 7,700



NIGERIA

Existing Plantations: 9,294
Planting Target: 10,537



CAMEROON

Existing Plantations: 35,817
Planting Target: 8,500



GABON

Existing Plantations: 9,000
Planting Target: 60,000

Total Planting Target, including other African countries, is 570 k ha– while Total Landbank is 1.75 M hectares

➤ Africa imports ~3 million tons of palm oil annually

➤ Palm Oil Production growth is virtually significant in Africa.

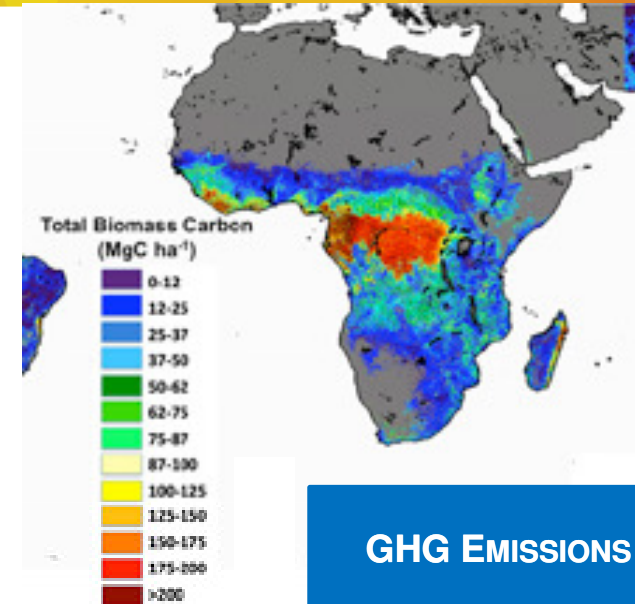
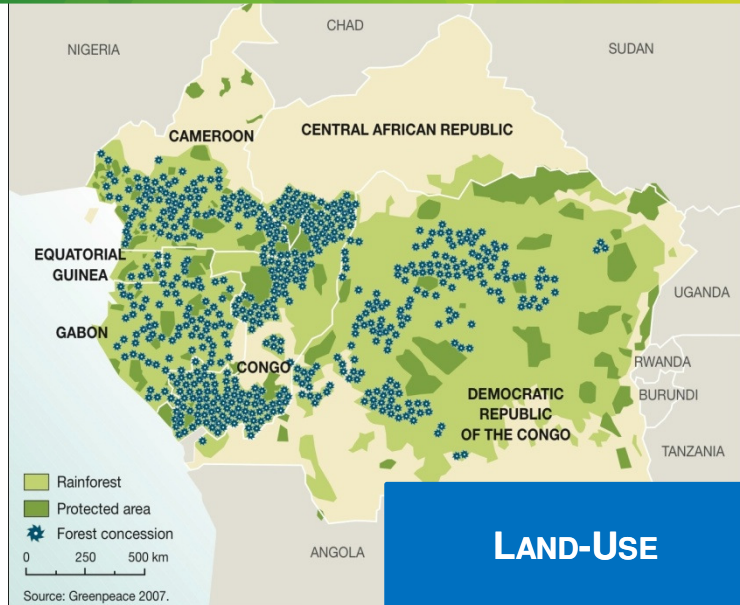
➤ Forthcoming plantations are 3x the area of existing plantations.

➤ 4 Companies are endeavoring to certify their African plantations



Leveraging learning: Getting Africa off to the Right Start

Different Geography, Similar Concerns



UNEP, Mongabay

Addressing Key Environmental & Social Dimensions in Africa

LAND-USE PLANNING

- Work with Governments and stakeholders to develop responsible land-use plans
- Verify the acceptance of the project by villages that exist within concession boundaries

BIODIVERSITY LOSS

- Establish wildlife corridors and schemes to mitigate wildlife human conflict
- Support programs educating locals on hunting laws and restricted areas
- Regular income through employment and ancillary services
- Consult stakeholders & ministries to ensure that concessions aren't within or bordering sensitive areas

GHG EMISSIONS

- Identify acceptable carbon thresholds for African countries
- Establish methane capture

SOCIAL CONFLICT & DISPLACEMENT OF INDIGENOUS PEOPLE

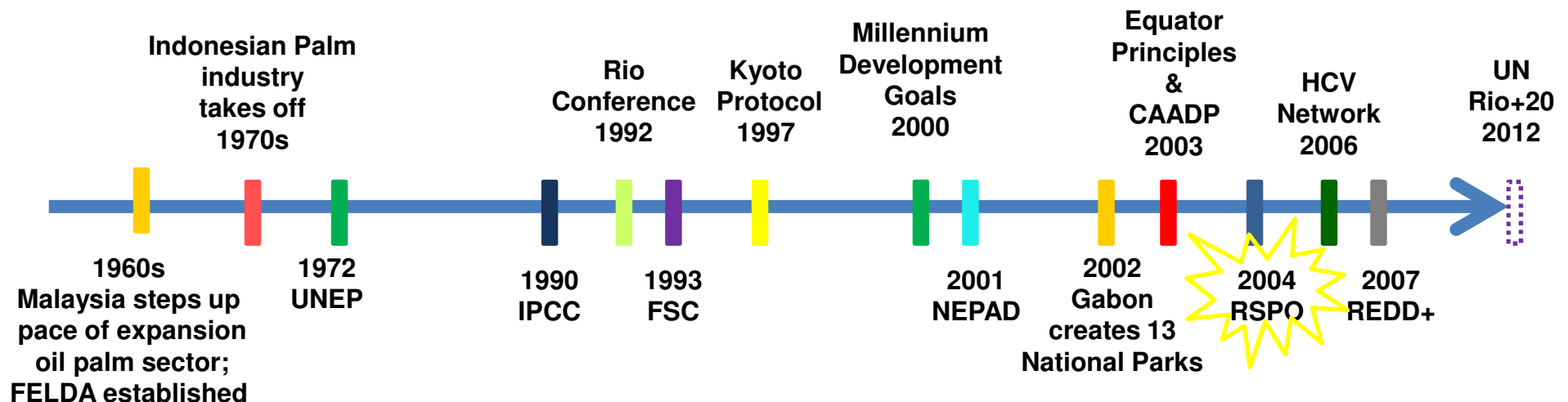
- Give job preference to local communities
- Develop schools & medical clinics
- Complete Social Participatory Mapping as a part of FPIC to determine any important sites to communities
- Avoid areas with village settlements
- Support out grower subsistence farming
- Determine rights of refugees with the government

LABOR ISSUES

- Promote safe and fair labor environment
- Build local capacity through training programs
- Prohibit child labor
- Empowering women in the workplace

An Opportunity to leverage wealth of knowledge and frameworks

- There is more sustainability consciousness in the palm industry with the increase in environmental and social frameworks which include entities like the RSPO.
- Over the past decade in Africa there has been emphasis on good governance regarding environmental and social dimensions.





Developing palm responsibly in Africa: Olam Case

Developing a Sustainable Palm Industry in Gabon

Environmental Dimensions

- **National requirements** for developing a plantation include:
 - ✓ Social and Environmental Impact Assessment (SEIA) **including carbon estimation by an independent agency**
 - ✓ **Forest and Agriculture inventories**
 - ✓ A public notification
 - ✓ **Validation of the SEIA by 15 ministries**
- Olam has set aside **30% of its development area for the protection of water sources and High Conservation Value areas.**

Social Dimensions

- Local research institutions & government ministries played a key role in the social participatory mapping process which covered **13 villages, with a total of about 7900 people**
- Palm will provide critical infrastructure as currently there are only:
 - **37 healthcare professionals spread over 5 operational healthcare centres in the project area.**
 - **10 primary schools with 49 teachers for 2000 students**
- **For 50,000 hectares, we will hire 6,500 people**
- **Our project supports development of local capacity**

Advantages

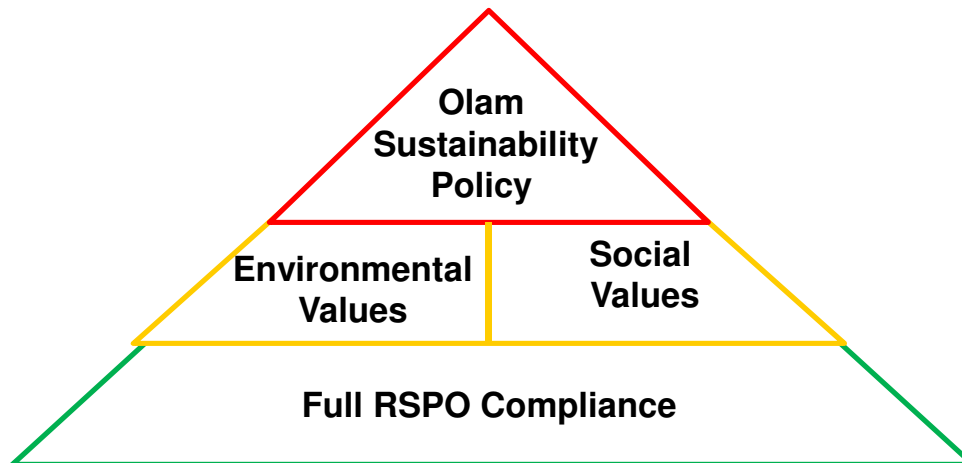
- Robust EIA process and controlled release of land for development
- Clear land tenure
- Low population density
- Subsistence farming occurs along national roads
- No villages inside concessions

Challenges

- Lack of land use plan
- Bush meat trading
- Migrant population
- Managing disruption of village activities



Taking Sustainability one step further.....



- Olam has worked with stakeholders from several **sectors to create a forward thinking sustainable palm oil policy against which we will benchmark ourselves**

- We will adhere to this policy in **all origins in which we operate**

- Our work with stakeholders will be ongoing as we continue to set tangible targets within this framework

Enabling the implementation of RSPO in the countries we operate

- *Effective implementation of the RSPO standard in our own operations*
- *Playing a leadership role in the National Interpretation of RSPO in key origins*
- *Supporting the development of a responsible land use plan and sustainability framework.*
- *Building local and national capacity to implement RSPO*
- *Making a positive contribution to biodiversity conservation on- and off-site*

Minimizing the Carbon footprint of oil palm operations

- *No development in high conservation value forests and ecosystems*
- *No development in high carbon stock forests, determined through a multi-stakeholder process in key origins*
- *No development on peat-lands*
- *Implementing zero waste, and maximising greenhouse gas capture and renewable energy use*

Improving the livelihoods of rural communities

- *Capacity building to help local communities be self reliant, and supporting local enterprises*
- *Contributing to community development, healthcare and education*
- *Supporting smallholders to build capacity, improve yields, apply good practice and avoid deforestation*
- *Engaging transparently to ensure free, prior and informed consent of local communities*

Conclusions

- **Palm is being developed in Africa under different circumstances** than when the industry took off in Asia– today existing frameworks will guide sustainable development
- On an environmental level, focus should be **on Land use planning to protect biodiversity and establishing relevant carbon thresholds for Africa**, through engagement with governments and other stakeholders
- As for community engagement, there is significant scope to **build local capacity, empowering woman and improving rural livelihoods.**
- Challenges facing palm oil companies will include the **state of customary rights in post-conflict countries, cultural norms (ie. Woman's rights in the work place, bushmeat trade), managing expectations of communities & smallholders, availability of data on environmental aspects and institutional clarity on international conventions.**
- Plantation development **can positively affect the expansion of the agriculture sector in Africa and support self-reliance**



THANK YOU